

**THE 1997 MARKETING MANAGEMENT ASSOCIATION
PROCEEDINGS**

Dear MMA Member:

On behalf of the Marketing Management Association, I am pleased to present the Proceedings of our 1997 conference.

The Marketing Management Association is comprised of over 400 members representing over half of the states in our country. We are proud to be one of the largest associations in the United States that is dedicated to exclusively providing service to the marketing academic community.

Each year our conference features nationally known marketing scholars. Eleanor Maliche, the 1997 Program Chairperson, has developed an outstanding program which reflects the proud standards of the association. The association members whose research is published in this volume discuss current and relevant issues in marketing management, advances in consumer research, and developments in marketing theory.

Dale Varble and Joyce Young of Indiana State University deserve high commendation for their work in editing this volume. In addition, Wayne Chandler of Eastern Illinois University, provided guidance in the assembly of materials needed to make this volume a reality.

Sincerely,

Ronald D. Taylor, President
Marketing Management Association

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FELLOWS OF THE MARKETING MANAGEMENT ASSOCIATION

In 1995, the Board of Directors initiated action to honor Marketing Management Association members who have served the Association and the profession particularly well with the designation "Fellow of the Marketing Management Association." Fellows of the Association are also designated as life members.

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

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TEACHING TECHNIQUES FOR CONTEMPORARY MARKETING ISSUES

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ABSTRACT

For student involvement to occur, a combination of interesting course content and teaching pedagogy is needed. Marketing educators are challenged in this paper to incorporate current events and marketing related issues into their courses and to follow participative or non-directive teaching style. Several teaching techniques are detailed to help with these tasks.

INTRODUCTION

As an educator it is much more refreshing, rewarding and effective to face a class of interested and involved students than those who are not involved in the learning process. The concept of actively involving students in the learning process dates back to the teachings of Socrates. Unfortunately, educators lost sight of this philosophy in the 1800s and the lecture technique has since dominated. Recently educators have shown commitment to the increased involvement of the learner in the educational process (Kellar, Jennings, Sink and Mundy 1995, Wright, Bitner and Zeithaml 1994). Educators are been encouraged to teach more interactively and to challenge both themselves and the learners.

The best way to hold students' interest is to make a course relevant both in terms of course content and teaching pedagogy. In fact, marketing students have reported that they prefer to be exposed to as many topics as can reasonably be covered during a semester and their preference is also for the broadest possible combination of teaching methods (Katzenstein, Kavil, Mummalaneni and Dubas 1994). A study involving student perceptions found students prefer involving content for activities (Karns 1993). This makes the equation for successful teaching quite simply the following:

Interesting Course Content + Interesting Teaching Pedagogy = Involved Students

Marketing educators have the advantage of teaching in a field that involves subject matter relevant and pertinent to all individuals. Students are continually exposed to marketing activities and evolving marketing topics. Marketing educators are encouraged to incorporate in their courses emphasis on current events

and topics. The media supplies these relevant topics daily. Therefore, the first half of the student interest equation is completed by activities and developments in the field.

In order to maximize student interest the marketing educator must then capitalize on the second half of the equation, or the incorporation of relevant and interesting teaching methods. A marketing educator should have an arsenal of teaching strategies that can be applied to a unpredictable variety of current and evolving marketing issues. The remainder of this paper will focus on the definition of teaching styles and selected teaching methods.

TEACHING STYLES

Three distinct types of teaching styles can be identified. Each style could be appropriate given a particular teaching situation. In some cases, however, an educator may need to change teaching styles to accommodate the challenges presented in the classroom. An individual educator may have to leave their own comfort zone and attempt a new and different teaching style in order to effectively present the nuances of a contemporary marketing issue.

The three teaching styles are directive, non-directive and participative. A directive style of teaching would be teacher-centered and would involve traditional methods of teaching, such as lecturing on a topic. The participative style of teaching is person-centered and knowledge comes from the teacher and the students. Both teacher and students are given a chance to express creative thoughts. This leads to an enhancement of thinking skills and creativity of all persons in the classroom. When employing a non-directive style of

teaching the instructor delegates, consults and facilitates. This style is student-centered and the knowledge comes from the student. The opportunity to develop evaluation skills comes when the teacher encourages and delegates but does not participate in the learning process (Glassman 1980). This typology corresponds with Roach, Johnston and Hair's (1993) 'student passive', 'student communicator' and 'student interactive' typology defined from a study involving marketing educators. A subsequent study found that teaching styles and methods often depend on factors such as class size, importance of teaching in annual evaluations, professional experience and academic rank (Clow and Wachter 1996).

If the student can be involved in the learning process, if they can be enticed to actively participate in the learning experience, they will not only learn more content, but also demonstrate more initiative, creativity and other process-like behaviors. All of these are skills that business educators have been encouraged to develop in their courses by practitioners and accreditation bodies. Fortunately, both participative and non-directive teaching styles provide students the opportunity to enhance thinking skills. By utilizing participative and non-directive teaching styles a marketing educator has the opportunity to not only expose the students to the evolving topics in the field but also the nature of these teaching styles allows for pedagogy which helps develop the following skills: problem solving, oral communications, written communications, teammanship, creativity, critical thinking, integration and application of knowledge, and leadership skills.

SUGGESTED TEACHING STRATEGIES

In order to enlighten students on current marketing topics and issues a variety of participative and non-directive teaching strategies should be employed. The marketing educator may wish to include participative and non-directive teaching activities in his/her syllabus.

Following are some examples of possible techniques which may be used. The strategies presented here should be used as a springboard for further creative instructional development by the marketing educator. No one method can be relied on totally. Effective teachers use several modes, and above all, the method(s) employed should be compatible with the desired learning outcome(s).

Buzz Sessions

Given an issue, students are assigned to small groups for a specific amount of time to discuss the issue.

Discussions of the assigned topics should encourage critical and creative thinking. An example of a possible topic would be the future of advertising on the Internet and measuring its effectiveness. By dividing a large class into small groups not only are specific learning objectives achieved but students assume more responsibility for their learning, develop social and leadership skills, and generally become more involved in the learning approach (Kindsvatter, Wilen and Ishler 1988). Reports, or debriefings, from the individual buzz groups can be presented to the entire class to stimulate class discussion, further skills building can be achieved by having group members lead class discussion. While large lecture classes may experience some coordinating and logistics problems with this method, overall it has relatively few limitations.

The Case Study

Evidently this method is used by marketing educators in a variety of courses as 93.4% of students in a study indicated they had some experience with case studies (Karns 1993). The Case Study method individualizes the learning situation and forces students to think through all the ramifications of the case (Jones, Bagford and Wallen 1979). Additionally, it requires the student to collect data, analyze it, evaluate the nature of the problem, decide on applicable principles and make suggestions or recommendations for decision-making. The Case Study method is very versatile and can be used with the class as a whole, in groups or by the individual. The time period allocated to this method can range from an hour to a semester. Students become involved with a case and as a result are more motivated learners and develop problem-solving skills. Many instructors feel the advantages the Case Study method outweigh the problems inherent with the activity. To counter some of the disadvantages associated with this activity a recent study explored alternate formats and found that students perceived student-led case studies to be more effective than instructor-led. Another advantage of the student-led case analysis is that increased student involvement also reduced the amount of class time necessary for implementation (Droge and Spring 1996).

Debates

The Debate method is generally used in the classroom as a small group technique. Each side of a debate issue is given a specific amount of time to present its side of the issue. Rebuttals follow the presentations and upon conclusion of the debate the instructor can enter into a class discussion of the issue. The Debate method helps

students understand several points of view related to a topic or an issue. This is potentially very beneficial when discussing topics which are multifaceted (Kindsvatter, Wilen and Ishler 1988). Debate topics can be derived from current marketing trade publications and can include such topics as the ethics of using Joe Camel as a trade character to the wisdom of decreasing cereal prices by major manufacturers. Not only do the students develop debating skills, but they also benefit from researching the topic to acquire material for their debate. Although the Debate activity provides several useful outcomes it unfortunately requires a great deal of time and instructor-driven administration to be successful.

Field Study

The Field Study involves visiting the location where the materials of instruction may be observed and studied directly in their functional settings. This method provides students with interesting first hand experiences and students become more aware of the relevant environment. As a multi-sensory experience the Field Study has greater impact on students. Having students visit relevant sites university-community relations are enhanced. By using reality to extend classroom learning attitudinal, social and academic horizons are widened. Students perceive field trips as one invaluable pedagogical tool when studying direct marketing, for instance (Katzenstein, Kavil, Mummalaneni and Dubas 1994). The downside to this method is the need for outside resources and contacts.

The Forum

For this method a small number of students are responsible for presenting information to the class. The presenters should solicit and address questions from the audience, thereby, the presenters become 'authorities' on the topic and by necessity become involved with their issue through individual research and preparation for the presentation. In order for this technique to work the students must feel free to comment and speak openly. This technique, the student presentation, would be appropriate for any current topic. A key to success is student interest in the issue, therefore self-selection of the topic may be appropriate. Oral communication and presentation skills are developed with this technique. The time devoted to this method should be offset by the increased level of student involvement. The primary instructional concern is that the students do not adequately cover the topic.

Games

Games are designed to involve students in competition as a primary means to achieve learning goals. The instructional game has rules, a structure for playing and a method for determining winners/losers. Several teaching outcomes can be achieved using Games as a method including problem solving or uncovering knowledge. Games should present an intellectual challenge for individual students or cooperative groups with the added motivation provided by a competitive atmosphere. To be effective, Games as an instructional method, necessitate creativity and extensive advance preparation by the instructor.

The Interview

The Interview method is a data gathering technique which will allow the student to gain additional perspectives on issues and others' attitudes and opinions. Students can be assigned the task of interviewing others on a variety of issues. The interviewees could be fellow students, consumers, or business people in the community. Sending students to interview the last group has the added value of good PR for the marketing program. The Interview Method allows students to report on the opinions, perceptions and attitudes of others thereby exposing themselves to multiple facets involved in the issue. This technique also encourages the development of interpersonal communication skills. Large amounts of time outside of the classroom are required and if executives are being interviewed contacts and other unavailable resources may be required.

Project

Just like workers like to point to a product that is tangible evidence of their labor, students feel a sense of accomplishment with a finished product they can use or display. Projects as a learning method involve students being assigned a task that involves gathering and integrating data relative to some problem and independently completing the project. It is self-directed study. Emphasis should be placed on 'doing'. This method not only develops the student's responsibility and initiative, but also develops a greater understanding of how to learn. Projects should go beyond just developing a strategic plan and should also allow for the practice of implementation skills (Pascoe 1992).

Role Playing

Role Playing allows students to react to a situation

spontaneously. This techniques encourages creativity. Role Playing provides the student with the opportunity to 'feel' the situation rather than to merely intellectualizing the topic. The objective of role playing is to not only motivate student involvement, but also to prepare them for the actual situation at a later date (Jones, Bagford and Wallen 1979). the class members interact in their assigned roles as they confront the issues and the impact on marketing strategy can be noted. True to the doctrines of the non-directive teaching style, situations for role playing can be created that allow different aspects of a marketing situation to be exposed and challenged, thereby forcing students to expand their perceptions from within themselves (Brown 1994). This activity require a small intimate class in order to be effective, but may be effective for the discussion of marketing ethics.

Simulation

Basically an elaborate type of role playing, the Simulation method invites participants to study, analyze and develop decision making competencies while involved in a situation. A competition between groups is usually involved with an abstraction of reality simplified for classroom use. This method may or may not be computer based and forces students to experience the consequences of their decisions (Kindsvatter, Wilen and Ishler 1988). While Simulations offer the advantage of increasing computer literacy they produce some problems as well, namely; finding the appropriate product may be difficult, adequate computing capabilities may be a problem, grading may be an issue, the role of the instructor may need clarifying, costs may be prohibitive and many instructors may resist the innovativeness of the method (Alpert 1993).

Socratic

The Socratic method charges the instructor with the responsibility of leading a discussion which induces the learner to question the validity of his/her reasoning or to

reach a sound conclusion. Based on the assumption that knowledge is within the student, the Socratic approach enables the student, through the teacher's comments and questions to discover meaning for themselves. The instructor engages in a dialogue with the student who is thus challenged to think about what is being said. the instructor would need to be skilled in playing the role of 'Devil's Advocate'. the instructor's attitude and aptitude will influence the effectiveness of this method.

CONCLUSION

Two strong requests were made in this paper. First, marketing educators are called on to incorporate as many current marketing issues and topics in their marketing courses as possible. Second, marketing educators are challenged to view different teaching styles and to adapt their courses with different teaching methods and techniques, perhaps some suggested in this paper.

Granted, given the nature of many marketing classes, especially large principle classes, many of the methods proposed here are not feasible. Fortunately, research has shown that often passive methods of instruction can be equally effective as interactive methods (Drafke, Schoenbachler and Gordon 1996). Active and passive teaching methodologies can be invaluable. A variety of teaching methods can be employed depending on the educational situation and the stated desired teaching outcomes.

Generally, what is advocated is 'flexible education' for the dynamic topics and subject matter in marketing. The challenges presented here are sizable. For the suggested approaches to be effective a significant amount of planning and preparation must be done to create the appropriate classroom environment. However, the payoff for the marketing educator is the reward of a stimulating learning experience that can be shared with students.

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Table 1
Programs with Advertising Campaigns Courses

<u>Title of Course</u>	<u>Number of Programs</u>	<u>Percent</u>
Advertising Campaigns	72	60.5%
Advertising	4	3
Advertising Campaign Mgmt.	3	2.5
Advertising Seminar	3	2.5
Other Titles	<u>37</u>	<u>31.5</u>

Table 2
Highest Degree Earned by Faculty

<u>Degree</u>	<u>Number of Faculty</u>	<u>Percent</u>
Ph.D./Ed.D.	70	39%
A.B.D.	8	4
M.A.	40	22
M.S.	21	12
M.B.A.	10	6
M.F.A.	1	.6
Other	<u>29</u>	<u>15.6</u>

Table 3
Faculty Publications

<u>Publication Type</u>	<u>Number of Faculty (N=44)</u>
Books	17
Refereed Journal Articles	23
Refereed Proceedings Papers	18
Invited Journal Articles	14
Invited Proceedings Papers	11
Others	<u>32</u>

Table 4
Resources Used in Advertising Campaigns Courses

<u>Resource</u>	<u>On Campus</u>	<u>Off Campus</u>
Standard Rate & Data Service (SRDS)	110*	31**
Simmons Market Research Bureau (SMRB)	89	39
Sales & Marketing Management's Survey of Buying Power	63	32
Mediamark Research (MRI)	61	42
Leading National Advertisers	59	47
Arbitron Radio	55	52
Nielsen Station Index	47	50
<u>Nielsen Television Index</u>	<u>44</u>	<u>50</u>

*On Campus--number of programs that have this source.

**Off Campus--number of programs that have access to this source.

"Advertising Management," and "Principles of Advertising" (2 each).

The number of students enrolled in the advertising campaigns course varies. Thirty-eight courses has 11 to 20 students, while 29 courses has 21 to 30 students. Eleven courses has more than 50 students.

The classification of the students varies as well, from sophomores to graduate students. However, seniors account for 72.5% of the total enrolled, followed by juniors (15.9%), graduate students (6.9%), and sophomores (4.7%).

Of 144 respondents, 101 programs enter the AAF and/or the AAA/NAA competition.

Instructor characteristics

The report by Deckinger, et al. mentioned insufficiently trained faculty as one criticism directed at schools of business by the Gordon-Howell and the Pierson reports. We were curious about the qualifications of faculty who teach the advertising campaigns course. Of the 147 colleges and universities, several programs have more than one faculty member teaching the advertising campaigns course. Among 183 faculty who teach the course, 34 (19%) are full professors, 51 (28%) are associate professors, 60 (33%) are assistance professors, 24 (13%) are instructors, two (.01%) are lecturers, while 12 (.07%) are adjuncts.

Among the faculty who teach advertising campaigns, 70 (39%) have the Ph.D. or the Ed.D. See Table 2.

Among the faculty who teach the advertising campaigns course, 46 (34%) have been teaching it five to 10 years, while 41 (31%) have been teaching it three to four years. The average faculty member has taught the advertising campaigns course seven years. Of the faculty who teach the advertising campaigns course, 128 (91%) have professional advertising experience; 16 (13%) have 16-20 years of experience, while another 16 (13%) have 6-10 years of experience. Most who have experience worked for advertising agencies (83 or 65%) and/or clients (69 or 54%).

The average faculty member has 12.8 years of professional experience. Although most faculty who teach advertising campaigns have professional experience, only 44 (31%) have written books and/or articles about advertising. Of these 44 faculty, 17 have

written books, 23 have written articles for refereed journals, and 18 have written papers for refereed proceedings. Of course, many of the 44 faculty have written in more than one category. See Table 3.

Based on these figures it appears that of those who teach the campaigns course (179), only 44 (25%) have published books, articles, etc.

Teaching the advertising campaigns course often involves a lot of time. Based upon written comments on the questionnaires, many faculty mentioned the difficulty they have in deciding how to divide their time among their teaching, research, and service obligations. Most faculty (103 out of 132) devote 56% of their time to teaching, 11% to research, 8% to administrative duties, 10% to public or campus service, and 5% to consulting. Almost 10% is devoted to other duties or tasks such as advising students.

Resources for "advertising campaigns"

Among the 96 faculty who require a text for the advertising campaigns course, *Strategic Advertising Campaigns* by Schultz is the most used (44), followed by *Advertising Campaign Planning* by Avery (19). (*Advertising Campaign Strategy: A Guide to Marketing Communication Plans* by Parente, Vanden Bergh, Barban, and Marra had not been published when this survey was conducted.)

The most widely used resource besides a textbook is *Standard Rate & Data Service* (SRDS), which is available at 110 programs (92%). The next most popular is *Simmons Market Research Bureau* (SMRB). See Table 4.

Instructors of the advertising campaigns course incorporate numerous supplementary material and guest lecturers. See Table 5.

Instructors mentioned several problems in teaching the course. These included "obtaining current data, especially media rates," "getting students to think," "teaching everything in the same course," "inequitable contributions by one or more members of a group," "personality conflicts within groups," "lack of initial interest by students," "grading fairly," "completing NASC in one semester," "computer lab schedule," "funding," "obtaining information from client," "getting students to meet deadlines," "finding time to research

Table 5
Instructional Aids Used in Advertising Campaigns Courses

<u>Instructional Aid</u>	<u>Number of Faculty</u>
Video Tapes	120
Handouts	114
Reading/Trade Publications	102
Guest Lecturers	98
Audio Tapes	55
Computer Examples	47
Ad Plan	31
<u>Others</u>	<u>21</u>

Table 6
Requirements of Advertising Campaigns Courses

<u>Number of Projects</u>	<u>Number of Programs</u>	<u>Percent</u>
1	90	66%
2	17	13
3	13	10
4	9	7
<u>5+</u>	<u>7</u>	<u>5.4</u>

Table 7
Creative Software Used in Advertising Campaigns Courses

<u>Software</u>	<u>Number of Programs</u>
Pagemaker	84
Quark Xpress	31
Aldus Freehand	24
Adobe Systems	17
Harvard Graphics 13	
<u>Power Point</u>	<u>4</u>

subject," "support from the department," "lack of technological support," "lack of marketing knowledge," "lack of resources," "lack of time," and "social awareness."

Advertising campaigns course requirements

Of the respondents, 90 (66%) require one project in the advertising campaigns course. See Table 6.

Among the required projects, 82 (56%) respondents employ an actual product or service after contacting the advertiser; 74 (50%) use the AAF's client; 44 (30%) employ an actual product or service without contacting the advertiser; and 26 (18%) use a fictitious product or service. Of course, because certain respondents require more than one project, numerous

respondents employ more than one of the above. It is evident that the majority of faculty require one project that is based on an actual product or service provided by a company that produces it or provides it.

Among the respondents, 18 (15%) indicate that their advertising campaigns class is compensated by the client, while 100 (85%) indicate that their class is not. Twelve of the 18 respondents who are compensated indicate that the funds are for class expenses; only three indicate that the funds are for scholarships. The amount of compensation varies, from as little as \$100 to as much as \$10,000.

The advertising campaigns plans book/presentation preparation

Among the respondents, 118 programs have Apple computers, while 79 have IBM or compatible

computers, which students may use to prepare their advertising campaigns plans book. Of course, numerous programs have both brands. The most popular creative software is "Pagemaker," which is available at 84 programs. See Table 7.

Discussion/suggestions

Although the advertising campaigns course is thriving at most advertising programs, there are several issues that may need to be addressed.

Course content and title. Is it important to change the title of the advertising campaigns course to reflect an awareness of marketing communications? Does or should the content of advertising campaigns courses reflect the apparent increase in interest on marketing communications by advertising practitioners?

One of the major criticisms of business schools as pointed out in the Gordon-Howell and Pierson reports was insufficiently trained faculty. At the time, only 40 percent of faculty in business schools *had* doctorates. Porter and McKibbin suggest this is no longer a problem in schools with AACSB accreditation. Our study shows only 39 percent of faculty who teach the advertising campaigns course have doctorates. In view of the likelihood that the percent of faculty in business schools who have the doctorate is now much higher, is it desirable to have so many faculty with less than a doctorate (61%) teaching the campaigns course? While there is value to having people who are heavy on professional experience rather than academic credentials teach advertising campaigns, in view of the fact Advertising Campaigns is the capstone course in most advertising programs, perhaps this practice should be rethought.

Since the average faculty member has been teaching the course seven years, this poses a number of questions: is this too long?, how long should faculty teach this course?, does length of time teaching the course make a difference on the way the course is taught?, would newer faculty coming from industry or academia be more or less likely to adapt the campaigns course to changes in the advertising business?

The average faculty member teaching the campaigns course has 12.8 years of professional experience. This should indicate that they are more than adequately qualified to teach campaigns. Whether this length of time reflects an exposure to changes taking

place in the advertising industry within the last five years may be a question worth pursuing.

It is clear that the people who teach the campaigns course do not tend to be researchers. Even though 39 percent of these faculty have a doctorate, only 25 percent of them have been published. Many respondents wrote about their difficulty in allocating a sufficient amount of time to activities such as research, especially if they were advising a group involved in the AAF competition. It is also clear that the research activities of the respondents as a whole would not meet the expectations of business school standards.

Course resources. In most courses it is presumed that the most important resource other than the instructor is the textbook. However, the survey indicated that 46 percent of all faculty do not use a text (for either the campaigns course or the AAF competition). Of the faculty who do use a book, the Schultz book was the clearcut favorite (40%) with the Avery book a strong second (17%). What is somewhat surprising is the lack of any consensus on the third most popular book (6%), one authored by Kleppner--and in actuality, an advertising principles book.

The major syndicated research services appear to be widely used by the respondents. Nearly all programs have access to SRDS. It also appears that most schools have access to SMRB and MRI, or both. If there were any problems here, it was in the difficulty some programs report in getting current data, especially media rates.

Instructors use a wide variety of instructional aids, which did not appear to pose a problem.

Programs that offer the advertising campaigns course seem to have sufficient computers available for students. However, certain programs are limited in their software applications. Only 31, for instance, have "Quark Xpress," a creative program that is used in numerous advertising agencies. Instructors may want to consider this software in the future. Also, only 31 programs have "Ad Plan." We expected to see this media program more widely available. "Harvard Graphics" and "Power Point" are being increasingly used in the business world. We also expected to see these programs more widely used. However, both programs still are relatively new and it is likely a greater number of programs have them today than when we conducted our survey.

Regarding student presentations, 96 (65%) respondents use "presentation boards" as a visual aid, while 76 (52%) use "slides," 64 (44%) use an "overhead projector," and 47 (32%) use "flip charts." These aids have been used for several decades.

We expected to learn that programs were using more multi-media, including computer projections, in their presentations. However, only three programs indicated that their students employed multi-media.

Among the open-ended comments, numerous respondents suggested that some of their problems could be solved by funding more resources or for the actual expenses incurred in putting together a campaign. Since only 18 instructors indicated that students were compensated for their efforts, this may be an area for some schools to pursue.

Course requirements and problems. Most respondents (66%) require one project during the semester or quarter. Even those that require more than one project did not seem to feel it was a problem. However, many respondents who advise an AAF project went out of their way to state the difficulty they had in completing the project in one term.

Overall, when one considers the few problems mentioned above, the advertising campaigns course appears to be alive at most advertising programs. However, faculty who teach the course may need to inform their administrators that certain problems exist.

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REALITY BASED MARKET ORIENTATION

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ABSTRACT

The traditional market orientation model suggests that a study of customer needs begins the process by which products are offered to the market. In reality, many needs. A new model is proposed as a way of teaching about market orientation which retains the marketing concept philosophy, but which incorporates a healthy dose of the "real world." products have their beginnings as a technological discovery or marketing objective rather than as an expression of customer

INTRODUCTION

Teaching about the marketing concept or the value of firms adopting a marketing orientation is, for most principles of marketing instructors, a "staple" in the "diet" provided in the first marketing course. There are a number of reasons why this is so, including:

1. The prevalent belief among both practitioners and theorists that many if not most successful organizations at the end of the millennium have become thoroughly market driven in their orientation to the marketplace. Market oriented organizations raise the benchmarking bar, making it difficult for those organizations who haven't adopted such an approach to secure a defensible share of the market.
2. The fact that most students in the principles course are not marketing majors and don't think they want to get into "selling" as a profession. Teaching about market orientation is a quick way to show that marketing is not trying to sell someone something they don't want--it is trying to meet consumer needs. Thus, the marketing concept/orientation gives instructors a means for correcting faulty assumptions and makes marketing seem less nefarious and more respectable.
3. The need to show students how marketing serves as the liaison function between the organization and its external environment, including its customers. In one sense, this means marketers who adopt a market orientation to their markets must discover what consumer needs exist, determine how the company's product or service must be configured to satisfy the need, and leverage the

competitive advantage created in the process to achieve the marketing objectives. Of course, the "lever" used to exploit the competitive advantage consists to some degree of the marketing mix and its use to successfully position the product or service to a specific segment of the market. Stating this responsibility of marketers as a consequence of adopting a marketing orientation then sets up the outline for covering the course material.

All of these reasons usually result in some attention being paid early in the course to the topic of the marketing concept/market orientation, which is often covered in the first or second chapter of principles of marketing texts. The text coverage of this material often includes a comparison of the market orientation to a selling and product orientation. A typical definition of these orientations follows (Kotler 1997):

Product Orientation-holds that consumer will favor those products that offer the most quality, performance, or innovative features. Managers in these product-oriented organizations focus their energy on making superior products and improving them over time.

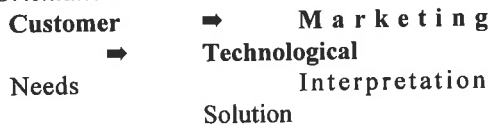
Selling Orientation-holds that consumers, if left alone, will ordinarily not buy enough of the organization's products. The organization must therefore undertake an aggressive selling and promotion effort.

Marketing Orientation-holds that the key to achieving organizational goals consists of being more effective than competitors in integrating marketing activities toward determining and satisfying the needs and wants of target markets.

Students then either explicitly or implicitly

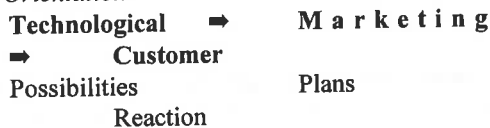
receive the message that the marketing orientation in today's turbulent globally competitive marketplace is, for most organizations, a more appropriate orientation than either the product or selling orientation. Accepting the veracity of this message tends to foster the belief on the part of the students that a *proper* business process would be to first determine consumer needs. Then, marketing skills are used to determine what can be done to satisfy selected needs at a competitive advantage, and a product/service is designed and marketed to the segment whose needs have been targeted. Graphically, we would express this process as:

Market Orientation



Actually, these same three components are present in both the product and selling orientations, but in very different sequences. For the product orientation the segment might look like this:

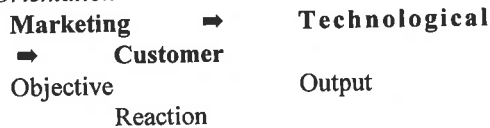
Product Orientation



Here, the process begins with attention directed at the product--i.e., the possibilities for the application of technology. These technological outcomes are then turned over to the marketing department who develops plans for marketing the product. Customers then react to the product and marketing program by either exchanging with the organization or not.

With the selling orientation the process might appear as:

Selling Orientation



In this instance the starting point is the establishment of marketing objectives which include sales volume, market coverage, market share, and the like. These profit and revenue objectives are then converted to sales goals for specific products and production schedules for those products. Finally, customers react favorably or not to the company's offerings and sales goals are achieved, or

resumes start showing up at executive search firms.

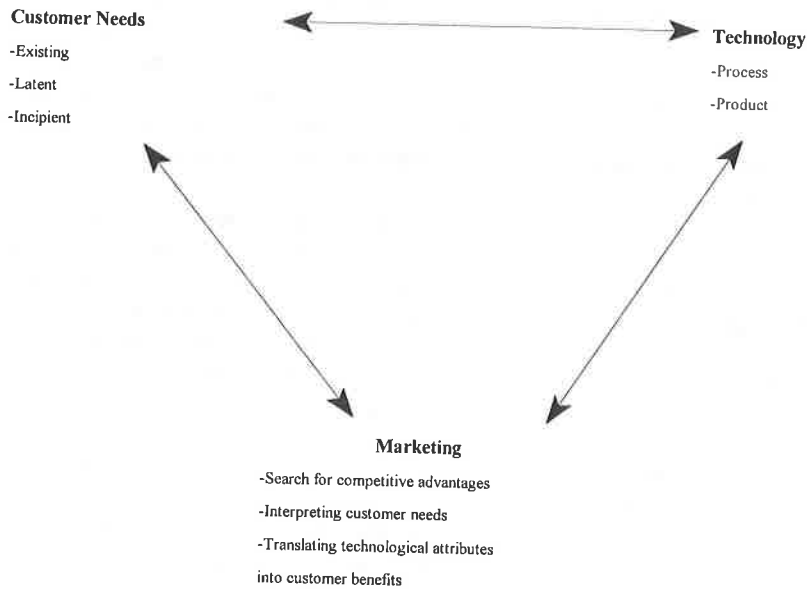
These three orientations share at least one other thing in common besides the same three basic components--they all involve a very linear progression of activities from beginning to end. This is a prototypical Western approach to thought, and is very appealing as a pedagogical device for discussing the differences among the three orientations. The problem with teaching the marketing orientation, in particular, as a series of linear steps is that students, having *tabula rasa* minds, come to believe that failure to follow the sequence as presented (i.e., customer needs → marketing interpretation → technological solution) represents an improper approach to doing business. We, the teachers, are accomplices to this distortion of reality when we do not acknowledge that such an interpretation is likely on their parts, and provide an alternative model.

We know that the "real world" of business does not always (rarely?) follow the marketing orientation's linear progression of the three components. We could even go so far as to suggest that if you looked at the entrants to the Marketing Hall of Fame Success Stories, many of them would not exemplify the three steps as the marketing orientation portrays them. Rather, the reality is that companies arrive at success by traveling down different paths. Sometimes they start with a technological breakthrough which then needs to "find" a market. Other times they start with an acknowledgment that new markets must be developed to achieve growth objectives, followed by a study of market opportunities. Of course on other occasions the road to success begins with a customer expressing an unsolicited need to a supplier who begins to see possibilities for market development beyond that single customer. Truth is, in the "real world" you don't win by following the sequence of the market orientation, you win by selling a lot of stuff to satisfied customers--however that happens. Marketing texts just like to foster the belief that that happens most frequently when a marketing orientation is followed.

A REALITY BASED MARKET ORIENTATION

Perhaps it is time to offer an alternative model to students which is more in tune with the realities of the marketplace and which does little violence to the core precepts of the market orientation. The model is presented in Exhibit 1 followed by a discussion of its components.

Exhibit 1
REALITY BASED MARKET ORIENTATION



In this new model we see the same three components as in the product, selling, and marketing orientation models, but there is no defined linear pattern with a beginning and an end to the process. In the Reality Based Market Orientation Model (RBMOM) the double-headed arrows suggest that the process could begin at any one of the three points, followed by progressing to either of the remaining two points. At that juncture it may cycle back to the point of origin or proceed to the third area. An example from business will help to illustrate this dynamic.

Post-it Notes

The development of 3M's Post-it Notes illustrates an extremely successful product whose story began with the discovery by a 3M scientist of a glue which failed all the tests for aggressively tacky materials established in the lab for new adhesives. Since 3M is usually looking for adhesives which stick better, not worse, little attention was paid to the discovery. One scientist did put the product to use by applying it to small pieces of paper and using the paper to mark pages in the hymnal for songs he would sing in the church choir. This application was so successful that he began to wonder if there might be other occasions where someone might want a product which was "permanently temporary"--i.e., would stick to a piece of paper, but could be removed at

any time without damaging the page to which it was attached. "Bootlegging" some time from other projects, the scientist made up pads of these sticky note pages and sent them to people within 3M. The demand to replenish the supply of samples was so great within the company that the marketing department got interested and the rest, as they say, is history.

Using our model to explain this scenario, we could say the starting place was technology in the form of a product ("process" under technology would be for services). The outcome of the technology (Post-it Note) addressed a need for the product within 3M (technology → customer) which could perhaps be described as "incipient" (i.e., the "customer" did not know they needed it until the product existed). Ultimately, marketing's responsibility was to translate the technology's attributes into benefits to which the customers could relate by producing Post-it Notes in different sizes, colors, with different messages, sold in different locations for different prices, etc (technology → customer → marketing). In this sense, marketing would be altering the technology, which graphically in Exhibit 1 completes the circle (technology → customer → marketing → technology).

THE DEBATE OVER THE MARKETING CONCEPT

Criticisms of the marketing concept as a guiding philosophy for business have been made by numerous authors over several decades. Some of these criticisms relate to the perceived failure of the concept to acknowledge a firm's distinctive competencies and its discouragement of innovation. Another way of saying this is that critics believe that the concept favors market pull over technology push as a way of viewing opportunities. These changes have been leveled and refuted in the literature in far more detail than can be discussed here.

In general, critics are concerned that adherence to the marketing concept or using a market orientation requires that the expression of needs as customer wants be the driving force behind business decisions. This is of concern because they believe consumers are not always, or even often, able to recognize their needs, can express needs in the form of wants only for what is familiar, and cannot predict what their needs will be in the future. A dedication to identifying and satisfying customer needs as they express them, which the marketing concept seems to be grounded in, obviously would have problems dealing with such concerns. Moreover, using the expression of customer needs as the starting place for corporate action fails to acknowledge the firm's distinctive competencies. These competencies can be utilized to develop products and services consumers never expressed a need for, yet which consumers desire once they are offered to the market. Such "technology push" motivates far more innovation, in the minds of marketing concept critics, than any amount of consumer marketing research.

Defenders of the marketing concept/market orientation have basically claimed that these criticisms are too narrowly defining the concept. They retort that being market oriented does not require that all new ideas have their own genesis with consumers expressing unmet needs, but rather that wherever new ideas come from, they ultimately have value because a real customer need is being addressed. This means that technology push may originate a potential new product, but that a study of where and how the product of that technology can gain a competitive advantage by satisfying the needs of a target segment of the market must be part of the decision to offer the product to the market.

These criticisms and defenses of the marketing concept/market orientation could continue to rage as long as we continue to teach from texts which espouse the

linear approach to market orientation (starting with customer needs and ending with a product offered to the market). The RBMOM is intended to depict a process which addresses these criticisms, while remaining true to the principles of the marketing concept. That is, the reality that some innovations start with engineers rather than with consumers is incorporated into the model, but the model also shows that successful products must address customer needs at some level. Those needs may be latent or incipient, but the technology must be capable of satisfying those needs. Marketing may perform the role of determining customer needs, but if technology is the starting place, marketing's role changes, but is no less critical to success. A market orientation does not relegate marketing's role to be the mere transcriber of needs dictated by consumers. Marketing is responsible for searching for and exploiting a competitive advantage and translating the attributes of technology into benefits consumers will find motivating.

These tasks take place at some point during interactions between the three areas in the model. When and how these tasks are performed is not fixed by the model. In fact, the premise of the model is that "in reality" the three areas may interact in any number of ways. However, a true marketing orientation will be manifested by a desire on the part of the organization to satisfy customer needs rather than push technology on an unresponsive public. Thus, in reality Post-it Notes was not a reaction to consumers asking for such a product to be developed, but it was clear to 3M marketers that the innovation would satisfy some here-to-fore incipient needs.

USING THE MODEL IN THE CLASSROOM

Students in their first marketing course at the graduate or undergraduate level should first receive exposure to the traditional product, selling, and marketing orientations to fully appreciate why marketing plays a key role in the success of contemporary organizations. The market orientations's concern with understanding the needs of people and conforming the organization's efforts to addressing those needs does strike a responsive chord with students. It is also easy to show, either through reading or video cases, the value of such an orientation in today's highly competitive business climate.

Exposure to RBMOM occurs when we get to the chapter on new product development, usually early in the second half of the term. At that point a *Fortune* article entitled "Ignore Your Customer," (May 1, 1995,

p. 121-126) is assigned as a reading. This article starts this way:

It started as a management practice, grew into a mantra, and now it's an all-out mania: listening to the customer. These days customers are variously described as "king," "first," "always right"-- basically judge, jury, and executioner. So revered is the "C" word that most companies stand paralyzed, afraid to move without first conferring with them But maybe this obsessive devotion has gone too far. A growing number of companies and consultants now believe that it's time to start ignoring the customer. That's the only way, these experts argue, to create the kind of breakthrough products and services that can catapult you far ahead of the competition.

The article then proceeds to make a case for relying on distinctive competencies and technological innovation rather than customer need analysis as the basis for new products. However, at the end of the article the author does present a qualification to his thesis:

At the end of the day, everything a company does--even down to ignoring its customers--must ultimately be met with customer approval. Otherwise, what's the point? Ignore customer, create loser product--it kind of defeats the purpose. A misguided product is still a misguided product, whether or not it's justified as "leadership," "intuition," "anthropology," whatever.

This last statement nicely makes the point that successful marketers must *really* understand their customers, even better than those customers understand themselves.

In class, students are asked how they can reconcile the advice given in the article with the tenets of the marketing concept/market orientation, which by now they are usually convinced has merits as an operating philosophy. Students are then formed into groups of 3 or 4 and told to construct a set of admonitions directing companies on when and when not to use customer input to develop new products. After class discussion of the groups' advice they are ready to see the RBMOM and debate its ability to represent the role of marketing, technology, and consumers in the process of bringing successful products to market. Most students conclude that marketing continues to play the key role in new product development, even when the process does not begin with a study of customer needs via marketing research per a market orientation.

CONCLUSION

Marketing teachers are not alone in being criticized for being "out of touch" with actual business practice. While such criticism is sometimes valid, many marketing teachers had real jobs before beginning their teaching career, do consulting work, or operate their own businesses as well as teach marketing. So, we have a rich base of business experience from which to teach marketing principles. We can better insulate ourselves from these criticisms by incorporating into our models a healthy dose of the "reality" with which we are familiar, while remaining true to the basic theoretical principles upon which those models are based. We know our theories have been developed based on empirical tests, but it may not always appear so to our students or to the business community. Models like the RBMOM can help us to teach marketing more effectively as a response to those critics who see big gaps between the classroom and the office. Ultimately, however, we must not only apprise students of what goes on in the real world, but try to inspire them to think new thoughts and create a better, new "real world."

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"TOWARDS A NEW PHASE OF JAPANESE MARKETING: THE PUBLIC SECTOR AND THE USE OF FOREIGN DIRECT INVESTMENT"

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ABSTRACT

This paper discusses the role that the Japanese public sector has played in the marketing growth of Japan. It reviews the public sector's influence since the post war period and asks the question, is a new phase of Japanese marketing emerging, one that is based on the public sector's use of foreign direct investment.

INTRODUCTION

Japanese public sector policy has always influenced Japanese marketing activity from the earliest post war days when the export oriented strategy was conceived; to the conversion from "shoddy" to "quality" production, to the high trade surpluses, to manufacturing abroad, and lately to Asia, off shoring, networks and regionalism. Part one of this paper is a review of the six phases of post war Japanese marketing which witnessed the intimate involvement of the Japanese public sector in marketing growth. Part two of this paper asks the question: Is a new phase of Japanese post war marketing emerging? If so, how has the public sector been involved and what is its role.

PART ONE

Pre Marketing Period - 1946 to 1953

The Japanese public sector was the driving force behind the successful resurrection of the Japanese economy after World War II. The Pre Marketing period (1946-1953) saw the establishment of the public sector and the introduction of different industrial reforms and infrastructure plans for future development. The public sector, at this time, had diverse objectives to accomplish in order to restore Japan from a devastated, war torn country to one capable of supporting itself via manufacturing and trade with other countries. MITI's primary objective was to explore the possibility of boosting trade and output of the nation. Some of the problems that the public sector had to resolve included an inflation rate of 8,000% from 1946-49; massive unemployment (13 million jobless); complete rebuilding of the country's infrastructure; and a worldwide reputation

for poor quality (The Industrial Policy of Japan, p. 15).

Marketing Awareness Period - 1953 to 1964

JETRO was established in 1958 to overcome the problems of "blind-trade". Its mission was to work with and provide domestic industry the data required to market product overseas. JETRO established offices overseas in order to introduce Japanese products into those markets; and to provide feedback to the manufacturers on how to improve, or more effectively target their products to the markets being served (Johnson, pp. 230, 236). JETRO did this by emphasizing the importance of participating in joint projects for technological R&D, construction of production centers, as well as plant & equipment expenditures. Their position was that Japan had to continue to expand its investments in overseas markets and promote an international division of labor with both industrialized and developing countries.

Concurrently, MITI continued to provide private and public investors with data about new markets. This data, coupled with protectionist policies, nurtured domestic industries, toward increasing their exports throughout world markets (Johnson, p. 237). Large subsidies were given for plant expansion and renewal whereby heavy industry improved its international competitiveness. The Finance Ministry implements relaxed monetary policies to stimulate demand for different products in domestic markets; this enabled Japan to reduce its dependence on exports (Okamoto, 1980).

The development of quality as a marketing tool evolved from Japan's reputation as a manufacturer of "shoddy" goods. Japanese firms initially had two levels of quality; one level for domestic products, and a higher

level for exports. When the efficiency (cost) of maintaining two different quality levels grew out of hand because the export area was growing at a faster rate than the domestic area, only then did manufacturers stop producing the lower quality goods destined for domestic markets, and converted their entire production to the higher quality level. The successful use of quality in the export as well as domestic sectors gave Japanese manufacturers an edge in their ability to compete in the world marketplace.

Marketing Acceptance Period - 1964 to 1969

The major concerns of the public sector during this period were the development of the domestic market such that most of the Japanese population had "necessity goods". Those were defined as sewing machines, cameras, television sets, refrigerators, and washing machines. Prewar consumption levels of these "necessity goods" was negligible, but postwar demands placed Japan's urban population for these small durable goods immediately below the U.S. level (Hardly, 1982, et al). A real need to develop technology at a faster rate was necessary, and independent entrepreneurs started showing concern for the behavior patterns of potential markets. The public sector encouraged the import of new technology in order to keep ace with rapidly rising demand for these products. Tax concessions were also granted and subsidized credit was made available to facilitate exports.

Marketing Expansion Period - 1969 to 1973

During this period an increasing awareness of various social issues emerged from the Japanese populace. Rapid industrialization had been accompanied by severe degradation of the environment that ultimately resulted in a series of pollution induced illnesses. By 1969, the behavioral and economic environment was supplemented by challenging issues of the social environment: racial and poverty problems, social criticism of the chemical industry, social objections tovie marketing products perceived as wasteful, marketing inefficiency, cigarette smoking, and any other products not wed as being in the public interest. In 1970, pollution control legislation was passed. The public sector in Japan then rapidly induced the private sector to shift from producing chemicals, textiles, and other potentially polluting industries to automobiles, electronics, and other industries which were more aligned with the concepts of social marketing. Consequently, the iron and steel industry, the paper and pulp industry, and chemical industry all saw spending increases for pollution controls

and cleanup procedures and methods. Total private sector investment in pollution control abatement was roughly double that of the central government, and almost equal to the spending levels set by local governments.

Global Marketing Period - 1973 to 1985

JETRO also recognized the importance of Japanese corporations participating in joint venture projects with European based counterparts for technological R &D as well as plant and equipment. The logic behind this was that Japan had to continue to expand its investments in the overseas marketplaces and also promote an international division of labor with both industrialized as well as developing countries. Concurrently, JETRO now encouraged the importation of foreign produced goods into Japan, and direct investment in Japanese companies, especially by U.S. firms. It likewise helped domestic organizations determine which markets to choose for penetration utilizing the encirclement strategy. The number of products that could be imported into Japan now doubled in quantity. MITI established additional laboratories to offer more opportunities for research, and afforded indirect support to business organizations to improve their quality standards and also develop new innovative ideas. Though Japan's GNP growth rate was declining, other developed countries GNP growth rates were lower still. The public sector's role during this phase was mainly indirect as the private sector has made a solid footing due to the high growth rates experienced in prior years.

Global Marketing Awareness Period - 1985 to Present Day

JETRO dramatically sponsored new heights of foreign investment during this time. In 1987, there was a 70% increase in foreign investment compared to the prior year. JETRO also understood the U.S. market and its importance to Japan. JETRO's leaders stated that increasing imports of U.S. products was the best way to respond to protectionist pressures that ultimately led to "voluntary" quotas on Japanese exports to the U.S. Out of a total estimated \$100 million budget, JETRO currently spends 90% on promoting imports, attempting to stimulate foreign investment in Japan. This combined with budget shifts required JETRO to change from developing and encouraging exporting functions to developing an encouraging importing. Japan opens their markets to outsiders only after government protection, allowed their industries to become competitive on a world wide basis (Inc., 1984).

The application of appropriate marketing practices and direct as well as indirect help from the public sector has had enormously positive effects on Japan's economic stability (Miller, pp. 58-59). Foreign companies are now slowly increasing their volume of investment dollars and products into Japanese markets at a steady rate only after obtaining the concurrence of the public sector. Exports didn't rise that much either. The yen appreciated in value versus other currencies; and there was a policy shift from exporting goods to manufacturing products in other countries. To deal with them, the Japanese encouraged European joint ventures and also direct foreign investment by U.S. companies as well. MITI increased the funding of JETRO's budget to specifically deal with this problem, by encouraging JETRO to reverse position and work on importing foreign products into Japan.

PART TWO

The last phase of Japanese marketing witnessed an increased awareness by the public sector primarily MITI, JETRO, the Ministry of Finance and the Bank of Japan, that trade surpluses were accumulating at record rates. To avoid increasing trade friction which would evolve into trade restriction the public sector encouraged business to produce the products in the markets most affected namely North America and Europe, thus easing the surplus trade problem. This phase of Japanese marketing commencing in the mid 1980's is different from the earlier period because of the high trade surpluses; the movement of business to produce off shore; and the involvement of the public sector. This phase of Japanese marketing has been called "Global Marketing Awareness," (Marber, 1995).

It is possible that the last few years have likewise distinguished themselves from the late 1980's and early 1990's in that the public sector has continued to encourage business to produce off shore but targeted to the Asian region, and open up its closed production networks due to the pressures associated with the super yen.

The super yen has caused Japanese business to speed up the out sourcing movement begun during the last phase of Japanese marketing. Cheaper products and components were produced helping to nullify the increased value of the yen enabling Japanese business to hold onto valuable market share. In a future development, these host countries will soon become, if they are not now, markets for Japanese products further expanding the role of marketing.

This phenomenon produced by FDI is uniquely Japanese, by the way it is used by the parent company in Japan to create a production network in the host country always controlled in a Kieretsu like relationship. These Japanese based production networks have been criticized by American scholars, business and politicians, but in reality the only way Japanese business can guarantee a quality orientation which has become their marketing hallmark.

In a further development, through Japanese FDI has increasingly gone to Asia as a region, China and Hong Kong have received 42% of Asian FDI in the last few years. This large amount of investment could not have been accomplished without the tacit approval of the bureaucracy, i.e. public sector. (Marber, 1996).

This apparent shift involving Japanese FDI to Asia; as well as the beginning modification in Japan based supplier networks; and the possible emerging Asian regionalism has been accomplished under the watchful eye of the public sector. There were no directives, laws or formal guidelines, rather it was achieved with the "covert blessing" of the public sector that enabled Japanese business to move in this new direction.

Japan's traditional export oriented strategy now is merging with an FDI oriented strategy, as Japanese firms incorporate FDI integrally into their production strategies. However, the investment activities of Japanese firms in the 1990s are not identical to those of the 1980s; they are focusing on the Asian region.

The narrower geographic scope is not the only change in the production strategies of these Japanese firms. Domestic economic conditions in Japan gradually are forcing companies to decentralize their overseas operation to make them less dependent on Tokyo for general guidance, sophisticated components, and technical support. Moreover, while the expansion and reorganization of overseas production structures is proceeding more slowly than during the FDI boom of the late 1980s, these changes are likely to be more fundamental, and more difficult to reverse, than those of the 1980s.

Japanese Production Networks

To understand production networks in Asia, it is useful to go beyond traditional notions of FDI and look more closely at relationships among firms. Dieter Ernst defines in his Carriers of Regionalization, international production networks as the organization, across national

borders, of research and development activities, procurement, distribution, product definition and design, manufacturing, and support services. Japanese production networks traditionally have been organized hierarchically to ensure that Tokyo retains the lion's share of decision making authority, technological capability, and sourcing. This hierarchical organization has resulted in tight control over foreign affiliates as well as the creation of fairly closed production networks that have tended not to develop business ties with non affiliated local and foreign suppliers. (Ernst, 1994)

However, the structure of Japanese networks varies significantly by sector. For example, Weiguo Lu argues in The Internationalization of Japanese Textile Production Networks, that the textile and apparel sector has already witnessed a significant opening of Japan's production networks. In this mature sector, Japanese FDI has been aimed at production both for the local market and for export to third countries. (Lu, 1994) Japanese FDI in the electronics sector is much newer than in textiles. As in textiles, Japanese electronics firms shifted production overseas in order to service local markets and for export to third countries. But Japan's overseas production in electronics continues to be characterized by closed, hierarchical networks, and, as Ernst suggests, it is unclear how long these can be sustained. (Ernst, 1994) The automobile industry constitutes a radically different case from either textiles or electronics, says Richard Doner in his Japanese Automotive Networks in Asia. In the auto sector, Japanese FDI is aimed almost exclusively at serving local markets, and production activities continue to be governed by hierarchical, closed production activities. (Doner, 1994)

Japan's traditional methods of organizing production are creating competitive disadvantages, especially in a high yen environment. Increasingly, Japanese firms face pressures to offshore not just their low end production but increasingly more sophisticated products, components, R & D, and management. These pressures are pushing Japanese firms to loosen their traditionally Japan centered supplier networks, Keiretsu relationships, management practices, and R & D activities says Ichiro Uchida in his Restructuring of the Japanese Economy: The End of Keiretsu and the Lifetime Employee System. The result of this opening up of relations to allow more non Japanese participation is some decentralization of high end activities and decision making authority. (Uchida, 1994) It would be a mistake to conclude that the pressures on Japanese firms will force them to become exactly like their U.S. counterparts. It is market forces that are pushing national governments to liberalize their

trade laws and to harmonize their regulatory systems. (Ostry, 1994)

Is Asian Regionalism Unique?

Most studies of regionalism have examined either formal regional organizations or the patterns of market transactions. The first focuses on institutions and too much on political cooperation. The second stresses economic outcomes but overlooks production structures. Neither approach captures the nuances of Asian regionalism. Consider the implication of each approach. First, an examination of formal organizations yields little evidence to suggest emerging regionalism in Asia. To the extent that regionalism exists institutionally, its membership criteria take the broadest possible view of the region. Integration efforts do not focus on Asia, but on the entire Pacific region. The Asian Pacific Economic Cooperation (APEC) forum, which was formed in 1989, includes countries on both sides of the Pacific.

The second popular measure of regionalism focuses on trade flows. The evidence suggests that although intra regional trade has increased, it has not lessened the importance of the United States for Asian economies. Rather, both inter regional and intra regional trade have increased in recent years (Urata, 1991, 1993) The data do not suggest that Asia is moving toward an autonomous, Japan dominated bloc. (Graham and Anzai, 1994)

Yet it would be premature to dismiss the concept of regionalism in Asia. Perhaps Asia is not becoming an increasingly exclusionary region but rather is acting regionally in production terms. That is, rather than moving gradually toward a greater reliance on regional economic links to the exclusion of global economic ties, the Asian region is increasingly characterized by regional production networks that function in a world of global trade. Asian regionalism, defined as the regional organization of production, need not lead to the formation of an economic bloc that excludes the United States and Europe. Indeed, Japanese, U.S., European, Korean, Taiwanese, and other international production networks exist side by side in Asia.

Dennis Encarnation suggests in his Bringing East Asia into the U.S. - Japan Rivalry, that Japanese firms have established affiliates in Asia in order to produce for the local market or to sell to third countries, usually the U.S. market. U.S. firms, by contrast, have tended to produce for the local or home market, that is, for export back to the United States. (Encarnation, 1994)

CONCLUSION

Michael Borrus argues that Japanese firms have tended to set up overseas affiliates that produce low end products, with production of more sophisticated, higher value added products remaining in Japan. However, this is changing because of the super yen. U.S. firms, by contrast, have tended to encourage technical specialization, including high end production, in Asian countries. (Borrus, 1988, 1995)

The marketing implications of the various scenarios are plausible for the future trade impact of Japanese production activities in Asia. First, Japanese overseas affiliates may begin to increase the level of exports back to Japan. Second, growth of domestic demand in Asian host countries may help absorb the production by Japanese firms, perhaps eventually overshadowing the importance of the U.S. market. Third, Japanese affiliates in Asia may continue to produce goods for the Japanese as well as the U.S. market. (Parker, 1994)

Yet some tentative conclusions are possible. Most importantly, FDI is playing an increasingly important role in the attempts of Japanese firms to compete internationally. Even though the bursting of the bubble economy has rendered Japanese firms more cautious in their investment decisions, FDI remains a fundamental element of their export oriented trade strategy. We can also conclude that Japanese firms will continue to experience difficulties in remaining competitive from a price perspective, as long as they rely on traditional methods of organizing production.

Is a new phase of Japanese marketing emerging? If it is to be considered as such, the elements attributed to this period would have to be unique or different and with a degree of emphasis. These distinctions can be seen in the use of FDI targeted first to Asia and then specifically to China and Hong Kong; and in the production networks created by the FDI; and in the regionalism that would be developing. All the above forces would make Japanese marketing in the late 1990's quite different from the earlier periods.

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PERCEPTION AND REALITY OF CASINO GAMING: A GAP ANALYSIS

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ABSTRACT

The introduction of the gambling industry in Mississippi has raised public policy and marketing issues concerning tax revenue, economic changes, and family values. Local policy makers and industry marketers must monitor and respond to public perceptions of these issues, regardless of the basis for these perception.

INTRODUCTION

The acceptance and growth of legalized casino gambling has been rapid in the United States over the past 10 years. Gaming, the new and more respectable term for the leisure time entertainment of gambling, now competes with baseball and the movies for the family dollar (Hernon and Appel 1994). One of the most remarkable stories of casino industry acceptance and growth is that of the gaming industry in the United States between 1980 and 1995. At least in part this growth is the result of pent-up demand for family oriented destinations which include legal gaming as one of the entertainment attractions. A second issue is acceptance and need by a state and local governments for new revenue sources (Triplet, 1994). Mississippi has been a front-runner in the growth of the gambling industry since 1992 and the Gulf coast of Mississippi has led the way. Today, 14 casinos operate on the Gulf Coast and several new, large scale casino operations are being planned or are under construction with Mirage Resorts leading the way with a \$475 million, 1800 room hotel/casino. The Mississippi Gulf Coast has been referred to as the Monte Carlo of the South because of the quality of casino operations (Myerson, Allen R. 1996). However, the long term strength of this highly regulated, politically influenced and influential industry depends on public perception of the impact of gaming on the community and the state. This paper compares the perceptions of Mississippi citizens from a Spring 1995 telephone survey with the actual data from local and state offices. These data, together, help to identify policy concerns for public officials and public relations and marketing concerns for the gambling industry as a whole.

THE PUBLIC PERCEPTION

The relevance to the gaming industry and public officials of the public perception as identified in this report may be one of the most important issues to face the state, particularly important since the gaming industry - like tobacco, liquor and firearms - is in an area of commerce that conflicts with traditionally espoused values (Gregson (1994). Indeed, only recently has casino gaming become widely available outside of Nevada and Atlantic city. Since the Kefauver hearings of the early 1950's public perceptions of gaming has always been one associated with crime (Hernon and Appel 1994). Moral- and value-conflict associations, real or imagined, with gaming make public relations activities particularly important to the industry. Even now, efforts to permit or expand legalized gambling often face substantial public resistance to which the industry reacts with costly institutional advertising and public relation campaigns (Krajewski, 1994).

The capital investment stimulated by casino gambling and the tax revenues generated by gaming are often presented as key economic arguments for legalized gambling. However, economic changes sometimes cause disruptions, particularly to established, traditional local businesses. In particular the restaurant business along the gulf coast of Mississippi has felt the impact of subsidized meals from the casinos (Hayes 1994). The development of casinos may and often does affect competition in the entertainment, tavern, and dining industries, and such changes may produce public relations challenges as well. While tax revenues resulting from gambling may benefit local economies, these benefits may not be as visible as local business failures. Therefore it is useful summarize actual social and

economic changes that have taken place since the legalization of gambling and to compare these to public perceptions.

URBAN STUDY METHODOLOGY

The *Mississippi Urban Area Survey - 1995* (Marshall, 1995) was commissioned by the Mississippi Urban Research Center of Jackson State University. The survey was designed to produce benchmark data on concerns and perceptions of Mississippians regarding critical issues facing the state. The survey involved over 900 random telephone interviews of adult resident of 3 area urban areas. Included were 307 interviews completed in the Gulf Coast Metropolitan Standard Area which is comprised of Hancock, Harrison, and Jackson counties. Stratified quota sampling was used to assure proportionate racial representation and data were then weighted to 1994 U.S. Census representations by gender, race and age (United States Bureau of the Census, 1994). While the interviews addressed a wide variety of social issues, questions relating to gambling involved whether respondents had visited and gambled in casinos and whether they had won or lost money. Other gambling related questions addressed perceptions of gambling's impact on family problems, the state and local economies, tax benefits, crime, and local business.

These data were supplemented with data collected for comparison. First, data was provided by Gulf Coast Economic Development Commission, and the Mississippi Gaming Commission. This data was collected to use for comparison with perception from the survey. Second, data was collected from a content survey of license tag State of origin. This data was collected to determine the proportion of visitors at casinos from outside the State.

Gambling Activities

Gambling is serious business in Mississippi, particularly on the Gulf Coast. As indicated in Table 1, substantial proportions of respondents reported having visited a casino (81%) in the Gulf Coast MSA. Furthermore, the majority of respondents reported having personally gambled in a casino (75%). A small proportion (approximately 14%) reported having lost \$100 or more during the year. Conclusions may be drawn from the reports that the Gulf Coast respondents to this survey were familiar with the gambling industry, but that few have had dramatic personal experience with financial gains or losses. This apparent familiarity with

the industry adds credibility to the perceptions of the impact of gambling reported in Table 2.

PERCEPTIONS OF GAMBLING'S IMPACTS

Mississippi Urban Area Survey respondents report a high exposure to gaming, it may be surprising that relatively large proportions of respondents indicated concerns regarding gambling's impact on family problems, crime and local businesses. Sixty-six percent of Gulf Coast MSA respondents agree that gambling in Mississippi has caused family problems. Whether founded in statistical reality or not, such a perception should be a danger signal to the gaming industry, particularly since 80 percent of the respondents had visited a casino. Perceptions of the economic impacts of casino gambling are more positive. Almost 80% of Gulf Coast respondents perceived that gambling has helped to improve Mississippi's economy and over 83%, reported that gambling has helped to improve the local economy of the Gulf Coast. However, there are warning signs here also. Almost 50% of the Gulf Coast respondents reported the perception that gambling has hurt local businesses. This perception may result from an awareness of a well known local business which has closed during the period following the opening of casino gambling. Still, even if this is the case, the gaming industry should take note and seek to correct such impressions. If, however, such perceptions are reflections of statistical reality, public policy makers and the industry may wish to better understand the impact of casinos on local economies and consider programs to help local businesses adjust to the new industry.

The tax benefits of legalized casino gaming are widely perceived as positive by Gulf Coast respondents. Only 26% of respondents felt that legalized gaming has cost cities more than they received in taxes and only 23% perceived that gambling has cost the state more than it received in taxes. Approximately 71% of gulf coast respondents perceive that the people of Mississippi have benefitted from casino gambling taxes. These perceptions may be a result of news reports and government officials that periodically document the large dollar value of gambling taxes (Fordice 199).

Despite the perceived benefits of legalized casino gambling, substantial proportions of the general public still associate gaming with crime. Over 58% of Gulf Coast respondents perceptions are that crime has increased in where casinos are located and almost 56% believe that Casinos attract organized crime. The perceptions are in contrast to the strong efforts of the

Table 1
Gulf Coast respondents' self-reported gambling activity.

Item	Gulf Coast MSA	%
Reporting having personally visited a casino in Mississippi.		80.8
Reporting having personally gambled in a casino in Mississippi.		75.1
Of those who gambled, % reporting loosing \$100 or more this year.		13.7
Of those who gambled, % reporting winning \$100 or more this year.		12.6

n=307

Table 2
Perceptions of gambling related issues by area.

Item (% Reporting agree or strongly agree)	Gulf Coast MSA
Gambling in Mississippi has caused family problems.	66.2
Mississippi gaming has helped to improve the state economy.	79.5
Gambling in Mississippi has helped to improve local economies where casinos are located.	83.2
Casino gambling takes more out of the state than it bring into the state.	27.6
Casino gambling hurts local business.	49.5
Gambling in Mississippi has cost cities more than they receive from gambling taxes.	26.5
Gambling in Mississippi has cost the state more than it receives from gambling taxes.	23.1
The people of Mississippi have benefitted from the tax revenues produced by casino gambling.	71.0
Gambling in Mississippi has led to increased crime in towns where casinos are located.	58.8
Casinos attract organized crime.	55.8
Total Number of Respondents.	307

Mississippi Gaming Commission to maintain careful background checks on casino operators as well as lower level casino employees (Ragland, 1995). As with perceptions of casino gambling's impact on family problems and local businesses, public perceptions of crime and casino gambling should be a warning flag.

Statistical Realities

How well do public perceptions correspond to statistical realities? Public perceptions and statistical

realities are often at odds. But, what people believe to be real is often real in its consequences and where there is a difference between public perceptions and statistical reality, effective marketing programs may mediate the outcome. The information in TABLE 3 provides data on community gaming tax revenue, specific economic activity, and family problem statistics between 1992 to 1995 along the Mississippi Gulf Coast. The measures were not weighted and are reported as received from their source with calculated percentage change added for comparison. The realities of Gulf Coast life show

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DO PRIOR PRODUCT USE AND MESSAGE EXECUTION AFFECT RESPONSES TO PUBLIC SERVICE ANNOUNCEMENTS?

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ABSTRACT

The present study provides propositions concerning attempts to improve efforts to successfully demarket alcohol abuse among college students. Two propositions concerning prior use of alcohol and responses to public service announcements are presented as well as two propositions concerning message execution and responses to public service announcements.

INTRODUCTION

A number of public service announcements have attempted to change behaviors that have been deemed unacceptable by society. These behaviors have included wasting energy and other resources, creating forest fires, engaging in "unsafe" sex, smoking, using illegal drugs, committing child abuse and other crimes, failing to take high-blood pressure medication, polluting the environment, neglecting to wear seat belts, ignoring pre-natal health-care, practicing poor nutrition habits, employing unsafe storage of firearms, failing to properly immunize young children, and abusing alcohol (e.g., Andreasen 1994; Kotler 1973; Kotler and Zaltman 1971; Penzer 1990; Wallach 1988). Consumer decisions about social marketing behaviors are high involvement decisions. Permanent changes in behavior may only come about after target consumers progress through a series of stages or steps including (1) ignorance and/or indifference about a proposed behavior, (2) thinking about the behavior, (3) attempting trials, (4) action, and (5) maintenance (Andreasen 1994).

"Social marketing" is defined as "... the application of proven concepts and techniques drawn from the private sector to problems of influencing socially important voluntary behaviors," (Andreasen 1994, p. 1). Andreasen (1994) describes social marketers as being in "the behavior change business" rather than being in the business of changing opinions and attitudes. Andreasen (1994, p. 2) suggests that consumers contemplating a change in behavior are more likely to act if marketers can:

(a) increase the perceived benefits of the proposed behavior;

- (b) reduce the costs;
(c) bring to bear social norms and direct social pressure;
and
(d) make consumers feel that they have behavior control over the actual outcome, i.e., they can actually make it happen.

Many social marketing programs fail to do any follow-up research measuring effectiveness. Russell and Lane (1993), however, provide one example of a highly effective social marketing program. The Partnership for a Drug-Free America is one of the most successful campaigns developed to combat a major social problem. "Not only did research show that drug use declined after the ads were run, but the decrease was greatest in those markets where the ads were given the most exposure," (Russell and Lane 1993, p. 702).

DEMARKETING

Demarketing is the marketing task associated with "overfull demand." Overfull demand is defined by Kotler (1973, p. 47) as "... a state in which demand exceeds the level at which the marketer feels able or motivated to supply ..." The process of "demarketing" a product or behavior is defined as "... attempts to discourage customers in general or a certain class of customers in particular on either a temporary or permanent basis," (Kotler 1973, p. 47). Thus, when corporations such as the Miller Brewing Co., Anheuser-Busch, The Coors Brewing Co., Austin Nichols, and Joseph E. Seagram & Sons earmark dollars for alcohol misuse education programs, they are engaging in demarketing (Penzer 1990).

The present study provides propositions concerning attempts to improve efforts to successfully demarket alcohol abuse among college students. Understanding how college students react to public service announcements demarketing the abuse of alcohol is important to society as well as to the marketing community.

REASONS FOR DIFFERENCES IN PROCESSING PSAs

Two reasons for consumers' differences in the processing of PSAs, execution of the PSA message, and prior product use are described below.

Execution of the PSA Message

Vaughn (1980) has suggested that informational advertising should be developed for "thinking" products such as cars and furniture and that emotional appeals should be used to promote feeling products such as cosmetics and fashion items. Hill and Mazis (1986) note, however, that the purpose of many advertisements is to create a favorable advertisement attitude by leaving the viewer/listener in a positive emotional state after processing the ad.

Informational Advertisements. Puto and Wells (1984) stress that the definition of informational advertising resides in the consumers' perceptions of the advertisement's content. Thus, Puto and Wells (1984, p. 638) provide the following definition of informational advertising:

... one which provides consumers with factual (i.e., presumably verifiable), relevant brand data in a clear and logical manner such that they have greater confidence in their ability to assess the merits of buying the brand after having seen the advertisement.

Puto and Wells (1984, p. 638) suggest that for an advertisement to be judged informational, the advertisement must possess the following characteristics: "(1) present factual, relevant information about the brand; (2) present information which is immediately and obviously important to the potential consumer; and (3) present data which the consumer accepts as being verifiable."

Transformational Advertisements. Transformational advertising (Puto and Wells 1984; Wells 1980) is advertising that works not by changing

beliefs and attitudes with information, but by developing associations with the brand use experience that transforms that experience into something different than it otherwise would have been without the advertisement. Puto and Wells (1984, p. 638) suggest that for an advertisement to be judged transformational, it must contain the following characteristics:

1. It must make the experience of using the product richer, warmer, more exciting, and/or more enjoyable, than that obtained solely from an objective description of the advertised brand.
2. It must connect the experience of the advertisement so tightly with the experience of using the brand that consumers cannot remember the brand without recalling the experience generated by the advertisement.

Hirschman and Holbrook (1982) explain that the assumption underlying transformational advertising is that consumers are hedonistically motivated by the desire to feel good. Hill and Gardner (1986) suggest that through hedonic consumption (Hirschman and Holbrook 1982; Holbrook and Hirschman 1982), consumers consciously or unconsciously utilize the buying process to manage their moods.

Prior Product Use

A number of researchers (e.g., Bagozzi, Baumgartner, and Yi 1991; McQuarrie 1988; Woodside and Bearden 1977) have found that past purchase behavior is a better predictor of future behavior than a consumer's behavioral intentions. Fazio, Powell, and Williams (1989) report that attitudes formed by direct, personal experience with a product are stronger and more predictive of behavior than attitudes formed indirectly through marketing communications.

Marketers often segment markets based on the amount of product purchased or consumed. Lamb, Hair, and McDaniel (1994) explain that categories may include nonusers, former users, potential users, first-time users, light or irregular users, medium users, and heavy users.

The prior product use variable of the present study refers to prior use of alcohol. Alcohol consumption may be categorized as one of Gardner and Scott's (1990) "feel-good" products, which are those products consumed for self satisfaction. Feel good products, such as alcohol, may be used to alleviate negative moods or to accentuate positive moods (Gardner and Scott 1990). Exter (1991) reports that heavy drinkers account for the vast majority

of alcohol consumption. Advertising messages are often directed at the "heavy half" of the market. Twedt (1964) explains that it is worthwhile to consider the "heavy user" as a distinct market segment. The widely accepted 80/20 Principle, says that 20 percent of all customers generate 80 percent of the demand for a product. For instance, a Campbell Soup Company study found that the company's most profitable customer group is loyal, frequent, and consistent in their purchasing habits (Townsend 1992).

Gardner and Scott (1990) suggest that product type is a moderator of the effects of mood. Isen, Means, Patrick, and Nowieki (1982) suggest that when product memories are affectively encoded and become more accessible during a congruent mood, the mood is likely to affect the salience, evaluation, and use of feel-good products.

Use of Alcohol by College Students. Statistics recently compiled by The Commission on Substance Abuse at Colleges and Universities (1994) indicate that 51 percent of college men and 37 percent of college women report going on drinking binges (five or more drinks at one time) in the past two weeks. College students spend \$5.5 billion on alcohol each year, more than on books, coffee, tea, sodas and other drinks combined (The Commission on Substance Abuse at Colleges and Universities 1994).

Woodruff (1987) reports that student drinking often comes to the attention of college authorities for the following reasons: driving while under the influence; destruction of property; fighting; disturbance of the peace; overdoses; suicide attempts; and academic problems. Boyer (1988, p. xii) explains, "On campuses around the country, urgent discussions are taking place on how to lessen the dangers and on what to do about students with alcohol and drug related problems." (Penzer 1990).

PROPOSITIONS

Since alcohol is a "feel good" product, the following propositions concerning the execution of PSA

messages encouraging the responsible use of alcohol are put forth:

P₁: A PSA with a transformational message will have better recognition scores than a PSA with an informational message.

P₂: A PSA with a transformational message will have better recall scores than a PSA with an informational message.

Product users and non-users predisposed toward purchases react primarily to the cognitive aspects of advertising while non-users not predisposed toward purchase react primarily to the affective elements of advertising campaigns (Lautman and Percy 1984). Therefore, the following propositions are put forth concerning prior product use and attitude-toward-the-ad responses (Shimp 1981) to PSAs promoting the responsible use of alcohol:

P₃: The greater the reported prior product use of alcohol, the greater will be the attitude toward-the-ad score for transformational PSAs concerning the responsible use of alcohol.

P₄: The less the reported prior product use of alcohol, the greater will be the attitude toward-the-ad score for informational PSAs concerning the responsible use of alcohol.

CONCLUSIONS

The study provides important insights on demarketing alcohol abuse to both male and female college students. Lastovicka, Murray, Joachimsthaler, Bhalla, and Scheuric (1987) studied motivational tendencies of drinking-driving behaviors of college-age males, but The Commission on Substance Abuse at Colleges and Universities (1994) recently reports that the percent of college women who drink to get drunk is up from 10 percent in 1970 to 35 percent today. Behavior is the bottom-line objective of any social influence campaign (Andreasen 1994). Awareness of how prior product use and execution of the public service announcement message may improve efforts to successfully demarket alcohol abuse among college students.

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FRANCHISING VERSUS OWNERSHIP CHOICE

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ABSTRACT

Scholars have been curious about why firms choose franchising versus company-owned outlets and why this dual system of operation (i.e., both franchised and company-owned outlets) has evolved. Among the paradigms that have explored the theoretical foundations of why firms select franchising are: (1) the ease of raising capital; (2) the risk-sharing with franchisors and information advantages explained by agency theory; (3) the economization on transaction and governance costs explained by transaction cost analysis; (4) the different level of responsiveness to competition and environmental changes as interpreted by the population ecology viewpoint; and (5) the dynamics of power and conflict in socio-psychological theories.

The purpose of this article is to integrate these theories into a framework of broadened perspective. The author argues that, given the complexity of the franchising phenomenon, no one perspective is superior to the others because the perspectives do not compete with each other in the way of providing exclusive and exhaustive alternative explanations. By investigating different aspects of the same reality through different variables, each of the theories contributes to an overall understanding on what determines the co-existence of, as well as shifts between, both company-owned outlets and franchisees at the same time within the same company.

The developed framework is built on the political-economy paradigm, which proposes a balanced presentation of impacts of internal and external factors on the inter-organizational relations of a channel dyad. Stern (1988) recommends political-economy analysis not as a theory itself, but as the foundation for theory-building in marketing channels and as the proper aid for a charting-out demonstration of the complex interrelations of relevant theories. This paper attempts to describe and explain the internal/external economy/polity of why and how company-owned and franchised outlets co-exist simultaneously at the same company.

This research suggests a framework of the franchisor perspective on the franchising versus company-ownership of outlets decision that harmoniously integrates within a political-economy model several paradigms--the access-to-capital viewpoint, transaction cost analysis, the population ecology perspective, and power-dependence-conflict arguments--which have been considered previously as separate and competitive explanations of franchisor behavior. This integrated approach may be desirable, as each paradigm is based on different assumptions, employs different explanatory variables, and may tap different dimensions of the decision process leading to different (and heretofore contradictory) conclusions. Future research is required to: investigate a franchisee perspective of the question of franchising versus independent ownership; connect the franchisor and franchisee perspectives; and test and improve the conceptual frameworks through empirical research.

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MICRO RETAILERS; THOUGH OFTEN NEGLECTED, NEED HELP

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ABSTRACT

The academic and public policies communities extol the virtues of small businesses. However, they have neglected the really small businesses, the micro-businesses, and they also need help since they generally lack employees with specialized expertise. Antique shops are used to identify what should be done to help these micro-retailers.

INTRODUCTION

New and improved is not the only thing that sells. Being old also sells! For example, The Old Harness Shoppe is a retailer that is housed in an old building which was originally a harness shop though the building has passed through many stages including most recently a feed and grain storage facility. Now, scrubbed clean with painted walls and old lighting fixtures, it exhibits the ambiance of years gone by. The merchandise, though clean and appropriately displayed, is old. As a matter of fact, in this type of business the older the merchandise, the better the chance of a sale. That is because The Harness Shoppe is an Antique Mall, a retailer who rents spaces to dealers who have industriously sought old treasures to display for the customers who enter the shop.

In essence, antique shops or malls are the quintessential small businesses. The shop is usually owned by one or two people who usually love and collect antiques. Never-the-less, unless one is incredibly rich, one cannot continue to collect antiques (Johnson and Borland 1993). Where does the money come from to buy new items? It comes from selling what one has. That is the rub. How does one go about successfully selling the antiques that have been collected so that more can be obtained? Unfortunately, the problems involved in locating a place where to sell what one has collected along with the myriad problems of merchandising and financing such a business are not the ones thought about when the seller was originally a buyer. Consequently, they need help and, as such antique shop owners exemplify the micro-businesses of today, who lack the resources necessary to hire a cadre of experts to help with

production, marketing, and financial decision making. Many have stated that they stand ready to help. But, do they?

THE SUPPOSEDLY SUPPORTIVE ENVIRONMENT

Almost everyone supports the concept of small businesses. At least, that is what they say. Politicians favor measures designed to enhance the viability of small business (Krasney 1992). Moreover, The Small Business Administration engages in a variety of activities designed to enhance small business viability (Seglin 1994). When one examines the Small Business Administration's definition of small business, however, it is apparent that many businesses can be classified as small. And though the Small Business Administration has a variety of programs and publications that might be helpful to the micro-business entrepreneur, many presume a certain degree of understanding of the basic concepts of business practice, something that everyone thinks they know until they actually try to operate a business (Steinhoff and Burgess 1993). According to Steinhoff and Burgess (1993) more than 98 percent U.S. firms are classified as small and the Small Business Administration does not have resources to serve everyone. Thus, it is likely that micro-businesses suffer disproportionately because of their relatively less important economic impact. Yet, of all the groups, they may be in the most need because they have the least resources on which to draw. Consequently, if the micro-businesses are to be helped, it is necessary to understand their needs.

The academic community has undertaken numerous studies dealing with the application of business

concepts to small business situations (McCune 1994). Colleges of Business have long recognized the importance of being able to use marketing concepts. Unfortunately, the knowledge required for success in business is so vast that one person cannot hope to be expert in all areas. Consequently, Colleges of Business offer majors that provide intensive explorations of the nuances of marketing, production, and finance. Completion of a major enables the recipient to join sizable firms, who require and can afford specialists in marketing, production, and finance.

THE SMALL BUSINESS LITERATURE

A brief review of the indexes such as *Business Publications Index* and ABI/Inform yields a plethora of articles dealing with some aspect of small businesses. Topics range from Buckley's (1994) on automation to Huck and McEwen's (1991) analysis of the perceptions of Jamaican entrepreneurs. It would seem that almost every aspect of the management of small business has received attention. This torrent of prose extends to books and monographs such as Astle's (1994) which identifies seven practices that ensure the survival of the enterprise. These practices include doing what you promise, stressing quality, customer service, and having some sort of basic business plan.

An investigation of the marketing literature reveals a number of generalists approaches that discuss basic marketing concepts and their applicability to all including small businesses. Examples include Cyr and Gray (1994) and Paulson and Layton (1995). Of these, Cyr and Gray is the most comprehensive. On the other hand, Goetsch, (1993) is more focused in his analysis and is more suitable for those who are interested in the marketing problems of a specific industry.

An examination of the literature reveals that several attempts to meeting the needs of antique dealers have been developed. They are analyzed next.

ANTIQUÉ BUSINESS

Those interested in the world of antiques do not lack sources of information. The types of information available range from specialized articles on a variety of topics such as Williams (1993) on collecting art to generalized discussions of buying and selling antiques such as Bingham and Bingham (1994). Those who have access to the Internet and use the key word antique or antiques can find a veritable plethora of sites dealing with

some aspect of antiquing. These sites include a bulletin board, "Rec. Antiques" which deals with frequently asked questions and the "Antique Alley Home Page" which is a virtual antique shop.

Periodicals such as *The Antique Trader Weekly* and *Antiques Magazine* provide information on how to buy and sell antiques. That, unfortunately, is the problem, they deal with how to buy and sell antiques, mostly as a collector, not as a businessperson. Issues such as developing a comprehensive marketing plans which includes a merchandising strategy, developing and implementing an appropriate promotion strategy, dealing with customers, and the almost countless other tasks that the micro-business manager must accomplish are not discussed in much detail, if at all. While important, this body of literature ignores an important element, what do the marketers, operating these businesses say when they are asked if they need help? To that end, this research was undertaken.

METHODOLOGY

Based on the literature, a research instrument was prepared that asked whether they needed help with various marketing activities. Responses to these questions were scaled using a 5-point Likert scale. The respondents were asked to identify the sources of information, if any, that they used and were asked whether the number of competitors, their sales and their profits had decreased, stayed about the same or increased over the past year.

The research instrument, along with a cover letter requesting their participation, was sent to a random sample of 500 antique dealers located in a Midwestern state. The data obtained was tabulated by changes in the number of stores, sales, and profits. The findings are discussed in the next section.

The data presented herein is descriptive in nature as it consists of means and standard deviations or frequencies and percentages as appropriate.

FINDINGS

One hundred forty research instruments were returned for a response rate of 28 percent. Of those that were returned, 132 were complete and contained usable data. Thus, the analysis is based on 132 respondents.

Table 1 presents the findings pertaining to the

Size of Town	> 1,000	1,000-4,999	5,000-19,999	20,000-39,999	< 40,000
	22	42	40	16	12
Years in Business	> 1	1-3 years	4-6 years	7-9 years	10 or more years
	0	26	32	16	58
Type of Business	Single Owner		Mall Owner		
	76		54		
Trends	Decreased		Stayed the Same	Increased	Don't Know
Sales	12		44	74	2
Profit	16		52	60	4
Shops in the Area	30		38	64	0

	Mean	S.D.
Choosing a location	3.030	1.172
Creating an "antique atmosphere"	3.652	1.204
Making a marketing plan	3.212	1.084
Attracting new dealers	3.606	1.131
Creating appropriate displays	3.636	1.180
Developing advertising	3.773	1.074
Deciding what products to offer	3.561	1.237
Improving customer services	3.682	1.093
Pricing Products	3.803	1.080
Learning about sources of supply	3.955	1.040
Deciding what to buy	3.697	1.235
Learning to tell reproductions from originals	4.061	1.144

N = 132, 5 = Strongly agree, 1 = Strongly disagree, S.D. = Standard Deviation.

classification of the respondents. The model group were respondents located in towns of between 1,000 and 4,999 in population while the second most populous group were those who had shops in towns ranging in size from 5,000 to 19,999. Thus, the vast majority of respondents were from towns of less than 20,000.

Surprisingly, when the analysis turns to the number of years the shop has been in business, the model group was those in business 10 years or more. No one had been in business less than a year.

The findings shown in Table 1 reveal that the model group thought their sales had increased over the past year and that profit had also increased. Interesting, the model group also believed that the number of shops increased in the past year. Adam Smith and Joseph Schumpater would be proud as they predicted that increased profits bring increases in competition.

The findings pertaining to areas of marketing where the respondents felt they needed help are presented as Table 2.

The findings reveal that they want help in all aspects of business. Thus, there is both opportunity and need for additional service on the part of those who are charged with improving the economic environment.

CONCLUSIONS AND IMPLICATIONS

The findings reported here support the conclusion that micro-businesses need help. Just like any business, they could use help in all areas, yet the approach must be different. They do not have specialists to deal with each aspect of marketing. Thus, the academic community has a field white, ready to harvest. But, they need to develop an appropriate product for these prospective customers. In this instance, they need to distill the information to its basic dimensions, the essentials so that the organization, most likely the individual can assimilate enough information to enable them to provide their customers with a differential advantage. If the academic community can develop programs which are appealing to this target market, namely the micro-businesses and do so effectively, they will have practiced what they preached, that is, they will have created a differential advantage for their clients which will result in a competitive advantage for them. The happy result is that the micro-businesses will no longer be ignored and will be, as result of improved marketing skills, able to serve their target markets in a more effective fashion.

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DETERMINANTS OF A RETAIL FIRM'S INTERNATIONAL INVOLVEMENT

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ABSTRACT

The aim of this study is to apply the existing knowledge in international business involvement to the study of internationalization of firms in the retail industry. A conceptual model of international retail involvement (IRI) is proposed. The model postulates that five firm and industry specific factors, and two dimensional characteristics are the main determinants of IRI.

INTRODUCTION

In contrast to manufacturing industries, which have a long tradition in international business, the retail industry has remained relatively national in its orientation. In recent two decades, however, internationalization of retail activities is becoming an increasingly viable strategic option to sustain the corporate growth of retail firms, particularly in the developed economies and mature retail markets of Europe, the United States, Canada, Japan and Australia (Coopers & Lybrand, 1995). The need for more theory-based investigations of various aspects of international retail involvement by drawing on the existing literature in international business, marketing, management and industrial behavior have been acknowledged in recent writings (Akehurst and Alexander, 1995; Whitehead, 1992). The purpose of this paper is to apply the existing theoretical and empirical knowledge in the field of international business involvement to the study of internationalization of firms in the retail industry, and to propose a conceptual model of international retail involvement (IRI).

LITERATURE REVIEW: INTERNATIONALIZATION THEORIES

While international business literature offers only limited guidance for understanding and explaining the international involvement of firms, theoretical and empirical interest in the determinants of international involvement can be traced in almost every subdiscipline within the field of international business and economics. The theoretical basis adopted for the purpose of development of a model of the IRI is grounded in the internationalization process (IP) perspective, which attempts to explain determinants of international

involvement and the nature of such involvement. Three major streams of conceptual and empirical research embedded within the IP theoretical perspective have been identified in the development of a conceptual model guiding the present study: a) the attitudinal approach (Perlmutter, 1969), b) the Nordic model of firm internationalization (Johanson and Vahle, 1977; 1990) and c) the export stage schemes (Bilkey, 1978; Cavusgil, 1980; 1984; Czinkota and Tesar, 1982).

Pioneering work in the area of international involvement of firms was done in the late 1960s when Perlmutter (1969) introduced the typology of a firm's and its managers' attitudes toward foreign markets and marketing systems, i.e., ethnocentrism, polycentrism and geocentrism, frequently referred to as the EPG model. This model suggests that firms gradually move from their initial ethnocentric orientation toward polycentrism as they gain more experience. The second stream of literature within the IP theory is the Nordic model proposed by Johanson and Vahle (1977; 1990). These authors developed a dynamic model, the basic premise of which is that the general and experiential market knowledge and resource commitment of firms affect commitment decisions and current business activities. The latter, in turn, increase the market knowledge and stimulate further resource commitment to foreign markets in the subsequent cycle. The aim of this Nordic model is to explain the pattern of international involvement in terms of a firm's host market selection and the mode of establishing operations in international markets. The export stages literature views the IP as a step-by-step process, whereby the higher level stage represents more commitment and a higher level of international involvement than the lower level stage (Cavusgil, 1980; Czinkota and Tesar, 1982; Wiedersheim-Paul et al., 1978). Contrary to Perlmutter's (1969) framework,

where attitudes are used as a criterion, the authors of the stages models refer to characteristics of management, firms and to strategic decisions to delineate the stages. The main differences among the various "stages models" pertain to the number of stages or phases, the specific cognitive criteria employed for the description of stages, and the mechanisms that initiate the process.

Common to all three research streams is the focus on internal organizational and managerial characteristics. Underlying assumptions are that international activities involve high risk, that international involvement is a sequential process, and that consequently international decisions are made incrementally. The key determinants of international business involvement in all three research streams are associated with the firm's differential advantages, its international experience, its resources, and the perceptions, goals and expectations of its management.

A MODEL OF INTERNATIONAL RETAIL INVOLVEMENT

Against this theoretical background, a conceptual model of IRI is developed in this section. In view of the relative newness of internationalization for retail firms and markets, the IP perspective offers the most suitable theoretical basis for the development of an IRI model. Nonetheless, alternative theoretical perspectives within a broader context of international business involvement, e.g., the theory of internalization (Buckley and Carson, 1976) and the eclectic paradigm (Dunning, 1981), have been also considered in specifying the constructs proposed. The model proposed postulates that the following five factors are the major determinants of a firm's IRI: the firm's knowledge, the firm's experience, the retail differential advantage, the perceived attractiveness of international expansion, and the domestic market situation. Furthermore, the model suggests that two dimensional characteristics of a retail firm, i.e., the retail firm size and the retail format/sector exert a moderating effect on the relationship between the five constructs and the IRI. This components are discussed separately in the section below.

International retail involvement

There are two major types of IRI, depending on the motivation of a retail company to expand its operations beyond the home country: a) resource-seeking (foreign sourcing and/or importing) and b) market-serving (Hollander, 1970; McGoldrick and Davies, 1995). While the former, due to competitive pressures, is

becoming an increasingly important aspect of operations for retailers, market-serving international involvement is emphasized in this model. In market-serving international involvement, a retail firm's output, which includes merchandise, retail services, management know-how and retail formats, is intended for consumption in a host country. Thus, the IRI in the model is conceptualized as the market-serving involvement in retail activities in more than one national environment. Consistent with suggestions in previous conceptual and theoretical work (Bilkey, 1978; Welch and Luostarinen, 1988) the scope of a firm's IRI could be assessed in future studies by the number of years of a firm's international involvement, the number of its retail subsidiaries in international markets and/or the number of national markets in which a retailer operates. Moreover, a retailer's prevalent mode of operations in foreign countries could offer insights as to a retailer's international involvement.

The firm's knowledge

Managerial knowledge plays a central role in the Nordic model of a firm's IP as it facilitates mobilizing the capital and human resources needed for international expansion. This construct also represents an important factor discriminating exporting and non-exporting firms in the export stage models. Although studies in export involvement of firms emphasize the role of a firm's knowledge of international business, the construct labels and associated measurements differ across studies. For instance, Cavusgil (1980) examined firm characteristics which facilitate or hinder a firm's progression over the internationalization path and found the construct labeled '*level of commitment to export marketing*' measuring a firm's information-seeking behavior to be the most significant difference between firms with and without international involvement. This model proposes that a firm's knowledge relates to the firm's information seeking behavior on international retailing opportunities and competitors' international moves, and to the ability of the management of a retail firm to handle international expansion.

The firm's experience

The role of international experience is one of the key determinants of Johanson and Vahle's (1977) thesis, as it not only triggers the IP but also plays a role in the firm's successive international involvement. International experience is accumulated through learning by doing, whereby knowledge of international marketing is

enriched by current experience. However, more recent studies testing the whole or parts of the Nordic model argue that the importance of experiential knowledge or "learning by doing" is overemphasized in the IP theory or might not be as relevant today, because recent advances in communication technology and careful strategic planning can substitute for the actual experience (Millington and Bayliss, 1990). On the other hand, the export stage models and subsequent empirical evidence suggest that decision makers' characteristics such as their foreign experience, living abroad, their exposure to international affairs and interest in international affairs leverage a firm's involvement in international markets (Cavusgil, 1980; Dichtl et al., 1990; Wiedersheim-Paul, et al., 1978). The IRI model proposes that *the firm's experience* is a two dimensional construct related to the retailer's actual experience in international markets as indicated by the extent of its foreign sourcing experience, and to the extent of the decision-making team's exposure to international affairs. The construct *the firm's experience* in this model includes the firm's experience in global sourcing. Competitive pressures in consumer markets in developed countries and particularly in the US have been forcing many retailers to engage increasingly in foreign sourcing activities to ensure competitive prices and greater product diversity. Since international sourcing indicates a more proactive stance of a retail firm in the acquisition of sources from international markets than traditional importing of goods (Liu and McGoldrick, 1995), the model proposes that such experience can be utilized in transferring a retailer's formats into a foreign country.

The firm's differential advantage

Differential advantages related to the uniqueness of a firm's product/services to be launched to international markets have been considered to be "attention evokers" for the firm (Wiedersheim-Paul et al., 1978), and may provide an incentive to initiate and eventually continue exploiting foreign markets. The concept of differential advantage has a long standing relevance in organizational and international involvement literature. For example, competitive advantage defined as the advantage of one firm relative to other firms has been used in the eclectic paradigm of internationalization (Dunning, 1981). Furthermore, this concept is also inherent in the internalization theory of international involvement (Buckley and Carson, 1976). The primary rationale underlying the internalization theory for specifying firm specific advantage as a key determinant of international involvement is that if a firm's specific

knowledge/skills are better than those of its competitors, then a firm will internalize the activity in which it has relative advantage. The retail firm's differential advantage proposed in this model is conceptualized as specialized assets and skills a retail firm possesses in performing retailing activities relative to or in relation to its domestic competitors. Hence, similarly to Williams' (1992) study, the retail competitive advantages are confined to retail specific operational advantages related to the pricing, promotion techniques and distribution advantages, the uniqueness of retailer's merchandise mix, products, services, retail formats and retail technology .

Perceived attractiveness of international expansion

The importance of top management attitudes in shaping international involvement was initially recognized in Perlmutter's (1969) previously discussed EPG model. Furthermore, Bilkey (1978) noted that one of the important internal change-agents in the initiation of international activities is the firm's management, who diffuse an impression of the attractiveness of international involvement as an abstract ideal, independently of the extent of contribution such involvement might make to the firm. Support for this view has been provided by various researchers who have shown that a favorable orientation towards international operations facilitates the firm's mobilization of its financial and managerial resources (Cavusgil, 1984; Dichtl et al., 1990). The perceived attractiveness of international expansion in the model proposed is defined as the system of attitudes and perceptions representing decision makers' subjective evaluation of international retailing activities. Some indicators of these concepts include management perceptions regarding the risk, cost, complexity and potential returns associated with international expansion.

Domestic market situation

One of the determinants of whether or not a firm takes the initiative in getting involved internationally was shown to be adverse home market conditions, causing management to explore new markets as a means of future growth. Existing studies on international marketing and more specifically retail involvement have found that a firm's opportunities for domestic market growth, the level of saturation in the domestic market, the degree of diversification and whether a firm has a dominant position in the domestic market are significant factors driving internationalization of firms in various industries (Alexander, 1995; Bilkey, 1978; Cavusgil and Naor, 1987). Also, it has been argued that firms need to go through an expansion process in the domestic market

itself before moving into international markets (Wiedersheim-Paul et al., 1978). International retail literature has characterized adverse domestic market conditions as representing 'push factors' or reactive rather than proactive responses to retail growth and internationalization (Hollander, 1970; McGoldrick and Davies, 1995). Some of these domestic conditions, which seem to be relevant to Western European conditions as well as to recent trends in the US, include level of domestic competition and market saturation, adverse demographics, maturity of retail formats and economic indicators in the home market. In view of these considerations, the construct domestic market situation in the proposed model relates to the retail firm's domestic market coverage, and to the retailer's future growth opportunities in the home market.

Dimensional variables

The model of IRI also proposes that two dimensional variables have a significant contributory effect on the relationship between the five constructs and IRI: the firm's size and the retail sector/ format. The retailer's size is speculated to have an influencing effect for various reasons. The Nordic model acknowledges that initiation and the pace of the IP may be accelerated when the company has substantial resources which can be to gain market knowledge by means other than actual experience in the international market. However, the international business and retail literatures provide inconsistent evidence regarding the influence of a firm's size on the initiation or the extent of its international

involvement. The most common argument is that larger companies have a size-related advantage which enables them to more effectively engage in international ventures (Cavusgil and Naor, 1987; Williams, 1992), but contrary evidence has also been demonstrated (Morganosky, 1993). The role of a retailer's operating format and the retail sector in the IRI has not been subjected to systematic analysis. Indications as to the impact of this factor exists in descriptive research and case studies of individual retail firms, as well as from the trade publication reports (Coopers & Lybrand, 1995; Salmon and Tordjman, 1989).

CONCLUSIONS

The model attempts to address the following questions, which should be empirically investigated in a future research: a) what are the driving forces which lead a retailer to initiate international expansion, and move from a low to a substantial involvement in serving consumers in international markets; b) what is the role of intra-firm factors such as a firm's and its management's characteristics in decisions to internationalize retail operations; c) how do domestic market conditions relate to international involvement of retail organizations? The overall purpose of the model is to provide a greater understanding of the firm and industry specific factors as determinants of IRI. In the absence of useful frameworks for understanding and explaining retail internationalization (Akehurst and Alexander, 1995; Whitehead, 1992), the contributions of the proposed IRI model are in that it integrates previous theoretical and empirical knowledge in international business, yet, the components identified in the model have been adapted to the specifics of the retail industry and are thus considered to have relevance in explaining the international activity of retail firms.

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TEACHING CAREER MARKETING SKILLS HELPS STUDENTS TO GET AHEAD AND ILLUSTRATES IMPORTANT MARKETING CONCEPTS

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ABSTRACT

This paper describes the "Career Marketing (CM)" experience which helps students to develop planning and inter-personal skills. It also helps students to advance their careers and increase their understanding of important Marketing concepts. CM was developed with the participation of hundreds of students, virtually all of whom recommend it highly.

INTRODUCTION

Since the publication of the Porter-McKibbin (1988) report, we have been encouraged to help students to develop analytical and interpersonal skills. Recent examples are articles by Brown (1993), Shipp (1993), Cunningham (1995) and Lamb (1995). At Pace University, we have been integrating skill development into introductory graduate and undergraduate Marketing courses since 1989. In our experience, the skill-building experience that students value highest is the "Career Marketing (CM)" experience. This experience is assigned at the opening session of the course. A progress report is required during the third week of a 14 week course and the final report is handed in during the thirteenth week. The entire assignment counts for 30% of the course grade. The justification for such a substantial non-traditional assignment is that it gives students an opportunity to **practice** Marketing, which we argue is a very useful adjunct to learning **about** Marketing. Specifically, the CM experience enables students to practice: marketing planning, exploratory market research, public relations, direct marketing and personal selling.

Students recognize that the CM assignment requires more work than studying a book or preparing a marketing plan. Graduate students grasp the value of applying Marketing techniques to career advancement. With Undergraduate students, it is necessary to provide some guidance about the challenges they will face in finding suitable employment and the value of proper application of Marketing techniques. The presentation that follows may be used as a handout for students. The headings show the steps in CM and the marketing

concepts being practiced (in parentheses).

PREPARE YOUR ACCOMPLISHMENTS FILE (MARKETING PLANNING)

Your Accomplishments File (AF) records all the things that you have done that could influence potential employers. The initial usage of your AF will be to provide data for the Strengths, Weaknesses, Auspicious Conditions and Threats (SWAT) discovery. A subsequent purpose will be to provide the building blocks of letters and résumés you will be customizing for various recipients. Several examples of AF's follow, by job title:

Sales Manager for a Computer Retailer

- Supervised five sales representatives, whose total sales were \$17 million a year.
- Reduced travel expense from \$30,000 a month to \$27,000.
- Increased sales by \$3 million a year.

Operations Manager in a Manufacturing Company

- Reduced inventory by \$2 million, without increasing stock-outs or delivery costs.
- Contracted out one step in the production process with cost savings of 5%.
- Reduced overhead expense from \$185,000 a month to \$162,000.

PREPARE A RÉSUMÉ (PUBLIC RELATIONS AND DIRECT MARKETING)

When you prepare a résumé, select from your AF the accomplishments that will motivate recipients so they offer you what you are seeking. Although you may not have a specific need for a résumé now, you should prepare one to obtain evaluations of its readability and attractiveness. Follow this outline:

1. Your name, address, telephone number.
2. Summary of the valuable things you will do for the recipient's organization.
3. Experience and accomplishments that lend credibility to the summary section.
4. Special accomplishments: computer skills, foreign languages, international travel.
5. Education: Degree(s), school and year granted.

For actual usage, your résumé must be customized for each purpose.

START NETWORKING (PLANNING, MARKET RESEARCH AND PUBLIC RELATIONS)

List your career objectives. Here are some possibilities you should consider: get a new job, seek a promotion in your present job, try for a lateral move, change your field. Select the objective you are going to pursue for this Career Marketing experience and discover your Strengths and Weaknesses, and the outside Auspicious Conditions and Threats (SWATs) with respect to your selected career objective. Review everything you have done so far and prepare a list of the information and contacts you need for advancing your career.

Start with the easiest networking: close friends and relatives, *not including* people at work who might be in competition with you. Ask people who know you for their opinions about the feasibility of your career objectives and your SWATs. You don't have to agree with everything you hear. On the other hand, you may hear something that will make you develop alternatives which may lead to great career satisfaction. Another kind of easy networking involves neighbors, former employers

and former fellow employees, as well as classmates. After you have determined your career goals, you could ask these contacts to recommend anyone for you to see for more information and employment opportunities.

NETWORK WITH ALUMNI (MARKET RESEARCH AND PUBLIC RELATIONS)

Alumni of your school are another rich source of networking contacts. You should focus on alumni who work in fields that interest you and who have achieved the level of success that you aspire to. The career planning office and the alumni relations office of your school may be able to help. Interview alumni about their jobs, key success factors and aspirations. Tell them about your interests. Ask them for advice or suggestions: what you should do, whom you should see. Ask about the following:

- A. Their job title, description of a typical day (activities and percent time in each), reports to _____, flexibility in work, best and worst parts of the job.
- B. Advancement path: How did you get here? What is the next step?
- C. What experience and education are appropriate for your job?
- D. Recommendations for me: whom I should see for information or opportunities?
- E. Don't forget to send a "thank you" note.

"INFORMATION" INTERVIEWS (MARKET RESEARCH AND PUBLIC RELATIONS)

Another source of information and contacts is the "Information Interview," which is accomplished as follows. Select industries and companies that interest you. Then, call each of the companies you select and ask for the literature they supply to prospective employees, their annual report and their most recent publicity releases. Study these materials and choose the company that is most interesting. Call them and ask for an information interview. If necessary, explain that you are not looking for a job right now, but you are interested in the company and you would like to learn more about opportunities in the _____ department and you would like to arrange an interview with a person in that department. They should agree to this. If they do not, try the next company on your list. Eventually, you will get an information interview.

Conduct the interview, covering the same topics outlined above for the alumni interview, with some additional areas that would be specific to the company, such as objectives, strengths and weaknesses, auspicious conditions, current strategies, career paths and expected requirements for employees such as you. By the end of the interview, you should have a great deal of information about the company. After the interview, write to the people you saw and thank them for speaking with you. Evaluate the information you have and decide whether you are interested in the company. If you are, call them and try to arrange a regular job interview. If you prefer, write them. See the section entitled "The Broadcast Letter," below for some suggestions regarding the structure of the letter.

PARTICIPATE IN ORGANIZATIONS (MARKET RESEARCH AND PUBLIC RELATIONS)

Speak to friends, associates, your boss, your teachers, anyone who seems to have many contacts. Ask them what organizations they belong to and what organizations might be helpful to you. Then go to a meeting of a suitable organization as a non-member and if it offers good networking opportunities, join up.

After you have identified the organization and chapter that you should attend, obtain a copy of the announcement of the next meeting by calling the local chapter. You now know the name of the speaker and the topic. Next, learn about the topic itself and other subjects that may be important to members of this organization. Read newspapers and magazines or journals in the area. This may seem like a big commitment, but if you want to develop your career, being well-informed in your field is a necessity. It also prepares you for networking encounters. The people you meet will respond to you more positively if you bring them new and useful information.

When you go to the meeting, arrive early and greet someone who *is* there or someone who is just coming in, when he or she is just as alone as you are. Chat a bit and if it appears that you share some interests, exchange business cards and move on and introduce yourself to another new arrival. Keep circulating, introducing yourself, making small talk, exchanging business cards and continuing to meet new people. Make notes on the backs of the cards to help you remember what you talked about. Your pre-meeting reading of publications will come in handy during this round of

meeting new people. If the conversation lags, you could mention something you have read and allow the other person to comment. On the other hand, they may ask you for your opinion.

Expect to receive a self-introduction in response to *your* self-introduction. Repeat the other person's name to help yourself to remember it. Next, to keep the conversation going, you could say that this your first meeting of this organization and ask some easy question, like "Is this turnout about average?" Alternately, you could mention something about the weather or any interesting event in reaching the location, or you could ask a question about the speaker or the topic. Whatever you say or ask, don't make it personal. Make it easy for the other person to respond.

Keep circulating, meeting people and you will see that the time allowed for networking just melts away. Usually, this period is followed by lunch and a speaker. Introduce yourself to the people at your table, chat with your neighbors and exchange business cards if it appears that you share interests.

After the meeting, review the experience. Did you meet people who . . . ?

- Share your interests and goals.
- Have information that is of value to you.
- Have the power and money to offer you desirable jobs or consulting work.
- Might join you in a great new venture.

If the answers are favorable, join the organization and go to more meetings. At the next meeting, again arrive early. Introduce yourself to people you have not met previously and refresh previous encounters. If you keep attending meetings, you will learn a great deal and make many new friends in your professional field.

If you find this activity rewarding, you can help it along by becoming active in the organization. Volunteer to serve on a committee. If the organization needs candidates for office, volunteer to serve. All of these activities will increase your visibility and enhance your networking.

NETWORK WITHIN YOUR ORGANIZATION (MARKET RESEARCH AND P.R.)

Be very tactful in networking in your employing organization. Be careful not to upset anyone with your questions. If you sense resistance in any of the situations described below, take time out to evaluate why you are encountering resistance and to decide what actions will be most favorable to advancing your career at acceptable risk.

Network with your boss. Discuss his (her) objectives and yours. Ask about your career prospects, as perceived by your boss and for suggestions about what you should do to improve your chances for pay increments, promotions and career advancing transfers. Meet other people in your company at your level and higher. Make appointments with managers of other departments to visit and find out about the work they do. While you are speaking with these managers ask them about openings in the foreseeable future. Also, arrange lunch meetings with people at your level in other departments and ask them the same questions you would ask of alumni of your school.

THE BROADCAST LETTER (DIRECT MARKETING)

A broadcast letter gives you access to many job openings that are not advertised or given to recruiters or headhunters. **Caution:** Do not send out a broadcast letter if you are employed and you are concerned that you might be penalized if your employer hears about your efforts. A broadcast letter should be sent to the highest ranking person in the department or division of interest to you because the highest ranking person is the one most likely to know about all the openings. Send out 100 letters to high ranking people in companies that you want to work for. Your broadcast letter should have four parts:

1. Opening paragraph to grab attention. Cite a major relevant accomplishment.
2. Second paragraph: "Your company may need a (*job title*) and therefore you may be interested in what I have accomplished as a (*job title*).
3. Next three to eight paragraphs are lifted from your AF. List specific accomplishments. This section proves to the recipients that they must invite you for an interview.
4. The last paragraph suggests specific

action they should take: "I would be glad to discuss further details of my business experience in a personal interview."

Do not enclose a résumé with your letter! If you do, your letter will be sent to the personnel department and your chances of being invited for an interview are diminished. Also do not state salary requirements because you do not know enough about the job to be able to estimate its worth. If you don't get responses, rewrite your letter and try again with the same list of names. Do not use a letterhead, so that recipients are less likely to remember that you have written them previously. In addition to sending out the broadcast letter, you should also answer "Help Wanted" advertisements. Use a letter similar to the broadcast letter. Again, do not send a résumé or state salary requirements.

CONDUCT INTERVIEWS (PERSONAL SELLING)

Accept every invitation. You need the practice. Do your best to get a job offer every time. Make the interviewer feel that he (she) works for a fine company, one that you are really interested in. Be positive and enthusiastic. Get the interviewer to do most of the talking. Keep asking short, pertinent and informed questions. Do as much research before the interview as you can and bring your notes with you. It's acceptable to refer to your notes. Formulate your questions on the basis of the notes. Ask about their business: How do they promote their products? How do they distribute them? Keep the questions focused within the range of your specialty. Ask about their objectives. Demonstrate your depth of understanding, but keep the interviewer talking.

Defer all questions about salary until after it has been established that you are a strong candidate for the position.

USE HEADHUNTERS AND EMPLOYMENT AGENCIES (CHANNEL MANAGEMENT)

Think of headhunters and employment agencies as middlemen between you and potential employers. They may know about desirable job openings that you could not discover on your own. Consult these directories: "Directory of Members of the Association of Executive Search Consultants," published by the

association and "Directory of Recruiters," Kennedy Publications, Fitzwilliam, NH.

Headhunters' fees are paid by employers. Contact them to explore your opportunities because it costs you nothing and they are discreet. Because they receive thousands of résumés, write them concisely and to the point. Your letter should answer the following questions: Are you working now? Are you looking, or just staying in touch? What do you want to do? What parts of the country (world) would you consider working in? How much money do you expect to make? You must send a résumé with the letter. Make it as persuasive as you can in support of the position you specified in point 3 of the covering letter.

REPORT YOUR CAREER MARKETING EXPERIENCE

Prepare reports of your CM to be handed in and presented to the class. For the **Progress Report**, prepare a 2 to 3 page paper covering these topics: your objectives and SWATs (strengths, weaknesses, auspicious conditions and threats) with respect to these objectives; evaluations by friends and relatives and your plan for your CM experience, what you intend to do and a timetable.

Follow *this* outline for the **Final Report** on experience:

1. Objectives of your CM experience.
2. What you did to achieve these objectives.
3. What results you obtained.
4. What are the three most important things you learned from this experience?
5. Your plans for future Career Marketing.

BENEFICIAL OUTCOMES OF THE CM EXPERIENCE

In the author's experience, virtually all students recognize the value of being effective Career Marketers. Furthermore, they all recognize that CM comprises activities that are essentially of a Marketing nature. They apply the methodology described above to a variety of situations, many of them job related. Examples include: improving their standing with their own employers, seeking a new job, gaining information about choice of educational goals and strategies. The most beneficial outcome is that students make decisions and implement them in areas that affect their professional and personal lives. It is reasonable to expect that students who conduct the CM experience will internalize Marketing concepts and develop decision-making skills to a greater degree than can be attained by textbook study and case analysis alone.

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AN ANALYSIS OF SYLLABI IN PERSONAL SELLING AND SALES MANAGEMENT COURSES: LESSONS FROM THE LEADING EDGE

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ABSTRACT

A non-probability sample of thirty-eight personal selling, sales management, and advanced sales techniques syllabi was collected. An analysis was performed to determine the practices and teaching pedagogues currently used ranging from textbook selection and other resource usage to course activities and the level of active learning employed.

INTRODUCTION

During calendar year 1996 two significant conferences were held addressing selling and sales management issues. The first, the annual National Conference on Sales Management held in Anaheim California in late March, drew approximately 45 academics that teach and conduct research in the areas of personal selling and sales management. The second, New Horizons in Personal Selling and Sales Management: A Conference in Research, Teaching, and Practice, held in Florida during the summer, was attended by over 55 academic professionals from the United States, Canada, Germany, and as far away as Australia. Additionally, both conferences featured presentations and discussions with business professionals.

A major component of both conferences was an emphasis on the exchange of ideas and practices involved with teaching in the areas of personal selling and sales management. To enhance the planned sessions on teaching methodology, prior to the start of each conference registrants were encouraged to bring multiple copies of their most recent syllabi to the meetings. In each case, the result was not only a lively exchange of ideas on how colleagues were teaching in the areas but also a tangible resource in the form of a collection of syllabi covering courses in personal selling and sales management.

This paper represents a content analysis of those syllabi. More specifically, issues ranging from textbook and other resource usage to course activities and the level of active learning are discussed. This paper is intended for those individuals that are interested in how their colleagues, both domestically and internationally, are designing and implementing their courses.

THE SAMPLE

Approximately 45 syllabi were collected at the two conferences. A final sample of 38 syllabi from 31 academic institutions was used in the analysis after eliminating duplicate syllabi that were provided by those individuals attending both conferences. The academic institutions reflected in the sample (see figure #1) that provided course syllabi reflect a diverse cross section of higher education: public and private institutions, varying student body size, and geographic location.

SELLING COURSES

Of the thirty-eight course syllabi in the final sample, fifteen were directly related to the selling process and selling skills. The most frequently used course title was Professional Selling. Other course titles included Personal Selling, Principles of Selling, Sales, Sales Operations, and Psychology of Personal Persuasion.

Given the wide variety of educational materials available that address topics related to the selling process and sales skills, educators have at times an overwhelming selection to choose from. The number of more traditional textbooks available is reasonably manageable at a dozen or less. The potential problem in terms of material selection comes in the offerings available through the so-called popular press including: books, magazines, Internet sites, audio tapes, etc. If, as many of the marketing departments for these organizations would have you believe, these outlets provide cutting-edge information on selling and related topics, academics may want to more strongly consider incorporating them into their courses. An examination of the selling syllabi do not indicate that academics are making extensive use of these resources (see figure #2). Virtually

Figure 1
Institutional Sources of Course Syllabi *

Selling Course Syllabi (n=15)

Ball State University
Boise State University
California State University - Fullerton (2)
California State University - San Bernadino
Clemson University
East Carolina University
Edith Cowan University
Georgia State University
Illinois State University
Texas A&M University
University of Arkansas - Little Rock
University of Georgia
University of Toledo
Western Michigan University

Hybrid Course Syllabi (n=6)

Alverno College
Brigham Young University
Texas Christian University
University of North Carolina at Charlotte
University of Texas at Arlington
University of Wisconsin at Oshkosh

Sales Management Course Syllabi (n=16)

Ball State University
Boise State University
Bowling Green State University
Bridgewater State College
Drake University
East Carolina University
Illinois State University
Purdue University
Texas A&M University
University of Arkansas - Little Rock
University of Georgia
University of Nebraska
University of Notre Dame
University of Tennessee
University of Western Ontario
Western Michigan University

Miscellaneous Related Course Syllabi (n=1)

Illinois State University

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all courses use a textbook as their primary resource. Selected other syllabi use a limited number of secondary resources. Beyond this, a variety of other miscellaneous resources and/or required materials were listed on the selling course syllabi including reserve readings, course packets at local copy shops, university writing guides, and blank videotapes to be used in conjunction with videotaping in-class presentations.

In terms of the activities designed into selling courses in the sample, 100 percent used at least one examination to assess student knowledge of selling concepts and practices (see figure #3). Some who used multiple exams skewed them toward the earlier portion of the academic term in order to allow project presentations to be the focus of the latter

portion of the semester or quarter. Beyond exams, role play assignments were the next most frequently employed learning method.

An examination of figure #3 indicates the extensive use of active learning pedagogues in the selling course. This was also reflected in most of the syllabi's descriptive sections where course philosophy, teaching philosophy, and the overall goals of the course were presented. It seems intuitively correct that courses in selling (compared to courses in sales management) should involve more active learning assignments since the ratio of skill development goals to knowledge building goals is higher than in other courses. While evident to varying degrees in the syllabi sample, there is a general emphasis on providing students with those experiences that

allow them to learn about the field beyond the knowledge contained in the textbook.

SALES MANAGEMENT COURSES

Perhaps not surprisingly, Sales Management was the most frequently used title for this type of course. Others

included Sales Administration and Sales Force Management. Regardless of the title used, these sixteen syllabi reflect courses designed with either a minimum, or in some cases no, treatment of selling skills.

**Figure #2
Textbook Usage in Selling Courses**

<u># of Syllabi</u>	<u>Principle Resource</u>	<u># of Syllabi</u>	<u>Secondary Resource(s)</u>
7	Selling: Building Partnerships by Weitz, Castleberry, and Tanner	1	Your Executive Image by Victoria Seitz
		1	The Sales Presentation Manual by David Reid
		1	Spin Selling by Rackham
2	Fundamentals of Selling by Charles Futrell	1	Professional Selling Skills Workbook by Avila, Ingram, LaForge and Williams
		1	Getting Through to People by Jesse Nirenberg
1	Professional Personal Selling by Rolph Anderson	1	The Sales Presentation Manual by David Reid
1	Conceptual Selling	1	The Sales Presentation Manual by David Reid
1	Professional Selling by Coppett and Staples		
1	ABC's of Relationship Selling by Charles Futrell		
1	Professional Selling: A Relationship Approach by Clabaugh and Forbes		
1	no textbook listed on syllabus		

As with the personal selling courses, there is a variety of materials for educators to select from when it comes to course design. Traditional textbooks as well as a veritable mountain of books, journals, and periodicals from the popular press exist that address topics that could be covered in sales management type courses (e.g. motivation, training).

In comparing the primary resources used by

academics in the sample of sales management syllabi to those in the personal selling area, there is not as clear cut a consensus as to the textbook of choice (see figure #4). In general, there was a correlation between the textbook selected for the sales management course and the relative emphasis placed on personal selling topics. For those teachers that wished to cover personal selling topics to a greater extent, how those topics were addressed in the textbooks appeared to be a factor in their selection.

Activities and the rationale for their inclusion in the sales management courses followed generally the pattern established in the personal selling courses (see figure #5). While some form of examinations were used in all Sales Management syllabi in the sample, they were accompanied by a mixture of skill based activities that focused on active learning by the student. In particular, sales management

courses tend to make use of at least one group activity. Major projects (e.g. development of a sales training program and manual; interviewing salespeople, sales managers, and buyers; and scripting, videotaping role plays, and then presenting the results as a learning module for the class) and/or a computer based simulation were identified by virtually all of the sales management syllabi examined.

Figure #3
Selling Course Activities

<u>Course Activity</u>	<u>Percent of Sample Syllabi Using</u>
Examinations	100%
Role Play Assignment	67%
Sales Presentation	47%
Written Sales Proposal	33%
Quizzes	20%
Mini Case Studies	13%
Ride with Sales Representative	13%
Article Presentation	6%
Miscellaneous Other Writing Assignments	40%

HYBRID COURSES

In the sample of syllabi collected, six were classified as hybrid courses due to the respective author's own choice to title the course. All of these hybrid syllabi included both Selling and Sales Management in their titles. An examination of the educational resources used in each course indicates no clear cut consensus (see figure #6). The perfect split between sales management and personal selling texts reflects the overall emphasis the individual instructors placed on the two topics. In only one course syllabi was the topical coverage approximately even. In the others, there was an emphasis on one or the other consistent with their textbook selection. For those syllabi, the coverage of the dominant subject area ranged from 75 to 90%.

Activities in these courses tended to be aligned with the major emphasis of the course, either personal selling or sales management. However, those linked to active learning strategies were heavily featured (see figure #7).

OTHER RELATED COURSES

The lone remaining syllabi of those collected was for a course designed as an advanced selling course beyond the introductory offering. That course, titled "Seminar in Advanced Professional Selling" uses the text Quality Selling Through Quality Proposals by R. F. Kantin and M. W. Hardwick as its primary educational resource.

This course involves a myriad of activities from a book review, a written sales proposal and a final exam to a sales negotiation project and a computer modeling project. The focus is very much on the active discovery and development of advanced skills in the selling area beyond those that would be the focus of the prerequisite introductory selling skills course.

CONCLUSIONS

While the syllabi collected for this paper represent a non-probability sample, there is information of value for

Figure #7
Hybrid Course Activities

<u>Course Activity</u>	<u>Percent of Sample Syllabi Using</u>
Examinations	83%
Sales Presentations	83%
Sales Observation Assignments	50%
Cases	33%
Role Play Exercises	33%
Major Project	17%
Quizzes	17%
Miscellaneous Other Writing Assignments	33%

PERSONAL SELLING IN THE MARKETING CURRICULUM: PROFESSORS' PERCEPTIONS OF TOPICS AND PEDAGOGICAL METHODS

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ABSTRACT

Since personal selling often is the first job for marketing graduates, research was conducted to identify the availability of courses in the sales area. Sales professors responded to questions to determine the types of sales courses available, topics included and the teaching methods used in the personal selling course.

INTRODUCTION

Approximately 14 million people are employed in professional sales positions. These positions represent one of the largest single costs to a firm, with an average face-to-face sales call costing approximately \$300 (Fox, 1993). Hiring the most qualified candidates and training them to represent the firm in the appropriate manner must be a prime concern of the sales manager. Colleges and universities seem to be one of the most likely places to look for qualified candidates for entry level sales positions. While many marketing students choose an option other than sales, the fact remains that approximately 60% of these students will begin their careers in the field of sales (Kutscher, 1990). The National Center for Education Statistics (1993) reports that between 1990-91 a total of 33,320 students received degrees in some area of marketing. This means that by using the estimate of 60% beginning in sales, approximately 19,992 marketing graduates entered the field of selling in 1990-91. Between 1991-92 the number of marketing graduates had increased to 35,931 which would suggest that approximately 21,559 of this class entered the field of selling during this time period (Digest of Education Statistics, 1994).

These apparent high numbers suggest that educators should examine the nature of academic preparation provided to future sales employees. Three factors create the need to examine the nature of the academic preparation provided to future sales employees. First, salespeople provide the company with a crucial link to its customers. Second, personal selling is both the primary revenue creator for most firms and it also

represents a significant cost center. Third, large numbers (approximately 60%) of marketing graduates enter the work force as sales representatives, and it would seem that schools of business would be well-advised to provide these students with information that will facilitate the accomplishment of their career goals. Based upon these premises, the first purpose of this research is to examine the extent that academic preparatory courses in sales are made available to marketing students. The second objective of the research is to examine the personal selling course's content; method(s) of instruction; and other course- and university-related characteristics. Accomplishment of the research objectives will aid educators and academic administrators in conducting comparative "state-of-the-art" analyses which may facilitate relevant research allocation decisions and their efforts to better-prepare the sales representatives of the future.

REVIEW OF RELATED LITERATURE

Author John Savage argues that there are over 100,000 openings in the field of sales and no one is properly educated to fill them because sales courses are not properly designed (King, 1991). This assertion is supported by a 1990 study of sales managers which found that when assigning an "A" through "F" grade, college courses were given a D+ grade for preparing students for sales careers (Johnson, 1990). Research has focused on which topics were the most important to those involved in the field of personal selling as well as which topics should receive more attention (Johnson, 1990, Chonko, Tanner, and Weeks, 1993 and Agency Sales Magazine, 1993). This increase in the perceived importance of

personal selling courses does not necessarily mean that selling will be a career students pursue. While the importance of selling is recognized, some authors indicate that the field of selling is still treated as the "step child" of marketing. They point to the fact that many students' exposure to the field of selling will consist of one fifty minute lecture in a Principles of Marketing course (Rossman, 1990).

METHODOLOGY

Professors registered in the American Marketing Association's Sales Interest directory were used as the sampling frame. This list contained the names of 186 professors teaching at U.S. universities who expressed a direct interest in personal selling and sales management. A self-report questionnaire was developed based upon the previously examined literature. The questionnaire sent to professors was designed to determine which sales-oriented courses are offered at their universities. With regard to the personal selling course, the questionnaire was designed to assess the methods of instruction and their relative importance; the topics included in the course and their relative importance; and other professor- and university-specific variables.

RESULTS

Of the 186 domestic members of the AMA Sales Interest group included in the sample, a total of 124 responses were obtained. Of the 124 responses, 114 were usable. Thus, the response rate for the study was approximately 67%, with 61% usable responses (responses were generated through one mailing with no incentive promised for questionnaire completion).

Most of the respondents (over 90%) had some level of sales experience. Also, 93% of the respondents were terminally qualified and 72% of the universities were AACSB accredited. When the responses of all the respondents are compared with those of the participants who teach the personal selling courses, it was discovered that personal selling faculty were more likely to have sales experience.

The first purpose of the study was to identify those courses available which may provide the marketing student with some level of sales preparation. As shown in Table 1, the most frequently taught course was Sales Management (86.8%); followed by Personal Selling (71.1%); Promotion Management (54.5%); and Advanced Selling (12.3%). These findings indicate a

discrepancy between Bergman and Grahn's (1989) findings which indicated that 83% of the AACSB universities in the study had courses in Personal Selling and 77% had courses in Sales Management. When combinations of courses taught were examined, it was discovered that only 17.0% of the respondents offered both Personal Selling and Sales Management and that only 12.3% offered Personal Selling, Sales Management, and Advanced Selling. These findings indicate that Sales Management is still the most frequently taught sales-related course and that a small minority of universities provide sales training beyond the introductory sales course.

A portion of the second research objective was to examine the topics discussed in the Personal Selling courses taught and their relative importance. Table 2 reveals the topics included in the course and each topic's relative importance (arranged in descending order of importance). As shown in the table, a particular topic's importance rating (provided through a forced rank-order choice ranking -- 10 = most important and 1 = least important) did not necessarily relate to that topic's inclusion in the course. For example the three topics rated as most important (Communication, Relationship Selling and Adaptability) did not receive coverage commensurate with their importance ratings. Correspondingly, while Career Opportunities was a topic included in course content by 90.8% of the respondents, its importance rating was one of the lowest, with a mean rating of 2.2. Another finding which may be gleaned from the results is that of the eighteen topics included in the survey, almost two-thirds (eleven) may be described as "core" concepts because they have been included in the course offerings by over 90% of the respondents (Communication; Relationship Selling; Adaptability; Presentation; Objections; Product Knowledge; Closing; Preapproach; Follow-up; Prospecting; and Career Opportunities).

Table 3 provides the results of the survey designed to examine the pedagogical methods used in teaching the Personal Selling course. As shown, the most

popular method (and the most important method) is Role-Playing, which is used by 96.2% of the subjects. The table also shows that Lecture is the second most popular method of instruction, with 94.9% of the participants using this method. The results also reveal a divergence among the other methods used in teaching Personal Selling courses, but in terms of importance Projects are a close third in the ratings.

Table 1
Sales-Related Course Offerings

<u>Course(s) Offered</u>	<u>Percent (n)</u>
Personal Selling	69.7 (76)
Sales Management	87.2 (95)
Advanced Selling	11.9 (13)
Promotional Management	53.3 (57)
Personal Selling <u>and</u> Sales Management	16.8 (18)
Personal Selling, Sales Management, <u>and</u> Advanced Selling	1.9 (2)
Personal Selling, Sales Management, Advanced Selling, <u>and</u> Promotional Management	10.0 (11)

CONCLUSIONS

The results of the study may be perceived as being somewhat surprising. Given that the sample consisted of academicians who were members of the American Marketing Association's Sales Interest Group, it was anticipated that Personal Selling course instruction would be much more prevalent. If it is assumed that selections of new sales representatives from the ranks of new marketing graduates are made evenly across the spectrum of all U.S. universities, then the finding that Personal Selling is offered in only 70% of the universities included in the survey may lead one to the conclusion that many of the marketing graduates (60% enter the sales force) are ill-prepared to enter the work force. The results could also lead one to conclude that only those 12.3% of the responding universities who offer personal selling, sales management, and advanced selling are exhibiting a progressiveness warranted by the large numbers of graduates entering the sales profession.

On a more positive note, those responding who were engaged in the instruction of the Personal Selling courses seem to be qualified in terms of both their educational and experiential backgrounds. As shown in the results, approximately 93% of the respondents had doctoral degrees and over 90% had some level of sales experience. Thus, it may be concluded that instruction of the courses is provided from both a practical and a

theoretical perspective, which arguably is the ideal combination.

With regard to the method of instruction, the results reflect a reliance upon both experiential and lecture-based methods. While the authors perceive the fact that role-playing was rated as the most important means of instruction, the results are less encouraging when one realizes that other experiential methods of instruction are used significantly less frequently. Perhaps the use of other methods of instruction may be attributed to an absence of pedagogical materials, an absence of time, or to the fact that the combination of lecture and role-playing are perceived as adequate for student learning.

The final research objective pertained to an examination of the topics included in Personal Selling courses and the respondents' perceptions of their importance. It may be concluded that the results correspond with what is perceived as an increasing emphasis upon "customer-oriented" selling. Such a conclusion is based upon the results which show that the three most important topics are Communication; Relationship Selling; and Adaptability. This finding may lead one to conclude that sales instructors are in agreement with the prevailing sentiment that selling should not be manipulative in nature and that salespeople must take a more partnership-oriented position with regard to their sales strategies. While this conclusion is

Table 2

Topics Included in Personal Selling Course and Their Relative Importance

<u>Topic</u>	<u>Percent Included (n)</u>	<u>Importance</u>
Communication	97.2 (69)	5.9
Relationship Selling	94.1 (67)	5.5
Adaptability	93.0 (66)	5.3
Presentation	98.6 (70)	5.1
Objections	98.6 (70)	4.7
Product Knowledge	90.1 (64)	4.6
Closing	98.6 (70)	4.5
Preapproach	98.6 (70)	4.0
Buyer Behavior	87.3 (62)	3.6
Ethics	87.3 (62)	2.8
Follow-Up	94.4 (67)	2.6
Professional Image	90.1 (64)	2.5
Negotiating Skill	67.6 (48)	2.5
Prospecting	98.6 (70)	2.3
Career Opportunities	90.1 (64)	2.2
Rewards of Selling	76.1 (54)	1.6
Time Management	64.8 (46)	1.3
Territory Management	59.2 (42)	1.2

Table 3

Methods of Personal Selling Instruction and Their Relative Importance

<u>Method</u>	<u>Percent Used (n)</u>	<u>Importance</u>
Role-Playing	95.9 (70)	4.7
Lecture	94.5 (69)	4.3
Projects	71.2 (52)	4.2
Guest Speakers	68.5 (50)	3.8
Films	63.0 (46)	3.6
Cases	43.1 (30)	3.0
Computer Simulation	15.1 (11)	2.6

perceived positively, it may be partially mediated by the fact that in terms of inclusion in the personal selling courses, the traditional topics are still the most popular. For example, even though Prospecting, Preapproach, and

Closing received mean importance ratings of less than five (seven point scale); these topics are still included in the courses by almost all of the respondents.

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ALTRUISM AND NONPROFIT MARKETING: CAN THIS MARRIAGE BE SAVED?

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ABSTRACT

A framework for a better understanding of altruism is developed. It includes definitions, a discussion of the origins of prosocial behavior, and factors that enhance altruism. This is followed with a brief discussion of Western business and why its environment has traditionally been hostile to altruistic behavior. Current trends in corporate prosocial behavior are noted. Implications for nonprofits are then discussed.

INTRODUCTION

Nonprofits operate in a decidedly unfriendly environment. Fund-raising and the recruitment of volunteers have become especially difficult tasks partly in response to the downsizing of government and business. As a consequence, most nonprofit organizations have implemented strategic planning models that incorporate the fundamentals of marketing. Many executives of these organizations, however, are less than enthusiastic about adopting a marketing mind-set. Many assume that the cost of embracing the "M" word is the abandonment of the altruistic principles that have guided these organizations from their inception.

Are marketing and altruism really antithetical? Are values compromised when the two commingle, or is the antipathy more a misunderstanding of words and concepts? This paper addresses these issues, first by developing a framework for a better understanding of altruism, then by exploring the origins of Western business institutions, and finally by reconciling the two.

ALTRUISM: A PRIMER

What is Altruism?

Altruism is prosocial behavior, that is, behavior that benefits other people. While most theorists accept this general definition of altruism, they often disagree on the reverse, that is, when specific acts of prosocial behavior qualify as altruistic. For example, when motives or intentions are considered, disagreement occurs over whether to count as altruistic those forms of prosocial behavior that might also be motivated by a concern for self. One extreme in this argument is represented by Kotler and Andreason (1991) who suggest that there is no

such thing as altruistic behavior--individuals always act in order to get something in return. The other extreme is the point of view of behavioral psychologists who hold that altruism and prosocial behavior are essentially synonymous--any act that benefits another is altruistic despite the motive (Shaffer 1988).

An alternative to these two extremes is to accept that altruism exists along a continuum that can be partitioned based on motives and subsequently classified. For example, Rosenhan (1972) has proposed two forms of altruism. The first is *autonomous altruism* in which prosocial acts are motivated by a concern for others. The second is *normative altruism* which consists of prosocial acts that are performed with the self in mind usually either to avoid criticism or in expectation of getting something back.

Kanungo and Conger (1993) expand Rosenhan's model to include two additional dimensions: (1) benefiting or harming one's self, and (2) benefiting or harming others. The resultant matrix creates two cells that have traditionally been occupied by nonprofits and are labeled *utilitarian/mutual altruism* and *genuine/moral altruism*. The former refers to actions that benefit self and others (normative); the latter represents behaviors that benefit others at the cost of self (autonomous). Moreover, a number of nonprofits have found themselves in the latter category by default because they haven't possessed the management skills necessary to ensure continuity.

Origins of Altruism

Numerous studies by sociobiologists, behaviorists and cognitive-developmental psychologists have examined the roots of altruism. While no one school

of thought provides a complete explanation, each has provided insights about the origins of altruistic behavior.

Although sociobiologists are unable to prove conclusively that altruism is a genetically programmed attribute, they have demonstrated that empathy, or the tendency to become aroused by someone else's emotional state, is a heritable attribute; and it appears that empathy is a mediator of altruistic concern (Shaffer 1988).

While empathy and altruism may have a genetic foundation, it is also clear that environmental influences determine how well they flourish. It should be noted that the research that has examined the role of environment on prosocial behavior has focused on children and adolescents. Nevertheless, the conclusions have implications for all ages. These studies conclude that individuals who observe others engaging in altruistic acts or have had their own altruistic inclinations reinforced, are more likely to engage in future altruistic behavior. In addition, cognitive-developmental theorists have demonstrated that the levels of social and intellectual maturation of children also affect altruistic behavior (Eisenberg, Lennon and Roth 1983). Apparently, older or more mature children are more likely to possess the cognitive skills needed to process prosocial issues as well as the motivation to act.

In summary, while individuals may be genetically predisposed toward prosocial behavior, the likelihood of engaging in altruistic acts is enhanced when it is modeled and reinforced by others. Levels of maturity and intellectual development also influence the likelihood of prosocial behavior. Moreover, studies have found that altruistic inclinations are expressed consistently across a variety of prosocial settings and are also stable over time (Shaffer 1988).

Contributing Factors

In addition to genetic predispositions and cognitive development, research suggests that situational aspects, such as the mood of the giver or need state of the receiver, influence prosocial behavior. Specifically, individuals give more generously when they are in a happy mood. It seems that a positive mood enhances optimism and also minimizes a preoccupation with self (Cunningham 1986).

Alternatively, a bad mood does not always inhibit prosocial behavior. If it occurs as the result of

focusing inward on one's own problems, then one should expect minimal, if any, interest in helping others. However, when an individual's bad mood is a consequence of focusing on the misfortunes of others, altruistic responses are very likely (Barnett, King and Howard 1979). Moreover, the likelihood of eliciting an altruistic response from someone in a bad mood can be further enhanced by (a) asking for something that is not unpleasant or costly, and (b) stating clearly what the needs of the receiver are. A number of investigators have also observed that when the receiver is perceived to have legitimate needs and seems to be dependent on the goodwill of others, individuals are inclined to be more generous (Shaffer 1988).

Summary

Altruism is clearly a multifaceted concept that is not fully understood by nonprofits or business. Much of the empirical research that exists has examined the development of prosocial behavior in children and adolescents. The findings from these investigations have important implications for marketers of both non- and for-profits and beg continued study.

A VERY BRIEF HISTORY OF BUSINESS AND ITS RELATIONSHIP WITH NONPROFITS

Nonprofits have reason to be concerned about the effect of marketing on altruism. After all, marketing is a tool developed by business to compete more effectively in a marketplace that promotes self-interest and historically has allowed corporations to earn profits even if they are at the expense of the environment or others. As a consequence, no one expects marketers or corporate executives to be altruistic. Indeed, numerous economists from Adam Smith to Milton Friedman have argued that society benefits *most* when businesses promote their own self-*ish* interests in a laissez-faire environment.

This self-absorption at the expense of community is not unique to business. Rather, it reflects a culture in which individuals are rewarded for being autonomous, inner directed, and masters of their environments. Cushman (1990) and Kanungo and Conger (1993) trace the origin of *self* interest to the sixteenth century and the collapse of feudalism. Prior to this time, the notion of self, especially one that is separate from others and the master of its fate was unheard of. Instead, individuals lived in communities and shared destinies that

were determined by powerful others. However, the impact of industrialization and urbanization, accompanied by a shift in attention from religion to science, eventually led to an increasingly isolated and fragmented self (Cushman 1990).

The focus on self or the individual peaked in the United States. Protestant settlers brought with them a religion that emphasized the direct connection between individuals and God which was unencumbered by intermediaries such as bishops or the Pope. Moreover, the way to glorify God was through hard work which was often rewarded with material goods.

This religious ethic became part of a secular culture that celebrated independence and competition. Similarly, the values of the business community eventually evolved to reflect an extreme attention to self interest that precluded altruistic acts (Kanungo and Conger 1993). As a consequence, nonprofit agencies emerged to address ongoing societal needs such as socializing and educating children and caring for the less fortunate. The badge of courage worn by members of nonprofits was often an obvious disdain for wealth that resulted in a very real poverty of material goods.

Reconciliation

Given that this institutional opposition is rooted in our national character, can we realistically expect conditions to change? Some observers of contemporary culture would answer yes, as they already sense a diminishment in the alienation of nonprofits and business in favor of a climate that promotes an alliance between the two. For example, Corkery (1990) notes that despite downsizing and the amassing of huge levels of debt, corporations are funding philanthropic activities and agencies at record levels as well as lending managerial expertise (Flynn 1994). Similarly, some nonprofits are aligning with corporations that sponsor cause-related marketing. Somewhat controversial, cause-related marketing is a means of fund-raising in which companies dedicate a percent of profits from the sale of specific products to a cause or an agency.

Two forces, among others, may be responsible for the enhanced state of corporate altruism. They are international marketing and production, and an increased emphasis on teamwork and attention to quality issues. First, the globalization of U. S. businesses has prompted a dependency among international corporate units that functions successfully only in an environment of trust and

the absence of egocentrism. Both conditions are conducive to prosocial behavior. Moreover, exposure to some Japanese management practices and to industrialized cultures that are also sensitive to employee needs and community issues helps to model similar behavior among U.S. firms. Similarly, increased diversity in the United States may subtly contribute to prosocial behavior, as the countries of origin for many individuals (for example, Hispanic and Asian communities) are community based and traditionally have scored higher on altruism than the United States.

Second, the transition to customer-driven companies and the adoption of a TQM perspective encourage both genuine and mutual altruism. Genuine altruism, or prosocial behavior without regard to self, is a frequent outcome of cooperative efforts (Shaffer 1988). The cross-functional/quality teams that many companies are forming have to work cooperatively rather than competitively. Therefore, we should expect other altruistic acts. Kanungo and Conger (1993) reinforce this point by arguing that the self-centered practices of the industrial era will have dysfunctional consequences for modern companies. Companies that wish to prosper must not only attend to their technical and production needs but also the social needs of their employees and communities.

Mutual altruism, or engaging in behavior that benefits self and others, is the result of companies that pay attention to their constituent groups. Does it really matter if their attention also earns these companies additional profits? Aaron Feuerstein, the owner of Malden Mills in Lawrence, Massachusetts, is an example. After the destruction of his mill, Mr. Feuerstein continued to pay his employees although the plant was months from running again. His employees repaid him by working more efficiently and creatively. As a result, the mill now enjoys higher production than before. Mr. Feuerstein's was an act of genuine altruism, but it was followed with a response that also benefitted him.

Altruism and Nonprofit Marketing Revisited

The growing number of publications that feature articles on how managers of nonprofits might sharpen their marketing skills, suggests that some--if not all--managers recognize that attending to marketing and strategy issues does not imply a sacrifice of altruistic purpose. While dwindling resources and intense competition is responsible for much of this interest, a perusal of the current literature in this area suggests that marketers may also have facilitated this reconciliation. In the literature the exchange relationship is highlighted not

in terms of its impact on raising revenue but rather in terms of how it impacts service delivery. Another theme that is emphasized is the importance of segmenting donors and clients in order to build meaningful and lasting relationships (e.g., Borman 1995 and Fenn 1995).

As the marketing concept is applied with more frequency to areas beyond the traditional domain, nonprofits should perceive the linkage between marketing and organizational purpose not as less adversarial and more life-sustaining and affirming. In summary, marketing for nonprofits means keeping altruism alive.

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GIVE ME SOME SPACE: A MARKETING SOLUTION TO THE PROBLEM OF UNIVERSITY PARKING - A CASE STUDY

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ABSTRACT

Problem with parking is a nearly universal phenomenon in higher education. Studies from institutions throughout the country identify student parking as one of the key unresolved problems facing administrators. Many students perceive faculty and staff as receiving highly preferential and undeserved treatment in parking. Any institution seeking to serve students as customers must not ignore such problems.

INTRODUCTION

On many college campuses, finding a parking place is a major activity that many people face each day. If a convenient space is not available, it is difficult to feel anything but consternation with those responsible for parking. This is true whether you are a student or a faculty or staff member. But a scarcity of land, budget and aesthetic considerations strictly limit most institutions' options. Simply building unlimited amounts of parking spaces just isn't possible. Nevertheless, parking problems tend to get worse not better. Competitive forces have lead institutions to reconsider parking as one aspect of student satisfaction that in the past has been largely ignored.

Parking problems rank high in the minds of students, just like the classic student complaint of poor dorm food. Many institutions charge substantial parking permit fees in order to finance construction and maintenance of parking lots. According to a recent Chronicle of Higher Education article, parking is viewed by family, alumni, parents and students, as too expensive, inadequate, inconvenient, or allocated unfairly (Mooney 1993). Yet there is a distinct reluctance to aggressively address the problems of parking. Since administrators, faculty and staff are normally given the choicest parking spaces, students are often left with few and inconvenient choices. Though quite typical of many institutions, poor student parking is resented. It is an open question as to the consequences of such dissatisfaction. Does it reduce enrollment? Does it harm the school's image? Can poor parking reduce current satisfaction sufficiently to reduce future alumni generosity? The apparent

unresponsiveness toward parking problems at many institutions may simply reflect the belief that rotten parking plagues us all so why worry about it?

PREVIOUS PARKING RESEARCH

A number of colleges have examined the issue of parking, often as part of satisfaction surveys conducted on a regular basis. In each case, these studies found parking the aspect respondents were least satisfied and the number one complaint. This was true for both students (Kiger 1994; McIntyre 1990; Mooney 1993; Patti 1993; and Roney 1989) and faculty and staff (Mohammadi 1995). In prior research, parking was rated by as being of high importance as well (Kiger 1994 and Northern Nevada Community college report 1995). In a survey of a sample of 25 California Community Colleges, 17 parking directors believed they had insufficient parking spaces (McIntyre 1990). The majority (12) reported that a lack of land was the problem, though five others had insufficient funding since California does not provide state funds for parking lot development. Responses to insufficient parking were addressed through three primary means: five colleges built multistory parking structures; five leased off-campus parking and another three subsidized public transportation. Despite continued efforts at parking improvements, most colleges face persistent criticism about parking.

ONE UNIVERSITY'S EXPERIENCE

Based on the results of a student survey at a medium-sized midwestern university, parking was found to be the number one complaint. The new university

president believed this problem warranted immediate attention. As a result, the Traffic and Parking committee was charged with the responsibility of researching the problem and recommending appropriate solutions. Two major issues were addressed: the practicability of a campus shuttle bus system and alternative parking solutions. Two separate studies were conducted in response to these issues. The first was a study of student perceptions of campus parking as well as their views on a shuttle system. This study was a relatively small scale study while the ensuing one was more of an in-depth parking perceptions study.

The objectives of this paper are twofold: first is the issue of examining the experiences of an institution struggling to deal with its parking problems and the insights this affords. Second is to provide a research structure and methodology for institutions to employ in their efforts to explore parking issues. The second aspect will include details on utilizing a content classification approach to open-ended comment analysis.

PERCEPTIONS OF PARKING AND POSSIBLE SOLUTIONS

Based upon the results of the first study, another study was deemed necessary. The Director of Parking requested a second study that would address student perceptions of parking and possible solutions. In addition to obtaining demographic characteristics of the respondents, the following nine objectives were developed for the second study.

- OBJECTIVE #1: To study the demographic characteristics of the students.
- OBJECTIVE #2: To determine the overall satisfaction with parking and the number of parking places on campus.
- OBJECTIVE #3: To study the attitudes about possible parking changes on campus.
- OBJECTIVE #4: To identify the willingness to pay more for a special parking place.
- OBJECTIVE #5: To determine the parking behaviors of all students.
- OBJECTIVE #6: To study the parking behaviors of those who normally drive to campus.
- OBJECTIVE #7: To identify the parking behaviors of those who normally drive and park in the lots.
- OBJECTIVE #8: To summarize the analysis of the open-ended questions.
- OBJECTIVE #9: To determine the concerns about safety on campus.

OBJECTIVE #10: To study the interest in a shuttle bus system.

This second study obtained responses from 825 student parking permit holders with an overall response rate of 40%. The questionnaire used both structured and unstructured questions concerning improvements in parking on campus. The questionnaire was pretested and modified a number of times. The original design was to use telephone interviews to obtain the data. When this approach appeared to be problematic due to difficulties in finding students at home, a second approach was used. A mail questionnaire was developed with the same questions found on the phone survey. Subsequent analysis showed no significant differences between the two samples. Thus, all responses were pooled for purposes of further analysis.

SUMMARY OF QUANTITATIVE RESULTS

Over 60% of students expressed dissatisfaction with parking on campus. Over 80% of the students felt that the number of parking spaces in existing campus lots should be increased. Most students did not want to pay more for more desirable parking. Commuting students felt most strongly about needed improvements. Dorm residents were particularly interested in obtaining parking close to their residence halls. Nearly 25% of students living in dormitories drive their cars to another campus location. Most students were able to find a parking place immediately upon arriving with most others located a parking space within 5 to 10 minutes. The average waiting period to find a parking place was 7.1 minutes. After parking, the average walk to class required about five minutes. Students had a variety of suggestions as to the specific lots they would like additional parking spaces. They further believed that seniors and graduate students should be given specific lots to park in. The majority also want specific sections or lots designated for commuter students. Students support the idea of Freshmen being allowed to bring cars to campus - which is currently the case. Concerns about campus security were also explored, with 41% agreeing "there are areas on campus that I do not feel safe at night." Female students were nearly three times as likely to agree with this statement. The single most cited location for safety concerns was the largest student lot on campus which can hold over 2000 cars.

TABLE 1		
SATISFACTION WITH PARKING ON CAMPUS.		
Overall, how satisfied are you with parking on campus?		
Very Dissatisfied	23%	
Dissatisfied		39%
Neutral		17%
Satisfied	21%	
Very Satisfied		1%

Total		101%
		(825)
For transfer students		
How does the parking situation on campus compare to the parking situation on your other campus?		
Better		13%
Same		28%
Worse	60%	

Total		101%
		(359)

**QUALITATIVE ANALYSIS:
SUMMARY OF OPEN-ENDED QUESTIONS**

Each student was asked to provide insights into "What improvements in parking at Western could be made?" A total of 1524 comments from the 825 respondents were analyzed. Each of the comments was coded by 1) a noun, 2) a second noun or adjective, and 3) an adverb or a second adjective. Most of the open-ended comments concerned parking lots. In addition, a large number of comments were very general in nature. The third largest number of comments concerned the permits for the parking lots, while tickets and meters generated a significant number of comments as well.

CONCLUSIONS AND RECOMMENDATIONS

From this study of parking at one campus, a number of recommendations were made. These are specific to the particular campus but others can use them when the situation is similar. In addition, the actual solutions undertaken by the parking director will be discussed. Finally, suggestions and guidelines for conducting effective parking studies at institutions of higher education will be provided. Several recommendations were developed to guide future actions of the Parking Office concerning parking.

- › Develop a strategy to promote the positive aspects of parking on campus.
- › Expand the lots close to the residence halls where possible for student parking.
- › Expand the opportunities for seniors and graduate students to park on campus.
- › Expand the opportunities for commuters to park in favorable spaces on campus.
- › Continue to allow freshmen to bring cars to campus and consider charging a premium.
- › Do not install gates in the parking lots.
- › Do not build a lot off campus for on-campus students' cars.
- › Expand these spaces all over campus.
- › Since about half would pay more than \$15 for the privilege, charge what would be appropriate to help pay for increased parking spaces in particular lots.
- › Place an emphasis on graduate

TABLE 2
ANALYSIS OF THE OPEN-ENDED QUESTION CONCERNING IMPROVEMENTS TO PARKING, A GENERAL ANALYSIS

The Noun Descriptor for all respondents			Comments by Females	Comments by Males	Comments by Residence Halls Students	Comments by Non Residence Hall Students
	%	(n)	%	%	%	%
Lots	46%	698	47%	45%	47%	45%
Comments	18	281	17	20	18	18
Permits	13	201	13	13	12	14
Tickets	5	82	5	6	6	5
Meters	5	70	5	4	4	5
Shuttle	2	38	3	2	2	2
OPS	2	38	2	3	3	2
Safety	2	34	3	.9	3	2
Short term	2	27	1	2	2	2
Deck	2	27	2	2	2	2
Construction	1	20	.8	2	.4	2
Bicycles	.4	6	.2	.6	0	.7
Tunnels	.1	2	0	.3	0	.2
Totals	100%	1524	99%	101%	99%	100%

- students' concerns for parking since they were likely to drive to campus.
- › Place an emphasis on commuting students' concerns for parking since they also normally drive to campus.
 - › Do not differentiate between MWF or Th students in making parking decisions.
 - › Be certain that there were sufficient parking places to be able to park the students at one time since most come before 9:00.
 - › Do not increase the number of meters on campus.
 - › Increase the number of parking

- spaces and/or lots for the students.
- › Create a priority system for permits on campus and publicize the method used.
 - › Publicize the general feeling of safety on campus.
 - › Experiment with the shuttle system before developing it on a full-scale or full-time basis.

The appropriate university officials decided to change a few key areas concerning parking. A new parking lot was added at the north end of the campus for students living in a resident hall. The premiere faculty parking lot was expanded but the new area was open only to students. A large gravel parking area was added at the

south end of the campus. With these additions, any parking problems for the faculty seemed to be solved also since the students were no longer illegally parking in the faculty lots.

University officials should consider students and faculty as internal customers at the university. As internal

customers, research should be periodically conducted on their views concerning a wide variety of issues. Parking is a major concern at many campuses. Corrective actions can be taken with the target segments providing valuable information. In addition, longitudinal research should be conducted to plot the changes in the mood of the students and the faculty.

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SUPPORT FOR PUBLIC SCHOOLING AND THE PERCEIVED NATURE OF THE EXCHANGE

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ABSTRACT

The marketing of public schools is becoming more important to administrators as politicians, reflecting a broad sense of public concern, explore alternatives in "K through 12" schooling. Drawing on exchange theory, support for public schooling, as measured by the willingness of taxpayers to increase their school taxes, is explained using taxpayers' perceptions of the nature of the exchange. Regression models are developed and compared based on survey data from two school districts, one in Illinois and one in Mississippi.

INTRODUCTION

Although researchers have addressed the issue of the marketing of publicly funded schools, most of the attention has been paid to higher education (Kotler and Fox 1985, Schram 1990). Politicians, reflecting a broad sense of public concern, are exploring alternatives to current kindergarten through high school (K-12) systems. These alternatives include charter schools, cross district choice, and vouchers. Most of the alternatives being considered will require K-12 administrators to think more about the need to market their schools to the public.

Exchange theory may be useful in helping administrators to better understand public perceptions of and support for K-12 schooling. Typically K-12 public schooling is supported by property taxes which are voted on by the registered voters in school districts. The resulting exchange differs from most marketing exchanges partly because substantial numbers of voters do not have children in the school system and are therefore not direct recipients of school services.

This paper uses survey data from two school districts. One questionnaire was sent in 1992 to voters in an Illinois district; the second was sent in 1996 to voters in a Mississippi district. Overall response rates for the two questionnaires were 26.4% and 15.0%, respectively. The questionnaires were not the same, but they had some identical or similar questions. Based on these data, regression models are developed and compared which explain variability in the willingness of voters to pay for school services as a function of how voters perceive the nature of the exchange.

TYPES OF MARKETING EXCHANGES

Houston and Gassenheimer (1987) and Bagozzi (1975) have applied exchange theory to marketing situations. Houston and Gassenheimer define what constitutes marketing exchanges, and Bagozzi identifies three types of exchanges which are applicable to marketing situations: restricted exchange, generalized exchange, and complex exchange.

Restricted exchanges involve simple, reciprocal, two-party relationships. These may be viewed as typical marketing exchanges, such as those between consumers and retailers. Generalized exchanges include at least one other party in the relationship and involve univocal relationships which result in indirect benefits. The exchange can be diagrammed as follows: $A \Rightarrow B \Rightarrow C \Rightarrow A$. "A" gives to "B" and receives benefits from the exchange but they are received from "C" rather than from "B."

Finally, a complex exchange is an interconnecting web of relationships among at least three parties. Bagozzi gives the channel of distribution as an example of a complex chain exchange. With A, B, and C denoting the manufacturer, retailer, and consumer respectively, the exchange can be diagrammed as follows: $A \Leftrightarrow B \Leftrightarrow C$. Complex exchanges can also be circular, as in generalized exchanges. Unlike generalized exchanges, the links in the chain are reciprocal, rather than univocal. Complex exchanges include those which are separated by the passage of time. For example, in the context of social services, Bagozzi says, "... members of society anticipate that they, or a number of their members, will become dependent and that social services

represent an investment as well as an obligation” (Bagozzi 1975, p. 39).

RESTRICTED EXCHANGES IN K-12 PUBLIC SCHOOLING

The clearest illustration of a restricted exchange in schooling is when parents pay the full cost of educating a child in a private school. This is a simple, reciprocal exchange. In K-12 public schooling, however, such a simple, reciprocal relationship does not exist. All property owners must pay school taxes, whether they send children to public schools or not. If the property owner also sends children to public schools, then there is an exchange relationship that is at least similar to the private school example and is the closest to a restricted exchange which is usually available in public schooling.¹

Conceptually, all voters, or their households, pay for public schooling. Renters pay for school services through their rents to property owners who then pay school taxes. However, renters may not view their rents as partly paying for public schooling because the payment is indirect. On the other hand, for property owners, the school tax payment is, or should be, known. In both questionnaires, respondents were asked if they owned or rented. Therefore, in order to clarify the nature of the exchange, in this study, only property owners were included in the analysis.²

For property owners, the payment for school services is a univocal exchange if they do not have children in the school system. It is reciprocal if they do have children in the school system. In both of the questionnaires, respondents were asked if they had children in the school system. A dummy variable, called RESTRICT, was created based on their responses. RESTRICT equals zero for those without children in the school system, and it equals one for those with children in the school system.

In the context of public schooling, the most tangible, basic exchange is for educational services.

¹ As more states experiment with vouchers for public schooling, the nature of the exchange will more closely approximate the restricted exchange relationship in private schooling.

² Voters can pay school property taxes without owning a home in the district if they have other property. However, respondents were not asked about other property holdings in the school district, except for the homestead.

RESTRICT is used to measure if this basic exchange exists. If the variable equals zero, then ignoring symbolic exchanges, a restricted exchange does not exist because the respondent is paying school property taxes and receives no direct school services. If it equals one, a restricted exchange does exist because the relationship is reciprocal.

Whether or not a basic exchange for school services exists (as measured by RESTRICT), the public may perceive that either a generalized or complex exchange exists. Therefore variables were created to capture these perceptions, based on answers to selected questions from the questionnaires.

GENERALIZED EXCHANGES IN K-12 PUBLIC SCHOOLING

Because taxpayers are frequently not direct users of school services, it is rather easy to think of examples of exchanges in public schooling that would be classified as generalized exchange. Two questions that were asked in identical ways on both of the questionnaires provide examples of these generalized exchanges. The two questions asked respondents to use a Likert scale (with 1 = strongly disagree and 5 = strongly agree) to measure their attitudes toward these statements: (1) Good schools increase the resale values of homes. (2) Good schools save tax dollars by preventing social problems.

The exchange involved in first statement suggests that taxpayers support public schools, that the schools attract people to the school district, and as a result taxpayers realize increases in the value of their property. Taxpayers benefit indirectly through an increase in property values caused by their support of public schools. Although this is a generalized exchange, it might easily be viewed, by some taxpayers, as having a negative consequence. After all, an increase in property value is only worthwhile if the owner plans to sell. If not, then the increase in property value results in an increase in taxes. Because of the ambiguity of the benefit involved, this first question was not used to measure voters' perception of schooling as a generalized exchange.

The exchange involved in the second statement is unambiguously beneficial to voters. It suggests that taxpayers support public schools, that public schools prevent social problems in the community, and that as a result non-school tax dollars are saved. The tax benefit is indirectly the result of the univocal support of public

schools. All taxpayers might benefit from tax savings caused by public schools ameliorating social problems in the community. In the empirical analysis, the variable, GENERAL, used this question to measure of whether or not the respondent saw public schooling as involving a generalized exchange.

COMPLEX EXCHANGES IN K-12 PUBLIC SCHOOLING

Voters might also perceive public schooling as including complex exchanges. One of the Likert scale questions in both of the questionnaires asked people their agreement with the following statement: "People with grown children should support public schools." This is an example of an exchange "separated by the passage of time." The implication is that people who used school services in the past should continue to support public schooling.³ The degree to which respondents agreed with this statement was used as a measure their perception That public school exchanges were, at least partly, complex. The resulting variable was called COMPLEX.⁴

SUPPORT FOR PUBLIC SCHOOLING

One way to measure public support of schools is to determine if people are willing to increase the price

³ This could be diagrammed as a complex chain between residents with children in the school system (C) and the schools (S) and between residents without children in the school system (N) and the schools as follows:
 $C \iff S \iff N$. Both C and N support S, with C receiving direct, current benefits. The benefits to N may have occurred in the past (e.g., N had children in the school system in the past) or may develop in the future (e.g., N or N's children may have children in the school system in the future).

⁴ Another Likert scale statement was: "Good public schools improve the lives of all people in the community." This broad statement could be viewed as a complex circular exchange. For example, taxpayers without children might support public schools and in exchange receive intangible benefits, such as an increase in community pride. The schools educate the children of other taxpayers. These students then enter into an exchange with childless taxpayers, possibly at school concerts or athletic events. Others might argue against the intangible nature of the benefit or claim that this is really another example of a generalized exchange, that the pride is an indirect benefit arising from the public's interaction with students. Especially if benefits are intangible, it is sometimes difficult to clearly differentiate between complex and generalized exchanges. Because of the tangible benefits separated by a passage of time, the question chosen is more clearly an example of a complex exchange.

they pay. The price of schooling is a complex issue which is covered in detail by Rubinfeld (1977), Bergstrom, Rubinfeld, and Shapiro (1982), and Brokaw, Gale, and Merz (1990). In order to develop an accurate measure of what is called "tax price" in the literature, it is necessary to know the value of taxpayers' property holdings in the school district and the effects of special tax credits which are sometimes available to lower income and elderly taxpayers. The surveys which were used in this study were conducted at the behest of the local school districts for their own purposes. It was neither appropriate nor possible to include sensitive tax and property value questions. As a result, the questionnaires only asked about respondents' willingness to vote for increased taxes.

The questionnaire which was sent to the Illinois school district asked: If an increase in property taxes ... were proposed this year, how much of an increase would you recommend? The answer to this question was used to form a willingness to pay variable, called PRICE. Respondents could choose from no increase (scored as zero), \$1 per \$1,000 valuation (scored as 1), \$3 per \$1,000 valuation (scored as 3), \$5 per \$1,000 valuation (scored as 5), and \$7 per \$1,000 valuation (scored as 7).

The willingness to pay question in the Mississippi questionnaire was worded somewhat differently: Would you support an increase in property taxes to maintain and improve school programs? An eleven point scale from 0 to 10% was used, which was scored as 0 to 10 in the resulting PRICE variable.

ANALYSIS

The three measures of the nature of the exchange: RESTRICT, GENERAL, and COMPLEX, were used in regression models to explain variability in the willingness to pay variable, PRICE. It would have been useful to control for various demographic variables in the

regression models such as age, income, occupation, education, and race. However, the questionnaires did not include these demographic questions.

If Rubinfeld and Pindyck's methodology is used to see if these two models are statistically the same, $F_{3,432}$ partly explained by the degree to which the exchange is perceived as complex, for those who are facing a univocal basic exchange (where RESTRICT = 0).

CONCLUSIONS

The results of the empirical analysis show that in K-12 public school exchanges people's perception of the existence of a complex exchange is the most important variable in explaining variability in willingness to pay. This finding appears to be especially valid for those people who are facing a univocal basic exchange.

In that case, the results are statistically indistinguishable between two very different school districts, one in the north and one in the south. The findings could be useful to public school administrators who are increasingly being faced with the need to market their schools.

In explaining variability in willingness to pay, the findings suggest that the perception of a complex exchange is followed in importance by whether or not a restricted exchange exists, then finally by the perception of the existence of a generalized exchange. Research which would test to see if these findings are true across an even wider spectrum of school districts would be interesting. In addition, research which more fully explores the nature of complex and generalized exchanges in K-12 public schooling is needed.

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COMPARATIVE MODERATING EFFECTS OF NEED FOR AUTONOMY ON THE AUTONOMY- PERFORMANCE RELATIONSHIP

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ABSTRACT

Comparative data from two diverse types of salespersons was investigated to determine the similarities and differences among salespeople in terms of their need for autonomy, perceived job autonomy, the autonomy-performance relationship, and the comparative moderating effects of need for autonomy on this relationship. Since previous research has provided mixed results on the interrelationships among these variables for both types of salespersons, a comparison of the similarities and differences between insurance agents and retail salespersons provided the potential for further enlightenment.

One-hundred fifty-two insurance agents (91.44% response rate) and 468 retail salespersons (77.45% response rate) completed a survey composed of two instruments: Jackson's (1987) Need for Autonomy scale and Breugh's (1989) Perceived Work Autonomy scale. Individual salesperson sales data and supervisor evaluations provided objective and subjective (respectively) measures of performance. Tests for non-response bias supported the lack of problematical non-response bias effects on the data. The findings demonstrated that insurance agents and retail salespersons did not differ in the strength of the relationship between their perceived job autonomy and salesperson performance. Additionally, although insurance agents perceive their job environment to have more organizationally mediated autonomy than do retail salespersons, both retail salespersons and insurance agents did not differ in their low need for autonomy. Insurance agents differed from retail salespersons in finding that need for autonomy moderated the relationship between insurance agent perceived autonomy and agent performance while no moderating effect was observed for the relationship between retail salesperson perceived autonomy and retail salesperson performance.

Although the management of autonomy is a key aspect in the management of professionals (Raelin, 1989), the results of this research raise more questions than answers. Retail data supports the contention that people tend to gravitate toward jobs that fit their needs (Snyder, 1983; Motowidlo, 1982; Weitz, 1981) while the insurance data fails to support this. Insurance agent incongruence in being in a job perceived as high in autonomy while having low need for autonomy should result in a weaker autonomy-performance relationship than that of retail salespersons who have congruence between their low need for autonomy and their low perceived autonomy, yet the strengths of the relationships are essentially the same. Finally, despite the foregoing similarities and differences, need for autonomy proved to moderate only the relationship between insurance agent perceived autonomy and agent performance and not that of retail salespersons. These findings indicate that another factor may be operating to attenuate the interrelationships among these variables. Essentially, additionally research is needed to determine if more situationally job specific measures of need for autonomy, perceived autonomy, and salesperson/agent performance will more clearly define the relationship among these variables.

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DRUG TESTING, GOOD OR BAD? THE SALES FORCE OF THE FUTURE IS UNSURE

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ABSTRACT

When companies develop their policies regarding drug abuse, they frequently overlook a group who will be affected by the policies, namely, those that will be joining the firm. To rectify this oversight, the attitudes of this neglected group have been researched. Implications for policies decisions are discussed.

INTRODUCTION

Improve productivity! That is the battle cry of today's sales managers. They are concerned with anything that adversely affects productivity. Thus, they are concerned about the use of drugs since the literature reveals that drug use affects productivity (Harris and Helf 1992; McGuire and Ruhm 1993; Lipman 1995; Fine, Reeves and Harney 1996). To some, the solution appears obvious; test present and future employees and do not employ anyone who uses drugs. Doubtless, this would have been the solution of choice forty years ago. Times have changed.

Sales managers are not the only ones interested in the policies developed to deal with drug-use issues. Both those who work for the firm and those who plan to are interested in policies dealing with drug abuse because of concerns about issues of privacy and the privileges of workers (Verespej 1992; Redel and Abbey 1993; Flynn 1996). The nature of these policies will influence the working environment for present and future salespeople.

Although, as cited above, studies regarding the attitudes of many types of workers toward the use of drugs have been reported, a gap in the literature remains. Specifically, nothing has been done to identify the attitudes of future salespeople. Some may argue that their opinions are unimportant and that position may be accurate if it is assumed that the policies of the firm will have no influence on who will apply for sales positions. Anecdotal evidence, however, suggests that prospective salespeople ask about drug testing and choose firms with policies that are consistent with their values.

Though Murphy, Thornton and Reynolds (1990) have investigated the attitudes of the broad spectrum of

college students toward drug testing programs, nothing has been reported about the attitudes of future salespeople toward drug testing programs. The lack of information about the attitudes of future salespeople is unfortunate as the position of salesperson is unlike that of most employees. It is relatively free of close supervisory authority. Because of the differences in the nature of the job, those who seek a sales position may have different values. Consequently, it is important to know the opinions of those who will be taking sales positions so that appropriate policy decisions can be made. A search of the literature revealed only one study, Patton (1988), dealing with drug abuse in the sales force. Patton investigated the possible relationship between the nature of the sales job and drug abuse problems. While important, Patton's study did not address drug-testing issues. Moreover, Patton did not include any assessment of the opinions of those who will shortly be entering the workforce. This study helps fill that gap in the literature.

ATTITUDES TOWARD DRUG TESTING

Employees, do not view drug testing with a great deal of favor. For example, employees believe that urine analysis, the most common form of drug testing, is not an accurate test for the presence of drugs (Frankel 1996). Consequently, testing is not popular with employees because of the feeling that inaccurate results may lead to dismissal (Masters, et al. 1988).

Even if a test returns a positive result, that does not mean that the employee's job performance will be impaired. That is because urine analysis cannot distinguish between recreational drug use and on-the-job impairment. Since traces of drugs stay in the body for long periods of time, it is possible that an employee could test positive for a drug taken a month before the test.

TABLE 1		
ATTITUDES OF FUTURE SALESPEOPLE TOWARD DRUG USE		
	Mean	S.D.
It is acceptable for an employee to use the following on a recreational basis		
Alcohol	3.541	.683
Marijuana	2.108	1.036
Amphetamines	1.622	.882
Cocaine	1.378	.712
Heroin	1.378	.712
N = 370. Scale 4.00 is high, 1.00 is low.		

TABLE 2		
ATTITUDES OF FUTURE SALESPEOPLE TOWARD DRUG TESTING		
	Mean	S.D.
Employers should have the right to test job applicants only when their behavior indicates there is a reasonable suspicion of drug use.	2.649	.938
Employers should have the right to deny employment to any job applicant who refuses to submit to a drug test.	2.459	.048
Employers should have the right to test current employees only when their behavior indicates there is a reasonable suspicion of drug use.	2.946	.734
Employers should have complete freedom to test their current employees for drug use on a mandatory but random basis.	2.378	.882
Employers should have the right to dismiss any employee who refuses to submit to a drug test.	2.162	.718
Employees of an organization benefit from drug testing practices.	2.838	.790
Management benefits from drug testing practices.	3.083	.760
Employees should have the right to receive advance notice before being asked to submit to a drug test.	2.694	.939
N = 370. Scale, 4.00 is high, 1.00 is low.		

Although employees are concerned with the accuracy of drug testing, they understand the importance of a drug-free work environment (Hanson 1990). Hanson found that employees have favorable attitudes toward certain drug testing programs. For example, employees tend to support pre-employment drug testing. No doubt, this is because pre-employment testing may prohibit drug users from entering a firm's workforce. While this finding is important, it also illustrates the need for the present study as only present employees were surveyed. The attitudes of those planning on entering the workforce must also be considered in the development of policy.

Hanson (1990) found that employees favor testing when there is "probable cause." He also found that employees are strongly against random drug testing because they view random drug testing as an invasion of privacy and feel it undermines the trust relationship between management and employees. Never-the-less, as stated earlier, Hanson's study was limited as it did not examine the opinions of those who were planning on entering the workforce. This study rectifies that omission.

Drug testing is an issue because drug use is prevalent in today's society. The National Institute of Drug Abuse estimates that 25 percent of the population regularly uses drugs (Abbasi, Holman and Murrey 1988). Furthermore, according to Abbasi, et. al. two of three people entering the workforce have used illegal drugs, and more than two of five have used drugs in the past year. Finally, Verespej (1992) concluded that drug users in the workforce are employees who are 18 to 25 years old. Since young employees are those who will be entering the sales force, they are the ones that are most likely to be affected by drug-free workplace policies. Consequently, it is important to identify their opinions regarding the various policy alternatives so that more effective policies can be enacted.

POTENTIAL EFFECTS OF DRUG USE ON JOB PERFORMANCE

Drug use may decrease job performance and productivity. Verespej (1992) reports drug users have higher rates of absenteeism, lost workdays, accidents, use of medical benefits, size of workman compensation claims, and need for medical attention. Patton (1988) estimated the total number of lost days by salespeople because of drug abuse at over one million days. He found, however, that while managers believe a drug problem exists, they do not feel that their sales force has a drug problem. Patton also found that most firms do

not have a company-wide drug policy to guide sales managers.

Though important, Patton's study was not as broadly conceived as this study. For example, the attitudes of the sales force of the future, an important but often overlooked stakeholder in the policy process was not addressed. The issue of drug testing was also not addressed in great detail. This study was undertaken to close these gaps.

METHODOLOGY

Based on a review of the literature, a research instrument was prepared which solicited the attitudes of future salespeople toward drug-testing. The respondents were also asked about the various actions firms could take to deal with an employee's drug use. Data about the perceived benefits and costs of drug testing programs were solicited. Because attitudes toward the use of drugs as well as the use of various drugs by future salespeople may undergird the development of policies on drug use, data was solicited on these issues. Opinion questions were scaled using a forced choice Likert-type scale with four denoting strongly agree and one denoting strongly disagree. This was done to force the respondent to chose among the alternatives on the presumption that they would have to make such choices in the workplace.

A cover letter requesting the participation of the future salespeople was prepared and it, along with the research instrument was sent to professors at ten Midwest regional universities who offered sales management and personal selling classes. They were requested to distribute the research instruments to their sales management and personal selling classes.

FINDINGS

Four hundred twenty research instruments were returned. Three hundred seventy respondents said they were enrolled in sales management and personal selling classes and that they intended to seek an entry level position in the field of industrial sales. Thus, the findings are based on 370 respondents. Two hundred eighty males and ninety females comprised the sample.

The use of drugs may affect one's perceptions of the drug-free workplace policies enacted by the firm. Thus, respondents were asked whether they used various drugs. Over 88 percent said they use alcohol and almost 14 percent said they used marijuana. Less than three percent used drugs such as amphetamines, cocaine or

heroin. Thus, a drug-use problem exists and this means that the goal of a drug-free workplace will not be realized. Because drug use exists among future salespeople, the respondents were asked whether it was acceptable for employees to use various drugs on a recreational basis.

While recreational drug-use does not necessarily take place at the workplace, it may inhibit the ability of the salesperson to function effectively. Consequently, the attitudes towards drug use were assessed. These findings are presented in Table 1. Future salespeople found it acceptable for an employee to consume alcohol on a recreational basis. That was not the case regarding the recreational use of illegal drugs such as marijuana, amphetamines, cocaine, and heroin. In each instance, the respondents believed that the use of these drugs was inappropriate. Thus, it is apparent that most future salespeople believe that the use of illegal drugs is inappropriate behavior.

Since future salespeople believe illegal drugs use is inappropriate it is reasonable to ask how the company should go about making the workplace drug-free. Table 2 presents these findings which do not reveal a great deal of enthusiasm for drug testing. For example, respondents believed that employers should have the right to test applicants only when there is a reasonable suspicion of drug use. The respondents were less favorably disposed toward permitting employers deny employment to anyone who refused to take a drug test. These findings reveal that the respondents feel the firm should hire and assume the obligation of helping prospective employees who have a problem. That belief has important implications for future policy decisions.

The only time future salespeople supported testing of current employees was when there was reasonable suspicion of drug use. They were not in favor of policies that would give employers complete freedom to test on a random but mandatory basis. Nor, were they in favor of policies that would allow employers to dismiss employees who refused to submit to drug tests. The respondents felt that both employees and employers benefit from drug testing though they felt that employers received the greater benefit. Thus, it is unclear what approaches to drug testing might be acceptable to future employees and still achieve the benefits that future employees seem to believe that drug testing might provide.

CONCLUSIONS AND IMPLICATIONS

Future salespeople have and are using illegal drugs, though the reported percentage of current users of illegal drugs is lower than the percentage who have tried the drugs. To realize the goal of a drug-free workplace, sales managers need to develop policies to deal with their future salespeople as drug use continues to be a problem. Policy making, however, does not take place in a vacuum. Consequently, it is instructive to reflect on the findings about the attitudes of future salespeople toward drug testing.

The findings support the conclusion that future employees back the policy of drug testing, whether for present or future employees. In that respect, their views are similar to those already employed and similar to the views of management. The issue is not whether testing should be done, but rather, under what circumstances should it be done. That is because the future salespeople, as do present salespeople, support the position that drug testing should take place only when there is a reasonable suspicion of drug use. Issues of personal privacy and freedom are still important.

The respondents do not support the position that drug testing benefits the individual employee. Yet, this is a necessary condition if sales managers are to gain the support of the employees. After all, future employees must see some benefit for them if they are expected to be actively supportive of a particular policy. Consequently, it behooves sales managers to do a better job of identifying the benefits that accrue to the individuals from having a drug testing program. This could be accomplished via pre-employment brochures which identify the benefits that will accrue to the firm and employee. Since many salespeople are paid on commission, increases in productivity will result in increased compensation, a benefit that is immediately recognizable. Of course, unless, there are group bonuses, that is a benefit that is only available to the individual drug user who decides not to use drugs.

Since future salespeople are supportive of the concept of drug-testing, albeit with some reservations, the issue is not whether to enact a policy of drug testing, rather it is how to deal with the employee or future employee should drugs be found to be a problem. Thus, research should be undertaken to determine what policies would appeal to both employee and employer and work to the benefit of both. That should be the direction of future research.

expenditures for direct marketing, which generated an estimated \$1.1 trillion in sales in 1995. The FTC estimated 40,000 telemarketers make approximately 9 billion telephone calls per year, or approximately 225,000 calls per year per company. In 1995, U.S. businesses spent an estimated \$54.1 billion on telemarketing to consumers and businesses, generating an estimated \$385.6 billion in sales. Telemarketing is predicted to continue to grow at an annual growth rate of over 10 percent through the year 2000. (Marketing News, 1996)

Exceptions to the Telemarketing Rules

The telemarketing regulations do not apply to any activity which is outside the jurisdiction of the FTC Act. Thus, the new telemarketing rules do not apply to businesses, which are already heavily regulated by other federal and state law, including commercial banks and other lending institutions, common carriers, airlines, nonprofit organizations, insurance companies and certain investment activities.

DEFINITIONS

Telemarketing: The new rules define telemarketing as "...a plan, program, or campaign which is conducted to induce the purchase of goods or services by use of one or more telephones and which involves more than one interstate telephone call." (Telemarketing Sales Rule) The definition of telemarketing does not include the solicitation of sales through the mailing of a catalog, provided the catalog meets the following requirements. The multi-page catalog issued at least once a year contains a written description or illustration of the goods or services, the business address of the seller, and the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the catalog and during those calls, takes orders only without further solicitation.

When a catalog seller receives a telephone call from a customer, the person taking the call is permitted to provide further information to the customer about any other items included in the same catalog, or a substantially similar catalog, including efforts to sell those other items.

Telemarketer and Seller: The FTC rules define a telemarketer as any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer. The rules do not apply to persons

making or receiving customer service calls, unless a sales offer is made or accepted during such calls. The rules clearly apply to persons who make or receive telephone calls to or from customers in connection with the purchase of goods or services.

Prize and Prize Promotion: A prize is defined as anything offered, or purportedly offered, and given, or purportedly given, to a person by chance. Under the FTC "prize" definition, a chance exists if the person is not guaranteed to receive an item. A prize promotion is defined as sweepstakes or other game of chance, or an oral or written express or implied representation that a person has won, has been selected to receive, or may be eligible to receive a prize or purported prize.

Investment Opportunity: The new rules define investment opportunities as anything, tangible or intangible, that is offered, offered for sale, sold, or traded based wholly or in part on representations, either express or implied, about past, present, or future income, profit, or appreciation. Both the Telemarketing Act and the new regulations recognize the potential and historical frequency of fraud and deception involving investment opportunity offers. The definition of investment opportunities does not include sales of franchises, which are already subject to the FTC's franchise rule.

REQUIRED AFFIRMATIVE DISCLOSURES BY TELEMARKETERS

Total costs: The FTC Telemarketing Rules require affirmative disclosures of the total costs to purchase the goods or services offered, disclosure of all material restrictions or conditions to receipt of the goods or services, disclosure of the seller's policies regarding refunds or cancellations, and disclosures of the odds of receiving prizes, and all material costs or conditions to receipt of prizes which are subject of a prize promotion.

Timing: The required disclosures by the telemarketer must be made in a clear and conspicuous manner, before the customer pays for the goods or services. During the rulemaking process, many customer advocates expressed concerns as to when payment actually occurred when credit card accounts were used. The rules are intended to make clear that the required disclosures must be made by the telemarketer before the consumer divulges his or her credit card or bank account information, or otherwise sends funds to the telemarketer.

Outbound telephone calls made by telemarketers after

written disclosures have been sent to the consumer, such as a postcard sent several weeks before the telephone call, would not comply with the rule. The disclosures must be sufficiently close in time to enable the consumer to associate the telephone call with the previous written document. If no written disclosures were provided, the telemarketer must provide oral disclosures before the customer pays for the goods or services.

CONTENT OF REQUIRED DISCLOSURES BY TELEMARETERS

The Telemarketing Rules define deceptive telemarketing acts or practices as including a failure of the seller or telemarketer to disclose certain information to the customer before payment for the goods or services is made. The required disclosure material includes:

- 1) Total cost of the goods or services
- 2) All material restrictions or limitation or conditions of the purchase of the goods or services
- 3) The seller's policy regarding refunds and cancellations
- 4) The odds of winning a prize in the prize promotion
- 5) All material costs or conditions of receipt of a prize

Total Costs and Quantity: Telemarketers are now required to make a clear and conspicuous disclosure of the total costs to purchase, receive, or use, and the quantity of, any goods or services that are subject of the sales offer.

Total cost disclosure is specifically required in "Negative Option" plans, which involve customer agreements to purchase a specific number of items within a specified time period, such as books, cassettes, or C.D.'s. Usually, the customer receives monthly announcements of available selections which will be automatically sent and billed to the customer, unless the customer affirmatively tells the seller not to send the item. "Continuity Plans" are similar, but offer subscriptions to collections of goods. Usually, the customers are offered on introductory selection (at attractive prices), and in return for the reduced cost on the introductory selections, the customer agrees to receive other selections on a regular basis.

For both negative option and continuity plans,

the FTC disclosures can be satisfied by the seller disclosing the following, before the consumer agrees to purchase the goods or services offered:

- 1) The total cost and quantity of goods or services that are part of the initial offer of the plan.
- 2) The total quantity of additional goods or services, if any, that the consumer is required to purchase over the duration of the plan.
- 3) The cost, or range of costs, which the customer must pay for each additional good or service.

Disclosure of Material Restrictions, Limitations and Conditions: Under the FTC Telemarketing rules, sellers and telemarketers are required to disclose "all material restrictions, limitations, or conditions to purchase, receive or use the goods or services that are the subject of the sales offer." While there may appear to be some ambiguity as to what constitutes "material," the regulations attempt to define material as "...likely to affect a person's choice of, or conduct regarding, goods or service." (Telemarketing Sales Rule)

Disclosure of Refund and Cancellation Policies: The FTC rules do not require a seller or telemarketer to disclose the terms of the seller's refund, cancellation, exchange or repurchase policies, *unless* the seller or telemarketer makes an affirmative representation regarding the policies. In other words, a telemarketer may remain silent regarding refund policies in order to avoid being subject to the disclosure requirement. However, if the telemarketer has a policy of *not* making refunds, cancellations, exchanges, or repurchases, a disclosure must be made of that fact to the customer.

Required Disclosure of Material Costs or Conditions of Receipt of "Prizes": Approximately one-third of all telemarketing abuse cases brought on for enforcement by the FTC since, 1991, relate to deceptive prize promotions. (Federal Register, 1995) The new FTC rules require disclosures regarding prize offers, including:

- 1) The odds of being able to receive the prize;
- 2) If the odds are not calculable in advance, the factors used in calculating the odds;
- 3) That no purchase or payment is required to win a prize or to participate in a prize

- promotion;
- 4) Under the "no purchase/ no payment" method of participation, disclosure of instructions as to how to participate, or an address or a local or toll-free telephone number where customers may write or call for participation information;
 - 5) All material costs or conditions to receive or redeem a prize that is subject to the prize promotion.

The FTC requirement for disclosure of the odds of being able to receive a specific prize, is intended to dispel the illusion that the customer has been specially selected or is somehow guaranteed to receive a prize. In those cases where the telemarketer is not able to calculate the odds in advance, the FTC rules require disclosure of the factors used in calculating the odds, such as a truthful statement that the odds depend on the number of entries.

Telemarketers have frequently offered prizes accompanied with the requirement that the customer pay additional costs, or conditions were imposed to receive or redeem the prize. For example, if a consumer receives a vacation certificate which requires that the consumer spend large amounts of money on hotels, air fares, and other expenses, the new rules require disclosure of all such material costs or conditions to receive or redeem a prize. Failure to make such a disclosure, or any other required disclosure, is a prohibited deceptive act or practice.

PROHIBITED MISREPRESENTATIONS BY TELEMARKETERS

Under the new FTC rules, a telemarketer engages in deceptive telemarketing acts if it fails to make the mandatory disclosures discussed above. In addition, the new rules also prohibit direct or implied misrepresentations, made during telemarketing sales pitches.

During the Chicago conference, and thereafter, numerous law enforcement and consumer groups urged the FTC to adopt highly specific and detailed "bright line" rules which would provide guidance to the telemarketing industry, law enforcement, and consumers. However, the FTC determined it was unnecessary to specifically enumerate all prohibited misrepresentation, largely because the general prohibitions against misrepresentations should be sufficient to provide law enforcement agencies with necessary flexibility in their

enforcement activities. However, some specific misrepresentation prohibitions are set forth in the regulations.

Misrepresentation of Total Costs of Purchase: Telemarketers are required by the FTC rules to disclose, and refrain from misrepresenting, the total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of a sales offer. Presumably, the FTC's extensive history of enforcement will be sufficient to define "total costs" on a case by case basis.

Misrepresentation of Material Restrictions or Conditions: Telemarketers may not directly or indirectly misrepresent any material restriction, limitation, or condition to purchase, receive, or use goods or services that are the subject of a sales offer.

Misrepresentation of Material Aspects of Nature or Characteristics: The new FTC rules prohibit direct or implied misrepresentation of any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. Obviously, such information is likely to affect a customer's choice or conduct regarding the purchase of goods or services and are therefore deemed to be "material."

Misrepresentation of Terms of Refund and Cancellation Policies: The FTC concluded that many representations by telemarketers regarding refunds, cancellations, exchanges or repurchases are likely to affect a consumer's purchase decision, and therefore are material. The new rules specifically prohibit misrepresenting the material aspects regarding refund policies.

Misrepresentation of Prizes: Given the veritable plethora of deceptive telemarketing cases involving prize promotions, the FTC predictably included in its new rules a prohibition against misrepresenting, directly or by implication, any material aspect of a prize promotion, *including but not limited to*, the odds of being able to receive a prize, the nature or value of a prize, or that a purchase or payment is required to win a prize or to participate in a prize promotion. Unless the statement is truthful, telemarketers may not tell customers that they have been specially selected, or that the consumer is guaranteed to receive any particular prize. Some telemarketers promise "premiums" rather than "prizes." The distinction is that premiums are given only if the

customer purchases the goods and services, whereas prizes do not require a purchase. The rules are broad enough to prohibit misrepresenting a premium to be a prize.

Misrepresentation of Affiliation With Government or Third Party Organizations: Unscrupulous telemarketers frequently "name drop" the names of well known local organizations or government entities, thereby inferring the telemarketer is affiliated with or has received the endorsement of such third party or government entity. For that reason, the FTC included a specific provision prohibiting such misrepresentations.

CONCLUSION

The Federal Trade Commission's Telemarketing Rules impose substantial compliance requirements upon telemarketers by requiring clear and conspicuous disclosures of specified material information, orally or in writing before a customer pays for goods or services offered. The Telemarketing Rules also prohibit misrepresentations or false or misleading statements to induce payments for goods or services. The Rules permit enforcement of the law by any state Attorney General, or any private person. Given the multi-billion dollar nature of the telemarketing industry, these compulsory specific rules are clearly needed to assist law enforcement and consumers in their continuous battle with unscrupulous sellers and telemarketers.

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THE INFLUENCE OF MARKET TYPE ON PRODUCT ELIMINATION DECISION-MAKING

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ABSTRACT

This manuscript examines the influence of the type of market served on the product elimination decision-making processes of American manufacturing firms. Two areas are examined: (1) the precipitating circumstances which "trigger" an elimination decision to begin; (2) the evaluation factors used to make the elimination decision.

INTRODUCTION

The purpose of this manuscript is to examine the influence of market type on product elimination decision-making. A comprehensive examination of product elimination decision-making in American manufacturing firms was conducted. This manuscript focuses on two particular areas of the product elimination decision-making process: (1) the precipitating circumstances which "triggered" the product elimination decision-making process to begin; and (2) the variables used to make the elimination/retention decision.

PRODUCT ELIMINATION: A LITERATURE REVIEW

Precipitating Circumstances

An assumption in much of the early normative writing regarding the product elimination process is that the elimination decision arises only when a product reaches the maturity or decline stage of its product life. However, recent research found that deletions may occur for a number of different circumstances and are not reserved purely for getting rid of "weaker" or mature products.

Avlonitis (1980), in his study of British manufacturers of engineering products (n=94, industrial products), found that not all weak products were ready for elimination, nor were elimination candidates only those items with low profitability and declining sales. Rather, eight basic problem situations were identified under which a product may be reviewed for possible elimination. Hart (1988), in an extension of the earlier work of Avlonitis, isolated seventeen distinct problem

situations (many beyond the direct control of marketing managers) which precipitated the need to review a product for possible elimination in British manufacturing firms (n=166). Hart's sample consisted of both consumer and industrial product manufacturers. This list of precipitating circumstances (to be used in this study) is presented below:

1. Government policies and regulations
2. Operational problems
3. Third-party decisions
4. Competitive activity
5. Development of a new product
6. Company resources required elsewhere
7. Problems associated with raw materials/parts
8. Variety reduction policy
9. Decline in market potential
10. Poor sales performance
11. Poor profit performance
12. Poor quality or design
13. Poor fit with company capabilities or strategic plans
14. Rationalization due to mergers and acquisitions
15. Poor fit with company image
16. Parent company decisions and policies
17. Change in exchange rates

To date, no effort has been made to examine for possible differences based upon the type of market served.

H1: The precipitating circumstances which necessitate a product be reviewed for possible elimination vary according to the type of market served by the firm.

Evaluation Factors

Decision-makers must assess the relative importance of those variables considered pertinent to that particular elimination decision. Early researchers attempted to identify a universal list of variables used to identify weak or poor performing products for possible elimination. Avlonitis (1984) noted that previous authors had isolated evaluation factors which were actually more appropriate for the identification of "weak" products and not the subsequent elimination/retention decision. As such, he believed those variables were more related to product audit situations than to the product elimination decision. Avlonitis (1984) isolated fifteen evaluation factors believed to be more germane to the elimination decision. This list of evaluation factors (to be used in this study) is presented below:

1. New Product Potential
 2. Product's elimination effect on sales of other products
 3. Product's elimination effect on customer relationships
 4. Product's elimination effect on profitability of other products via production overhead allocation
 5. Reallocation of capital and facilities to other opportunities
 6. Product's elimination effect on "full-line" policy
 7. Release of executive time spent on the product
 8. Existence of substitutes to satisfy the customer
 9. Product's elimination effect on the fixed and working capital
 10. Product's elimination effect on profitability of other products via selling overhead allocation
 11. Product's elimination effect on corporate image
 12. Competitive moves in case the product is eliminated
 13. Product's elimination effect on profitability of other products via distribution overhead allocation
 14. Product's elimination effect on employee relationships
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1. Organized intervention (i.e., trade unions)

Greenley and Bayus (1994) examined the differences in tools used and method of information processing during the elimination between American and British manufacturing firms. To date, no effort has been made to

examine for possible differences based upon the type of market served.

H2: The types of information used to evaluate a product for possible elimination vary according to the type of market served by the firm.

METHODOLOGY

An "after-the-fact" or post-hoc analysis of recent product elimination decisions was conducted. The product itself had been eliminated with the focal point for the study being the decision-making process used to do so. A self-administered questionnaire was mailed to manufacturing firms selected from Dun and Bradstreet's Million Dollar Directory. The respondent was asked to provide the requested information as it pertained to that particular product elimination decision. Further, the lists of precipitating circumstances, evaluation factors, and elimination strategies were presented with response scales modeled from prior research.

Sample Composition

A total of 1,304 firms was randomly selected from the Million Dollar Directory's list of manufacturing firms (SIC 20-39) meeting the inclusion requirements for the study. The questionnaires were mailed during a one week period. One-hundred and eighty-five (185) completed questionnaires were received, yielding a 14.2 percent response rate. Of these 185 responses, 110 dealt with the elimination of an industrial product while the remaining 75 pertained to the elimination of a consumer product. No statistical differences were found between respondents and non-respondents in terms of their annual sales and number of employees.

PRESENTATION OF RESULTS

Precipitating Circumstances by Type of Market (Analysis of H1)

The respondents rated the relative importance of each precipitating circumstance on their particular product elimination decision of reference on a 5-point Likert Scale (1 = of little or no importance to 5 = extremely important). Mean responses were computed for each variable for two analysis groups: consumer products and industrial products. To test this hypothesis, a series of t-tests (means comparison) was conducted. The t-value and level of significance (p-value) for each

variable is provided in Table One.

Table One
Comparison of Precipitating Circumstances

Variable	Means	
	Industrial	Consumer
	t-statistic	p-value
A1 = Gov't policies and regulations	2.13	.97
A2 = Operational Problems	2.92	.16
A3 = Third-Party Decisions	2.34	.42
A4 = <u>Competitive Activities</u>	3.00	.05**
A5 = New Product Development	3.18	.37
A6 = Resources Required Elsewhere	2.95	.92
A7 = Problems with Raw Mat. and Parts	2.44	.36
A8 = <u>Variety Reduction Policy</u>	2.24	.01**
A9 = <u>Declining Market Potential</u>	3.17	.00**
A10 = <u>Poor Sales</u>	3.51	.00**
A11 = <u>Poor Profits</u>	3.40	.00**
A12 = <u>Poor Product Quality</u>	2.55	.01**
A13 = Poor fit with Corporate Strategy	2.85	.16
A14 = Rationalization due to mergers	1.55	.19
A15 = <u>Poor fit with Company Image</u>	1.79	.00**
A16 = <u>Parent company dec. and policies</u>	1.31	.00**
A17 = Change in exchange rates	1.29	.28

Analysis of the t-statistics and p-values reveals differences in the occurrence of eight of the seventeen precipitating circumstances (47%) based upon type of market served. Interestingly, all variables found to differ significantly all possess greater mean values for the consumer product group. Precipitating circumstances found to occur more frequently for consumer product marketers (i.e., cause a product to be reviewed for possible elimination) include: Competitive activities; Variety reduction policy; Declining market potential; Poor sales; Poor profits; Poor product quality; Poor fit with company image; and Parent company decisions and policies. H1 is moderately supported.

Evaluation Factors by Type of Market (Analysis of H2)

The respondents rated the relative importance of

each evaluation factor on their particular product elimination decision of reference on a 5-point Likert Scale (1 = of little or no importance to 5 = extremely important). Mean responses were computed for each variable for two analysis groups: consumer products and industrial products. To test this hypothesis, a series of t-tests (means comparison) was conducted. The t-value and level of significance (p-value) for each variable is provided in Table Two.

Table Two
Comparison of Evaluation Factors

Variable	Means	
	Industrial	Consumer
	t-statistic	p-value
B1 = New Product Potential	3.35	.70
B2 = Product's elimination effect on sales of other products	3.17	.52
B3 = Product's elimination effect on customer relationships	3.43	.57
B4 = Product's elimination effect on profitability of other products via production overhead allocation	2.95	.81
B5 = Reallocation of capital and facilities to other opportunities	2.87	.66
B6 = Product's elimination effect on "full-line" policy	2.69	.87
B7 = Release of executive time spent on the product	2.03	.94
B8 = Existence of substitutes to satisfy the customer	3.48	.11
B9 = Product's elimination effect on the fixed and working capital	2.33	.62
B10 = Product's elimination effect on profitability of other products via selling overhead allocation	2.38	.25
B11 = Product's elimination effect on corporate image	2.05	.07
B12 = <u>Competitive moves in case the product is eliminated</u>	2.32	.05**
B13 = <u>Product's elimination effect on profitability of other products via distribution overhead allocation</u>	2.13	.05**
B14 = Product's elimination effect on employee relationships	1.85	.40

B15 =	Organized intervention (i.e., 1.22 trade unions)	1.43 1.89	.06
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Analysis of the t-statistics and p-values reveals only minor differences in the relative importance of evaluation factors when considering the type of market served. Evaluation factors found to be of greater relative importance in consumer markets include: Competitive moves in case the product is eliminated; and a Product's elimination effect on the profitability of other products via distribution overhead. All other variables show no differences in relative importance within consumer or industrial markets. It appears that the evaluation factors used to determine whether to eliminate or retain a product are relatively consistent among all manufacturing firms examined in this study. While differences were thought to exist based upon the type of market served, this is clearly not the case. As such, H2 cannot be supported.

SUMMARY AND CONCLUSIONS

This study examined the possible influence of the structural differences between consumer and

industrial markets (collectively) on the product elimination decision-making process. Though intuitively attractive, the type of market served appears to have only modest influence on the elimination decision. While slight differences may exist in the elimination decisions for consumer and industrial products, a further division of the types of markets may be needed to identify more specific differences based upon operating environment.

Collectively, a core group of precipitating events tends to occur for all firms. Within this group, however, the items occurring most frequently (approximately 50% of variables) do so with even greater frequency in consumer markets. Further, a core group of evaluation factors tends to be given greater relative importance for all elimination decisions. Finally, deleted items tend to be phased-out immediately. Though many factors influence the firm's decision-makers, there exists a great deal of similarity in the product elimination decision-making in the American manufacturing firms examined in this study.

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DESIGN: AN IMPORTANT COMPETITIVE WEAPON

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ABSTRACT

This paper discusses design as a competitive weapon. Design is part of any physical product and good design can be a key to product success. There are indications that business has grown increasingly aware that design sells and that design will be a key competitive weapon of the 90s.

INTRODUCTION

Every student in Introduction to Marketing soon learns the concept of the marketing mix and that the product is one of the 4 Ps along with promotion, price, and place. The student is also taught that each element of the marketing mix is critical to overall success. When studying the product component of the marketing mix, he/she learns that design is a part of the product and that products have life cycles. The product life cycle concept suggests that products eventually decline and that firms cannot succeed in the long-run without continuing to develop new products.

Since design is part of any physical product, good design can be a key to product success, i.e., and important competitive weapon. A good design attracts consumers to a product, communicates to them and adds value to the product by increasing the quality of the usage experiences associated with it (Bloch 1995). Good design may, in fact, not only make a specific product more successful, but may make it a classic which in effect can greatly extend its life cycle.

In the 1970s and 80s, U.S. firms were losing their competitiveness in the world market. Products were experiencing strong competition from Japanese and European firms. Recently, there has been a strong movement toward total quality management (TQM) on the part of many U.S. firms as quality has become a strategic weapon (Raynor 1992; *Business Week*, November 30, 1992, pp. 66-75). The TQM movement with its emphasis on total quality has contributed to a stronger emphasis on design quality as the two are closely linked. There are indications that business has grown increasingly aware that design sells and that design will be a key competitive weapon of the 90s. This recognition is so strong that it is being predicted that design will be to

the 90s what finance was to the 80s and marketing to the 70s (Sisodia 1992).

DESIGNERS' AND PRODUCT DESIGN

Design is a part of every product, but the extent to which business has utilized skilled internal or external product designers has varied. In 1915, Walter Gropius wrote,

"As long as things are going well for the industrialist or craftsman, that is, as long as he finds a market for his goods, no matter what sort of quality they may be, he will not consult the artist. But when he does, when things are going badly for him, he seeks him as he would seek the devil to sell his soul, determined to do anything to fill his threatened purse" (Pearce 1991, p. 8).

Gropius' cynical assessment is borne out by the evidence that some of the most intense moments in design history have occurred when industry was hard pressed to sell its products, e.g., Germany in the twenties, Britain and Italy immediately after the war, Japan in the late fifties and early sixties, and the U.S. during the depression (Pearce 1991).

The father of U.S. industrial design was Norman Bel Geddes, a graphic artist and theatre designer who opened the nation's first industrial design office in 1927. Within five years he had produced a range of ambitious design projects as well as writing the first major book on industrial design, *Horizons*, which was published in 1932 (Pearce 1991).

Henry Ford had been obliged to drop his "any color so long as its black" axiom in response to competition introducing color and to bring out the "designer" Model A in 1927. This belated recognition of design has been described as the most expensive art lesson in history (Pearce 1991).

Once it had seen the light, American industry embraced design with a fervor. Although there was no established industrial design profession, one quickly emerged, its members drawn from architecture, engineering, graphic design and advertising (Pearce 1991). In the 1930s, designers loomed as large in America as the industrial grants who hired them. Such men as Raymond Loewy, Walter Darwin Teague, and Henry Dreyfuss helped make U.S. design an beacon for the world. They made their mark with bold designs for everything from zippo lighters, coke bottles, and bullet-shaped locomotives to John Deere tractors and Greyhound buses (*Business Week*, December 3, 1990, p. 131). Probably the most important early female product designer was Anne Swainson who headed Montgomery Ward's Bureau of Design from 1931-1955 (*Interiors and Sources* May/June, 1993, p. 20).

Loewy solicited clients with the slogan, "Between two products equal in price, function and quality, the better looking one will outsell the other." By proving their credentials in the market place, designers gained credibility which in turn allowed them more autonomy. Not only were their designs shaping their age, providing a sense of identity and confidence which was celebrated in machine age art; but they were also working toward the future, and evidenced by the contributions of Geddes, Dreyfuss, Teague, and Loewy to the 1939 New York World's Fair, which was, in reality, a design exhibition (Pearce 1991).

Perhaps Gropius' cynical assessment that business only looks to design when it cannot sell its products helps to explain why design was not given the highest priority for many years and why we have seen a growing interest in recent years. In the 1940s, with the war effort and product shortages, business had little trouble selling its products. The 1950s and '60s were growth decades and generally good years for U.S. firms—products sold well both domestically and internationally. The 1970s were not a great growth decade, but American products still competed rather favorably throughout the world. "By the 1980s, Europe and Japan were coming on strong while American companies became mired in marketing gimmicks and financial gamesmanship" (*Business Week*, December 3, 1990, p. 131).

In the last few years, U.S. firms seem to be rediscovering design. A 1990 *Business Week* (December 3, p. 131) article stated that "there are signs that the design message is catching on." It also stated that, "good design is much more than just a stylistic flourish—it's a

competitive weapon." A 1991 *Business Week* (June 17, p. 62) article reported that "Recently, business has grown increasingly aware that design sells. U.S. companies, in particular, are rediscovering that good design translates into quality products, greater market share, and heftier profits." Other publications in 1991 were also touting the selling power of design (e.g., *Contract Design* July 1991; and *Fortune* March 11, 1991). NEOCON 23 (1991), which is one of the most important design conferences in the world, stressed the importance of design in today's global marketplace. Speakers such as Henry Greenwald, former editor-in-chief of TIME, Inc., and David Gergen, editor-at-large of *U.S. News and World Report*, and business executives from NIKE, ITT Sheraton, and Tiffany all emphasized the primary role that design will play as the U.S. moves into the 21st century. A 1992 *Business Week* (June 8, p. 52) article stated "a product renaissance is afoot that may rival the Japanese and European surges of the '70s and '80s." "We are witnessing the appearance at long last of design maturity on the part of American industry." The *Journal of Business Strategy* (Sisodia 1992) carried an article "Competitive Advantage Through Design" in its November/December issue. A recent *Business Week* (June 7, 1993, p. 54) article stated that "Leveraging the power of design is one of the hottest strategic games being played today . . . smart companies are making industrial design one of their core competencies and are using it to drive their entire product-development process. . . . In fact, design could emerge as the discipline that brings together the myriad parts of the modern corporation." European companies are also using design as a competitive weapon (Gee 1993), and a White House Council on Design has even been proposed (*Wall Street Journal* April 18, 1994).

A 1995 *Business Week* (June 5, p. 88) article stated that "where companies once treated designers simply as creative "talent," used on a short-term basis, they are now hiring design firms for complex development work once done in-house. According to Curtis Bailey, President of a Chicago based design firm, "Ten years ago, designers were designing products for themselves, to be artistic statements. Today, we are combining designing with engineering and research to focus on market viability" (*Business Week*, June 3, 1996, p. 72). All of this is pushing industrial designers into the role of product innovation suppliers to Corporate America. Design is becoming much more strategic (*Business Week*, June 5, 1995). *Business Week* (June 3, 1996, p. 70) indicated that "the cutting edge of design may be moving back to the U.S." American design firms are pioneering a major

shift from designing a single product to designing the whole process of product innovation and development for corporate clients. So strong are American design firm's in the global market place that Asian and European firms are turning to them for work (*Business Week*, June 3, 1996, pp. 70-71).

IDEA AWARDS

One measure of product design is the Industrial Design Excellence Awards (IDEA) which are sponsored by the Industrial Designers Society of American and *Business Week*. Awards are made to companies and to design firms working with companies. The companies winning the most awards from the beginning in 1980 have been primarily in the automotive (GM 21, Chrysler 13), computer (NCR 21, Apple 19, IBM 16) are furniture (Steelcase 19, Herman Miller 14) industries (*Business Week*, June 3, 1996, p. 72).

Five design firms (IDEO 43, ZIBA Design 34, Fitch 25, Frogdesign 22, and Design Continuum 21) have won more than 20 IDEA awards and another five (Lunar Design 18, Hauser 16, Ambasz Design 12, Group Four 11, and Henry Dreyfus Associates 11) have won between 10 and 20 awards (*Business Week*, June 3, 1996, p. 72). IDEO, the biggest overall winner from 1980-96 is the result of a merger of three firms, and is an example of some of the consolidation occurring in the product design consulting business.

It appears that design consulting firms are enjoying success and attention unparalleled since the 1930s. Hartmut Esslinger, founder of Frogdesign, (he prefers a small f), has become the most influential designer on the American scene since Raymond Loewy in the "30s (*Business Week*, December 3, 1991, p. 131). While probably the most famous design principle, "form ever follows function," goes back to Louis Henri Sullivan in 1896 (*Business Week*, October 4, 1993, p. 59), and while Loewy had his "never leave well enough alone" philosophy, Esslinger has his own credo: "form follows emotion." With miniaturization and digital electronics, he doesn't believe that form necessarily has to follow function anymore. Frog products don't have a single, recognizable look. Esslinger is not the father of any identifiable design movement. What does define Frog is attitude, a bold-faced appeal to the emotion of a device's role (*Business Week*, June 7, 1993, p. 54).

Norman Bel Geddes in *Horizons*, the first major book on industrial design, published in 1932 defined the

designer's role and methods. He listed an analysis of the design objective—the intended function of a product, the way it is made, sold and serviced—as well as a study of the manufacturers capacity, competitors' products, and the conducting of extensive market research. A *Harvard Business Review* (1990) pictorial section on "The Art of Product Design," included the following statement.

"Design today is taking on a new definition that includes overall product integrity as part of the product. The design of the product is the function: the two cannot be separated. Just as product quality must be built in from the very beginning, product integrity must be designed in at the very first stage. The results are products that function more effectively, yet look like they were designed merely for appearance."

William MacElroy, a product designer refers to this as designing products with "visual intuition" (MacElroy 1991). One lesson learned from the 1992 IDEA winners is that designers must increasingly speak the language of engineering, marketing, and manufacturing. Successful design requires that these experts team up to find out early on, for example, what shape can be created in what type of molding using what type of plastic. In the past, designers were often called in late in the process to supply a pretty package for a product that was essentially finished. The designer's contribution was largely aesthetic (*Business Week*, June 8, 1992, p. 54). The *Business Week* (June 7, 1993, pp. 54-78) article, "Hot Products: Smart Design is Common Thread," recommends procedures for managing for design success today. It suggests that the customer be the focal point, and that the designer be involved in working with all areas from the beginning of product development.

SUMMARY AND CONCLUSIONS

While American industrial design and industrial design consultants played a very important role in the 1930s, design then seemed to receive less emphasis for many years. Recently, there has been a renewed interest (some would even call it a renaissance) in using design to develop more competitive products. Some firms are making design one of their core competencies and are using it as a strategic weapon to generate winning products. Apple's PowerBook computer, Gillette's Sensor razor, Reebok's Pump sneaker, Motorola's MicroTac cellular phone, Chrysler's LH cars, and IBM's Think-Pad notebook are all wild commercial successes. The Sensor, Pump, MicroTac, and LHs are all on their way to becoming billion-dollar sellers; PowerBook and ThinkPad are already there. The one thing they all have in common is smart industrial design (*Business Week*,

June 7, 1993, p. 54). Empirical studies have shown that an additional dollar spent at the design stage leads to an average of \$47 in incremental profits downstream (Sisodia 1992). And, according to the Industrial Designers Society of America, the average company

realizes sales of \$2500 for every dollar spent on design and the average increases to \$4000 for companies with revenues over \$1 billion (Sisodia 1992). These figures and examples strongly support the thesis that design is an important competitive weapon.

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The Use of Promised Non-Monetary Incentives to Increase Survey Response Rates in a Non-Traditional, Not-for-Profit Environment

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ABSTRACT

The study investigated the use of promised non-monetary incentives by a not-for-profit organization to increase survey response rates using a convenience sample and a "handout - mail back" distribution and collection system. The results of the study indicate that promised non-monetary incentives did not significantly influence total response rates over the no incentive group. However, the speed of response was positively influenced by the use of promised non-monetary incentives.

INTRODUCTION

Having current information about your customers wants and desires is fundamental to the long term success of any organization. One way of gathering such information is through the use of surveys. Unfortunately, getting an adequate response rate to a survey, for a variety of reasons, has become more difficult. Due to the problems in achieving acceptable levels of response, researchers have investigated a number of techniques intended to increase response rates. As a result of these investigations survey researchers may in many cases, positively influence survey participation. Optimizing survey response rates should be an objective for any organization considering conducting a survey. Time savings, accuracy of results and cost savings are among the important benefits derived from this endeavor. One area that has been extensively investigated is; the effect of monetary and non-monetary incentives on response rates in mail survey research.

PREVIOUS RESEARCH

Over the years, researchers have experimented with a variety of methods aimed at increasing mail survey response rates (Kanuk and Berenson, 1975; Linsky, 1975). When using mail surveys it is generally agreed that incentives increase survey response rates (Church, 1993; Yammarino, Skimmer and Childers, 1991; Furse and Stewart, 1984). Research also indicates that promised incentives have less impact upon response rate

(Church, 1993; Hubbard and Little, 1988; Yu and Cooper, 1983; Furse and Stewart, 1982) than prepaid incentives. The research also indicates that, while both monetary and nonmonetary incentives increase survey response rates, the use of prepaid monetary incentives tends to be more effective than enclosed nonmonetary incentives (Church, 1993).

THE PROBLEM

Although research on the use of incentives to increase mail survey response rates has become commonplace, research on the use of incentives to increase response rates using other surveying methods is much less common. Additionally, while the use of incentives to increase response rates is a well accepted practice for the typical for-profit business, it is still uncommon and not widely accepted in the not-for-profit community. While public sector organizations have similar needs for timely, accurate, cost effective information as private sector organizations, their flexibility and frequently their resources limit their options. Not-for-profit or "charitable" organizations occupy a unique position in the public eye. Since these organizations depend on "public" money or donations, we, the general public, tend to be more critical of their expenditure. Since they are spending "my money" they have to be careful that their actions are not viewed as wasteful or ill advised (Garland, 1992). Due to this concern and the fact that effectiveness has been demonstrated in a limited number of situations, not-for-

profits have been hesitant to use economic incentives in an effort to increase survey response rates.

Still the need for understanding the market is as urgent for the public sector, as it is for the private sector. Therefore, a better understanding of the use of incentives in different environments is needed.

In this pursuit, the investigators were interested in exploring the effectiveness of non-monetary incentives in increasing response rates in a convenience "handout - mail back" survey conducted by a not-for-profit organization.

THE STUDY

The study differed from previous studies, looking at the use of incentives to increase survey response rates in a variety of ways. The organization sponsoring the customer satisfaction survey was a not-for-profit zoo in a mid-sized midwestern city. Due to severe budget constraints the sample was a convenience sample of exiting patrons. Participants were randomly assigned to one of three groups; a no incentive group, a \$1.00 off on future in-house transportation group, and a lottery chance at a free membership group. Both the incentive groups were "promised non-cash incentives." Due to concerns discussed earlier in the paper, no prepaid cash or non-cash incentives were used. The convenience sample participants were handed the survey and instructions and asked to mail back (postage paid) their response. Because time was tight, a time deadline was specified in the cover letter/instructions for both incentive groups.

RESULTS

The response rate results for the study are shown in Table 1 and summarized in Figure 1. Results show there is no significant difference between the total response rate of the three groups. The three incentive groups had response rates between 18 and 20 percent after 21 days. Examining the differences between the average speed of response between the three groups using ANOVA (Table 2) and Post Hoc tests (Table 3 and 4) reveal that the no incentive group has a slower average response time than the two incentive groups. Table 1 and Figure 1 show that for days three through seven the incentive groups have a higher response rate than the no incentive group, but that by the fourteenth day differences between the three groups begin to diminish, and by the twenty-first day no statistical difference exists between the total group response rates.

Differences exist between the three incentive groups on a cost per response basis. Table 5 reveals that the costs per response are \$2.43, \$3.76 and \$5.02 respectively for the no incentive, coupon and membership groups. The increased cost of the incentives are not associated with a statistical difference in the response rate after twenty-one days between no incentive and incentive groups.

DISCUSSION

For this study, the use of incentives did not significantly increase response rates for a customer satisfaction survey using a convenience sampling procedure. However, the use of incentives increased the average speed of response over the no incentive group. Incentives increase the cost per response by 55 - 106% over the no incentive group. Therefore, if speed of response is critical and especially if responses are needed within four to seven days, the use of an incentive may be warranted in spite of their additional costs.

As already indicated, there was no significant difference in the response rates between the incentive groups and the no incentive groups after 21 days. While previous research indicates that promised incentives are not as powerful as prepaid incentives, most research suggests at least a modest increase in response rates. Furthermore, the overall response rate was low. The low response rate may have been the result of the convenience "handout - mail back" sample although, the fact that the convenience group selected was exiting patrons and one might have expected a higher level of involvement with the survey than a randomly selected or census population.

FUTURE RESEARCH

The question of the use and effectiveness of incentives for improving survey response rates by not-for-profit organizations is still a cloudy issue. More research needs to be conducted looking at the use of prepaid incentives by not-for-profit organizations on response rates and at the same time, be sensitive to the concerns of the public institution's unique situation. Additionally, further the investigation is warranted looking at the influence of "time hurdles" and their impact on survey response.

Table 1

Cumulative Response Rate by Incentive Group

	No Incentive	Coupon	Membership
Days to respond	Cumulative Response (Percent)	Cumulative Response (Percent)	Cumulative Response (Percent)
1	1 (0.7%)	1 (0.7%)	1 (0.6%)
2	30 (22.0%)	41 (30.4%)	37 (23.7%)
3	46 (33.8%)	74 (54.8%)	70 (44.9%)
4	67 (49.3%)	93 (68.9%)	104 (66.7%)
5	82 (60.3%)	106 (78.5%)	119 (76.3%)
6	93 (68.4%)	113 (83.7%)	129 (82.7%)
7	105 (77.2%)	120 (88.9%)	134 (85.9%)
8	110 (80.9%)	122 (90.4%)	137 (87.8%)
9	116 (85.3%)	126 (93.3%)	144 (92.3%)
10	119 (87.5%)	129 (95.6%)	145 (92.9%)
11	121 (89.0%)		
12	122 (89.7%)	132 (97.8%)	149 (95.5%)
13	125 (91.9%)	133 (98.5%)	151 (96.8%)
14	127 (93.4%)	134 (99.3%)	152 (97.4%)
15	130 (95.6%)		
16	131 (96.3%)		154 (98.7%)
17	133 (97.8%)	135 (100.0%)	
18			
19			155 (99.4%)
20	134 (98.5%)		156 (100.0%)
21	136 (100.0%)		
Total	136 (18.1%)	135 (18.0%)	156 (20.8%)

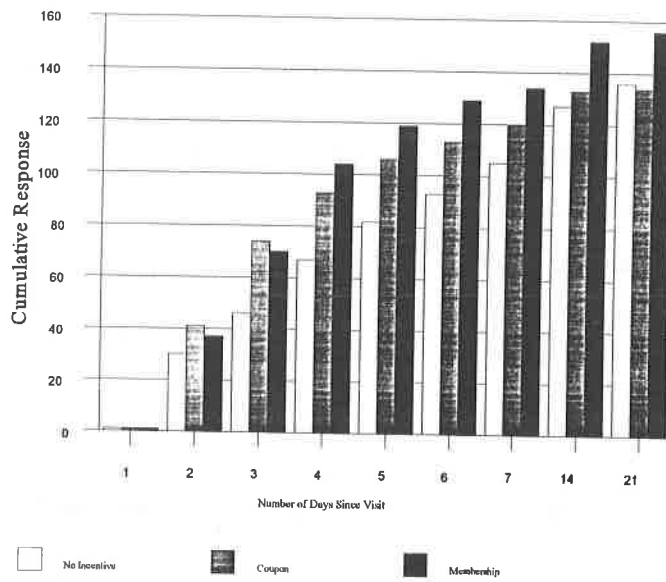


Figure 1 Cumulative Response Rate by Incentive Group

**Table 2
Analysis of Variance Results for Average Speed of Response by Incentive Group**

Source	D.F.	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	2	189.5399	94.7699	7.5967	0.0006
Within Groups	424	5289.4906	12.4752		
Total	426	5479.0304			

**Table 3
Confidence Intervals for Average Number of Days to Respond by Incentive Group**

Group	Count	Mean	Standard Deviation	Standard Error	95 Percent Confidence Interval for the Mean	
					Lower Limit	Upper Limit
No Incentive	136	5.8676	4.2649	0.3657	5.1444	6.5909
Coupon	135	4.2519	2.8382	0.2443	3.7687	4.7350
Membership	156	4.7051	3.3644	0.2694	4.1730	5.2372
Total	427	4.9321	3.5863	0.1736	4.5910	5.2732

Table 4
Post Hoc Tests for the Average Number of Days to Respond by Incentive Group¹

Mean	Group	No Incentive	Coupon	Membership
5.8676	No Incentive			
4.7051	Membership	*		
4.2519	Coupon	*		

(*) Indicates significant differences which are shown in the lower triangle

Table 5
Selected Research Costs Per Response by Incentive Group

Group	Printing and Postage	Incentive and Postage	Total Selected Costs	No. of Respondents	Cost Per Response
No Incentive	\$330.00	\$0.00	\$330.00	136	\$2.43
Coupon	\$330.00	\$178.20	\$508.20	135	\$3.76
Membership	\$330.00	\$453.20	\$783.20	156	\$5.02

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¹Post Hoc Results for LSD, Student-Newman-Kuels and Scheffe Tests were identical.

COMPUTER-BASED INTERACTIVE ADVERTISING COMMUNICATIONS: A PROPOSED MODEL

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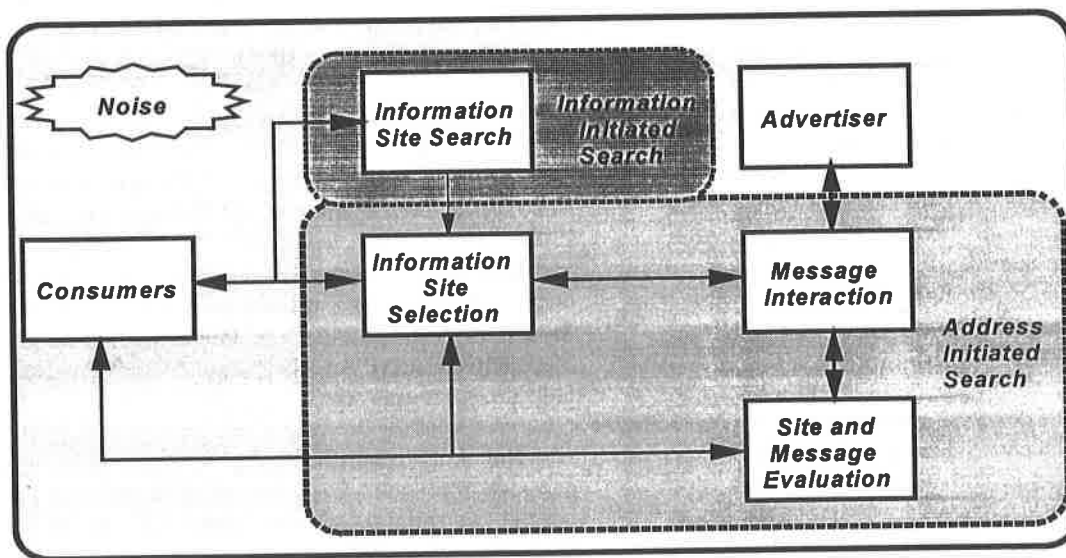
ABSTRACT

The traditional advertising communications model assumes a linear dissemination process. The message is sent by a source to a receiver, or audience. The receiver's role is a relatively passive one. The message is sent through a mass communications medium, such as radio, TV, or magazine publication. This traditional linear approach is inadequate for explaining the computer-based interactive advertising communications process.

With computer-based communication, advertising messages must first be found on the Internet. Information, or advertising, locations, known as sites, are reached via commercial services. The search for the appropriate information site can be the result of different types of searches and different access paths. Specifically,

the search might be initiated for the purpose of finding information, either for the particular product, or for any item of interest. Alternatively, the access route to the advertisement may be through a known address that allows the user to proceed directly to the site.

The proposed model recognizes these multiple search types and an expanded role for the receiver. The consumer is shown as the initiator of the communication process. There are separate steps for site search, site selection, and message interaction, rather than the simple depiction of this step as suggested by the traditional model. Evaluation of the advertisement includes both site and message considerations. Environmental noise is also recognized in this model. The model proposed in this paper seeks to address some of the major operational and conceptual communications issues faced by the users of the interactive computer-based advertising environment.



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Marketing With Interactive Multimedia Kiosks

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ABSTRACT

Interactive marketing has escalated in recent years, including interest in interactive multimedia kiosks. The authors provide examples of how interactive multimedia kiosks are being utilized by marketers today. They summarize the benefits kiosks offer to marketers as a communications tool, discuss critical implementation issues, and address the implications for marketers.

INTRODUCTION

Interest in interactive marketing exploded in the 1990s (even *Advertising Age* began featuring sections on interactive marketing), and organizations added New Media departments as they scrambled to keep up with changes that were thrust upon them by advances in technology and shifts in societal attitudes. The growth of the INTERNET, and use of the World Wide Web (WWW) in particular, insured that the marketing communication paradigm would be changed forever. The key to much of this change has been the emphasis on interactive communication. Consumers like the fact that they choose what information they access and the time at which they access that information (Zbar 1995).

This paper focuses on one form of interactive communication technology, the interactive multimedia kiosk (IMK). The authors provide examples of how IMKs are being utilized by marketers today, summarize the benefits IMKs offer as a communications tool, discuss critical implementation issues, and address the implications for marketers.

EXAMPLES OF INTERACTIVE MULTIMEDIA KIOSKS

IMKs are now common point of purchase (POP) communication vehicles and are used by organizations ranging from banks to colleges and universities. For example, last year, 15 colleges joined a one semester test market for an IMK named Ike (short for Interactive Kiosk Experience) that provides university related information as well as marketing content from American Express Travel Related Services, *The Wall Street Journal*, and Warner Music (Zbar 1995). The Ike kiosk provides coupons to students and tracks student responses to the

kiosk, thereby generating a database of students interested in the marketer's product (Zbar 1995).

Another example of an IMK that was created for the consumer market is the Cutty Sark Virtual Voyage kiosk. Hiram Walker & Sons hired Horizon entertainment to create the POP kiosk application to boost awareness of Cutty Sark scotch. After implementing the kiosk, the firm reported brand awareness to be at an all-time high ("Ad Age Names Awards Finalists" 1995). MovieLink, an interactive touch screen kiosk that sits in Sony Plaza in New York, is another high profile kiosk. Created for MovieFone, the MovieLink kiosk allows consumers to watch movie previews, read movie plots, find theatre locations, and purchase tickets via credit card ("Ad Age Names Awards Finalists" 1995).

Consumer marketers are by no means the only marketers using IMKs. Business-to-business marketing has been transformed by the use of IMKs at trade shows, since IMKs help exhibitors cut through the clutter (Cohen, 1995). Shell Chemical Co., Dow Chemical Co., and Automated Packaging Systems each had business-to-business IMK applications that made the list of finalists for the 1995 *Advertising Age* Interactive Media and Marketing Awards ("Ad Age Names Awards Finalists" 1995).

The Automated Packaging Systems IMK was designed to present a large amount of information and educate potential customers about the company's products (Cohen 1995). It was also designed to save money by reducing the company's marketing costs. The company's equipment is too large and too expensive to ship around the country to twenty trade shows each year. The IMK solved this problem, since the company could now use the IMK to show its products. In addition, the

IMK allows the company to buy smaller booths, thus reducing its marketing costs for trade shows.

The Shell Oil trade show IMK, designed to collect and manage customer leads and generate information on all Shell paint and coatings products, generated 50 percent more leads than usual ("Ad Age Names Awards Finalists" 1995; Cohen 1995). The IMK sent product literature requests directly to Shell's fulfillment house, so the requests were processed immediately. Therefore, customers had product literature waiting for them when they got back to their offices.

In summary, both consumer markets and business-to-business markets have tapped the potential of IMKs and are already reaping the benefits.

BENEFITS OF INTERACTIVE MULTIMEDIA KIOSKS

The marketing concept suggests that marketers should: 1) assess the wants/needs of the market, 2) satisfy those wants/needs, and 3) do so while attaining the goals of the organization. IMKs improve marketers' chances of successfully implementing the marketing concept because they allow marketers to collect information from potential target markets and communicate information that satisfies the wants/needs of the markets. More specifically, marketers benefit from interactive and flexible communications, reduced marketing costs, improved atmospherics, and enhanced message processing provided by IMKs. Following is a more detailed discussion of these benefits.

Interactivity

Traditionally firms have used a passive, one-to-many mass communication model that allowed only limited forms of feedback (Hoffman and Novak 1996). Today, interactivity has created a new communication paradigm. Information, provided in an interactive format: 1) draws in the consumer, and 2) engages the consumer. Both of these tasks are more difficult to accomplish with traditional communication vehicles and media formats. At the same time, IMKs allow the marketer to control, to some extent, the flow in which information is presented, thereby reducing some of the problems associated with many mass media communication formats.

IMKs can even provide benefits over WWW pages. IMKs provide a controlled environment and stable delivery platform. Alternatively, the marketer has no control over consumers' hardware platforms or

configurations when they access the organization's WWW pages. Thus, the marketer has no idea what the graphics will look like on any given consumer's computer, how or whether video will play, whether the consumer can access audio, etc. The IMK also eliminates worries about the speed of the cable delivering the WWW data, which can significantly affect performance.

As bandwidth in networked environments improves, however, it is likely that more and more IMKs will become part of the hypermedia computer-mediated environment (CME), connected directly to the WWW and including WWW hyperlinks (Hoffman and Novak 1996). The number of adults using the WWW tripled from 2.2 million in 1994 to 6.6 million in 1995, and the number of commercial host computers grew from 1.7 million to 2.4 million between July 1995 and January 1996 (Miller 1996). The strong growth in the number of users coupled with the growth in commercial host computers suggests that consumers are interested in tapping the potential of the WWW and that companies are investing in their presence on the WWW. Thus, IMK marketers will likely be among the first to utilize the hypermedia CMEs based on the many-to-many communication paradigm (Hoffman and Novak 1996).

Changing and Customizing the Communication Message

Another benefit of using IMKs as a communication tool is the ability to change information easily. New product or company data can be updated quickly, and the cost of changing the information is often minimal. Information originally created for an IMK can easily be repurposed and used again in another IMK or an alternative communication vehicle, thereby reducing overall marketing costs. Thus, the speed at which changes can be made and the cost of making changes provide advantages for IMKs over traditional communication tools.

It is also possible to customize messages for each target market. For example, one cosmetics company developed an IMK that marketed the same product in different countries around the world (Redmon 1995). Niche marketing can be implemented in ways that are not possible with mass communication tools, offering information customized for local markets and ethnic subcultures. IMKs can even be designed to accommodate more than one language, providing multi-lingual screens and media.

Atmospherics

In some cases, IMKs save consumers time and enhance atmospherics and the shopping experience, making the consumer more comfortable in a retail setting. IMKs often provide retail store maps, product information, and videos of products, all of which make it easier for the consumer to "experience the product" before the purchase and reduce perceived risk. For example, the Ike college IMK allows students to sample music from Warner divisions Atlantic Records, Warner Brothers Records and Elektra Entertainment (Zbar 1995). This risk reduction benefit of IMKs might be especially useful when marketing high involvement products.

Marketing Costs and Training

IMKs can stretch marketing budgets by saving money. In some cases, personal selling costs are reduced by installing IMKs that provide services to the consumer. In these cases, the savings to the company in reduced wages and benefits far exceed the costs of the IMK. These IMKs also provide consumers with an alternative to personal selling, allowing consumers to choose to avoid or reduce interpersonal communication in a sales transaction.

Training costs can be reduced by using IMKs. Salespeople at trade shows no longer have to be trained in as many product areas, since the IMK contains the necessary product information (Cohen 1995). Ironically, some organizations have found that the IMK itself becomes a training tool, since salespeople spend time with the IMK at trade shows and end up learning about the company's other product lines (Cohen 1995).

Message Processing

Unnava, Agarwal, and Haugtvedt (1996) found support for the hypothesis that imaging is a cognitive process that uses the same mental resources as perception. The implication is that when imaging and perception compete for the same resources, message elaboration and learning are undermined. IMKs can reduce this potential problem. IMK information is presented in multiple formats (images and text), but consumers can repeat exposure to the information as often as they wish; there is no externally imposed limit on the message processing time of the marketer's communication.

Any interference effects that occur due to competing cognitive resources can be reduced or eliminated with

IMKs by reducing the time constraint on message delivery. Unnava et al. (1996) note that when information is processed sequentially, the competition for cognitive resources can be resolved. IMKs do provide consumers the option of repeating the message presentation, which allows them to process the information sequentially. In addition, the use of externally generated multimedia images (those in the IMK) reduces the need to assist the consumer in the task of internally generating images (from text or graphics) through visual imagery.

Finally, Unnava et al. (1996) found that mutual interference between imaging and perception is modality specific. When the modality of the imagery and the presentation do not match, imagery is beneficial to learning. IMKs can be designed to provide imagery (e.g., graphics with high imagery provoking potential) in a different modality than another message (e.g., audio) simultaneously.

In summary, IMKs provide many benefits to marketers, improving their ability to implement the marketing concept. The interactivity and flexibility of IMKs provide major advantages over traditional communication tools, and the potential for IMKs to reduce marketing costs, improve atmospherics, and enhance message processing is of great interest to marketers.

IMPLEMENTATION ISSUES

Successful implementation of IMKs requires understanding the medium, its strengths, and its limitations. Following is a summary of some of the key implementation issues marketers face with IMKs.

Content

The single most difficult implementation issue is content. As with any other communication medium, the marketer must have clear objectives in mind and design the IMK to achieve those communication objectives. Ironically, the potential power of interactive multimedia can make the task of settling on the content overwhelming.

Coordination of Marketing Communication

IMKs should be treated in a manner similar to other forms of promotion and marketing communication. All elements of the IMK (company logos, content of video clips, content of text, graphics, etc.) should be consistent with the organization's or product's positioning

statement, promotion mix, and overall marketing mix. If the process of creating the IMK content becomes isolated from those people responsible for coordinating the organization's marketing mix, the results could be disastrous.

Location

The ideal location or placement of an IMK is dependent upon its function, degree of public access, and need for security. For example, information kiosks work best when placed in high traffic areas. Alternatively, kiosks that provide consumers with printouts or a tangible product often work better where the consumer has some sense of privacy. Realizing that traffic patterns shift over time, the marketer must recognize that the ideal placement of the IMK may vary over time.

Marketing Costs

The cost of the IMK technology can be a barrier, although costs of both the technology and the software capable of producing IMKs have fallen sharply. IMK development costs are more likely to be the issue, and those costs will vary depending on whether the project is done in-house or outsourced to a multimedia developer or integrated marketing communications firm.

Differences Among Target Markets

Designing an IMK that can serve multiple market segments presents challenges. One can imagine that the ideal Pepsi Cola IMK for grandparents might be quite different from the ideal Pepsi Cola IMK for a teenager. However, one can repurpose IMK media from one communication vehicle to another in order to reach multiple target markets, thus lowering overall marketing costs. Ultimately, the target market dictates whether the IMK is a viable communications vehicle.

Level of Interactivity

The degree or level of user control is a critical design issue, since the major advantage to an IMK is interactivity (Hobart 1995). Allowing too much interactivity can dilute the communication message. On the other hand, restricting navigation choices or overusing animations (e.g., advertisements) can interfere with the communication message and introduce noise into the communication channel. As a general rule, it is a good idea to provide some form of help on the Main Menu screen, although the necessary level of help depends largely on the sophistication of the consumer and the

actual content in the IMK.

Touch Screens and Input Devices

Using touch screens in IMKs eliminates the need for a keyboard. This is likely to increase the number of potential users, since those who type poorly or cannot type at all will avoid a keyboard device. While touch screen technology has become quite common, it is important to choose the correct technology for the IMK's user environment. For example, touch screens are available in capacitive overlay, force vector, guided acoustic wave, resistive overlay, scanning infrared, strain gauge, and surface acoustic wave technology (*Touch Handbook* 1993). Each technology has its advantages and disadvantages.

Eliminating the keyboard by using a touch screen does present a challenge, however, if the marketer wants to collect information or demographic data from the consumer. In those cases, magnetic card readers are one viable solution. Magnetic card readers allow the marketer to collect information regarding who is using the IMK and use the IMK for database and/or direct response marketing. Furthermore, card readers reduce data entry errors and save the consumer the time of entering in personal information. For example, it is possible to design an IMK that allows college students to retrieve transcripts and financial aid information, check course offerings, and make tuition payments simply by inserting their student identification card.

Other alternatives to keyboards are equally effective. For example, the Dow Chemical trade show IMK, which is designed to collect sales leads and provide product information, reads customer data from encoded trade show registration badges ("Ad Age Names Awards Finalists" 1995). The system produced a 100 percent increase in qualified sales leads ("Ad Age Names Awards Finalists" 1995).

Technical Design Issues

The IMK screens should follow basic design principles and the user interface should be intuitive (Hobart 1995). The focal point of each screen is critical, and objects must be placed on the screen with appropriate consideration to the optical center. The inter-relationship between text and graphics is also critical. For example, a Back to Main Menu button containing an arrow graphic conveys more information than a button only containing the text "Back to Main Menu."

The layout and graphic design for screens should be similar within categories or content areas. For example, in a Hardware Store IMK, the Hand Tools screens would employ a different layout than the Power Tools screens. Navigation controls should be consistent both in their behavior and placement on the screen. Failure to provide a clear, intuitive layout may lead to confusion and frustration for the consumer (Hobart 1995). When this happens, consumers can miss the communication message completely or experience negative emotions (such as nervousness or anxiousness) that could become associated with the product or company. To make the IMK effective, the design should de-emphasize the computer aspect of the IMK and provide the content in a quick and easy to use manner (Cohen 1995).

While screen savers are necessary from a functional standpoint (to avoid burned in screens), they can be designed to function as a marketing tool. If designed correctly, the screen will attract attention and entice the consumer to use the IMK. The screen saver can also serve as a standard promotion tool (running the company logo or an ad), since it is visible to those merely passing by the IMK.

In summary, successful implementation of IMKs requires that marketers address issues such as content, coordination of the marketing communication, location, marketing costs, differences among target markets, level of interactivity, input devices, and technical design issues.

IMPLICATIONS FOR MARKETERS

IMKs are viable communication tools and offer benefits to both consumer and business-to-business

marketers. In some cases, they may simply provide a better way to market products and organizations. In other cases, they can be used to supplement the organization's existing marketing communications. Marketers intent on reaching niches may find that IMKs provide the flexibility to reach specific target markets effectively. Regardless of the scope of the implementation, it is critical to involve those people who coordinate the marketing mix and promotion mix for the organization and its products.

Because large scale deployments of IMKs can require a significant investment, marketers must approach IMK investments as part of the overall communication budget. To keep costs down, organizations may want to partner with other organizations and share IMK development costs, equipment, and maintenance.

CONCLUSION

Consumer fascination with IMKs continues to be the rule rather than the exception, making IMKs a very effective tool for reaching potential target markets in both retail and trade show environments. Just how long IMKs will continue to provide a novelty effect is unknown. Advances in information technology continue to occur at astounding rates, providing new marketing opportunities and new communication vehicles. Therefore, marketers must continually reassess the assumptions and communication models they are using. Regardless of what changes lie ahead for marketers, using the right tool for the communication objective will still be the key to success.

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MARKETING CATHOLIC HIGH SCHOOLS IN THE ARCHDIOCESE OF CHICAGO

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ABSTRACT

The purpose of this research study was to identify the marketing strategies being used by Catholic high schools in the Archdiocese of Chicago, Illinois. This study also reports on the effectiveness of these strategies as perceived by the presidents or marketing managers of these schools

INTRODUCTION

The Marketing Catholic High Schools in the Archdiocese of Chicago study was conducted with the permission of Elaine M. Schuster, Ph.D., Superintendent of Schools and Sister Josephine Sferrella, Research Consultant for the Office of Catholic Education of the Archdiocese of Chicago.

This research study is descriptive and exploratory by nature. The purpose of this research study was to identify the marketing strategies and tactics being used by the Catholic high schools in the Archdiocese of Chicago. This study focused on the frequency of use and the effectiveness of those strategies as determined by the individual(s) responsible for the marketing of the high school as compared to institutional growth. The marketing strategies, overall marketing theory and application of theory to marketing Catholic high schools, were identified from a review of the literature.

According to Crispell (1993), high school enrollment is projected to increase by 25 percent between 1991 and 2003. This is a positive sign for Catholic schools on a national level hoping to increase their enrollment rates in future years. According to the Chancery Office of the Archdiocese of Chicago, the growth rate in the number of parishioners in the Chicago Archdiocese has been status quo for the last 15 years. The demographics have changed but overall growth has been stagnant. This has been somewhat offset by the recruitment of non-Catholics to attend these private, Catholic schools. Non-Catholics made up 19% of the Catholic school population in 1995. Catholic high schools need to be aware of the changing educational environment and adapt their marketing strategies accordingly. As the educational and competitive

environments for Catholic high schools change, many schools are looking for new methods of recruitment to attract potential students to their school. Catholic high schools have begun turning to practices that have helped them stay viable in competitive markets, namely better fiscal and enrollment management.

This study looks at the marketing being done at Catholic high schools and answers the questions of what strategies are being used and which strategies are most effective.

METHODOLOGY

Studies by Miklich (1984) and LaRocco (1991) were the basis of the research frame that was utilized in the research design and questionnaire development. A questionnaire was developed and forwarded to Sister Josephine Sferrella, Research Consultant for the Office of Catholic Education of the Archdiocese of Chicago, before distribution to the high schools. In June 1995, a mail survey with a cover letter from Dr. Elaine M. Schuster was sent to all 48 high schools in the 1994-95 Archdiocese of Chicago Office of Catholic Education School Directory. In July, a second mailing took place in which a duplicate survey was included and request for participation was made.

A response rate of 81.25 percent was achieved with 39 out of 48 high schools returning questionnaires. Respondents of these surveys were asked to evaluate the use and perceived effectiveness of the following 13 marketing techniques:

MARKETING PLAN: A written document which contains a diagnosis and prognosis, which lists objectives, strategies, tactics, and controls appropriate to

the school's marketing and recruiting goals for a given period of time.

MARKETING RESEARCH: The systematic design, collection, analysis, and reporting of data and findings relevant to the goals of the school.

MARKETING COMMITTEE: An institution-wide committee created for the purpose of evaluating the effectiveness of the current marketing activities and making recommendations where improvements can be made.

MARKETING CONSULTANT: A consultant hired to evaluate the effectiveness of current marketing activities and make recommendations where improvements could be made.

MARKETING MANAGER: A manager/director hired to monitor the effectiveness of current marketing activities and to implement strategies for effectively marketing the high school.

MARKETING SEGMENTATION: The dividing of populations of prospective students into groups based on geography, academic background, financial need and/or ethnic background, to be addressed by specific recruitment strategies.

DIFFERENTIATION: Features, qualities, or benefits of the school that differentiate that school's offerings from those of its competitors, e.g., price, class size, etc.

PRICING: The mix of cost, competition and demand to arrive at the price to be charged for the high school's offerings.

PERSONAL RECRUITMENT: The personal contact for the purpose of recruiting students. For example, recruiters making presentations to potential students.

SALES PROMOTION: Marketing activities other than personal selling, advertising, or publicity that stimulate student enrollment. For example, a display at a conference or informational literature (brochure) used in personal sales.

ADVERTISING: The placement of paid advertisements in the mass media which are aimed at prospective students.

PUBLICITY: News or promotional material placed in a publication without cost to the high school and meant to bring favorable attention to the school and its services.

DIRECT MAIL: Contacting prospective students through the mail using the format of a self-mailer, brochures and/or an informational letter. This proactive method involves sending a specific message to a carefully selected

list of names to initiate the recruiting process.

The marketing techniques were defined in the body of the survey instrument so as to ensure uniform understanding of the meaning of each technique. The

definitions were adopted from the LaRocco questionnaire and were updated to be applicable to high school marketing.

Each respondent was asked if the strategy was used, therefore providing a frequency of use and percentage of use. If used, the respondent was asked to rank the perceived effectiveness of this technique. The effectiveness scoring was recorded on a horizontal, numeric scale ranging from not effective to very effective. The effectiveness scale ranged from 0 to 5, with not effective given a score of 0 and very effective given a score of 5. Therefore, the higher the mean, the higher the perceived effectiveness. The marketing strategies survey was coded and summarized via the Statistical Package for Social Sciences (SPSS) software package. Cross-tabulations were run for each of the 13 marketing elements against the reported growth of each high school. Pearson's chi-square value with statistical significance at $p < .05$ level was used to analyze each case. Non-numeric descriptive questions in this research study were open-ended and hand-tabulated. The open-ended questions asked are the following:

Question 1. What is the title of the person responsible for the marketing and promoting of your high school?

Question 2. What is the title of the person responsible for recruiting potential students?

Question 3b. Please list the events that your high school hosts.

Question 13. Please list the three major features of your high school that are emphasized when recruiting potential students.

A sample of a frequency and effectiveness question appears below.

Marketing Plan:

is a written document which contains a diagnosis and prognosis, which lists objectives, strategies, tactics, and controls appropriate to the schools' marketing and recruiting goals for a given period of time.

Does your high school have a written marketing plan?

Yes _____

No _____ (go to the next question)

If yes, how would you rate its effectiveness at your high

school?
(Please circle appropriate number)

Not Effective						Very Effective
0	1	2	3	4	5	

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The research study revealed that all 39 of the reporting high schools were using some of the marketing strategies to enhance their institutions. The degree of usage varied greatly by school. The variance seemed to be based on the individual expertise of the "Marketing Director" and/or budget constraints of the institution. Fewer than half of the high schools have a marketing manager (36.8%), marketing consultant (39.5%) or have established a marketing committee (42.1%). In addition, only 56.4% have a written marketing plan.

The high schools are using the basic tools of marketing as can be seen by the high usage rates and percentages in Table 1. However, the lack of organization and planning indicates an inefficient use of these elements without direction, goals or synergy.

The traditional strategies of marketing are organized into four basic groups, commonly referred to as the "Four P's of Marketing": Product, Price, Place and Promotion. In high schools, the product is the institution and its offerings, price is the tuition rate, place is its location and promotion is how it communicates this information to its various publics.

The high schools are using promotional strategy more than any other element available to them. The definition of promotional strategy includes personal recruitment, publicity, advertising, direct mail and sales promotion. These elements were the top five strategies used by Catholic high schools in the Chicagoland area (Table 1). Clearly the study indicates that the marketing directors of Chicagoland Catholic high schools are by far using the communications arm of marketing more than any other strategies available them.

As illustrated in Table 1, one-third of the high schools are using all 13 of the marketing strategies appearing in the study. The most used marketing strategy (100%) was personal recruitment. This strategy was also ranked as the most effective with a mean effectiveness score of 4.051 on a 5 point scale. The high schools have

found something that works well in the recruitment of students and all of them are using it to attract students to their institutions.

Publicity was ranked as the second most used marketing strategy (97.4%). This element has historically been highly used by colleges, universities and other not-for-profit institutions because of its effectiveness and little or no cost to the users (LaRocco 1991 and 1993). Publicity is an excellent strategy to communicate ongoing activities and to keep an institution's name in the public's mind.

Advertising and direct mail tied for the third position on the usage table with 89.7% of the high schools using these elements. Both of these elements try to communicate to the potential student the benefits of an individual high school. The major difference between them is that direct mail is generally more focused on the target market than advertising. While both elements have high usage rates, when compared to the effectiveness (Table 2), the two vary drastically. Direct mail (3.686) is ranked third out of 13, while advertising (3.114) is ranked last. High schools are using a variety of traditional and contemporary media. The most highly used media was newspaper (94.9%) followed by specialty advertising and radio with 79.5% and 41.0%, respectively.

Ranked fifth overall in the usage was sales promotion with an 84.6% usage rate. This strategy has been used traditionally by admissions departments in the recruiting of students. This element also has a very high effectiveness rating (3.758) and was rated second overall by the schools in the study. Another highly used element was differentiation (82.1%) as defined in the survey as features, qualities, or benefits of the school that differentiates your school's offerings from those of its competitors. Many high schools try to find something special about their institution that will attract potential students, but the effectiveness of their efforts seems to be low when compared to the other marketing elements. Differentiation was listed as eleventh in effectiveness, with a 3.375 mean average.

Pricing was seventh in frequency with a usage rate of 59%, with twenty-three of the thirty-nine schools currently using pricing as a marketing tool to bring potential students into their institutions. The effectiveness of pricing as a marketing strategy was rated very low, twelfth out of thirteen with a mean effectiveness rating of 3.318.

TABLE 1

**FREQUENCY OF USE OF MARKETING STRATEGIES AND TACTICS
BY HIGH SCHOOLS IN THE CHICAGO ARCHDIOCESE
(N=39)**

<u>Strategy</u>	<u>%</u>	<u>Frequency</u>
Personal Recruitment	100	39
Publicity	97.4	38
Advertising	89.7	35
Direct Mail	89.7	35
Sales Promotion	84.6	33
Differentiation	82.1	32
Pricing	59.0	23
Marketing Research	59.0	23
Marketing Plan	56.4	22
Market Segmentation	56.4	22
Marketing Committee	42.1	16
Marketing Consultant	39.5	15
Marketing Manager	36.8	14

TABLE 2

**MEAN EFFECTIVENESS RATING OF MARKETING STRATEGIES
AND TACTICS USED BY HIGH SCHOOLS IN THE CHICAGO ARCHDIOCESE**

<u>Strategies</u>	<u>Mean Effectiveness</u>
Personal Recruitment	4.051
Sales Promotion	3.758
Direct Mail	3.686
Marketing Manager	3.615
Publicity	3.605
Marketing Plan	3.571
Marketing Committee	3.500
Marketing Research	3.478
Marketing Consultant	3.467
Market Segmentation	3.455
Differentiation	3.375
Pricing	3.318
Advertising	3.114

Marketing research and market segmentation are two elements which had median usage of 59.0% and 56.4% respectively, and a low effectiveness rating. These two elements usually go hand and hand. In order to understand and segment a marketplace, research is done to identify the needs of a subgroup or market segment. Once a segment is identified through

research, the high school would alter its communications or offerings to a chosen group. This can be costly and requires planning, marketing expertise and a commitment to change. The lack of formal planning and low usage rates of marketing managers could be a reason for the low rates in both usage and effectiveness.

Each high school was asked to select an orientation that best describes their institution. The five orientations were defined as follows:

PRODUCTION: Believes that the main goal of the high school is to produce and execute its programs as efficiently as possible.

PRODUCT: Presumes that the high school's main goal is to offer programs that are beneficial for its students.

SALES: Assumes that the main goal of the high school is to stimulate the interests of potential students in the high school's existing programs and services.

CONSUMER: Presumes that the main goal of the high school is to determine the needs and wants of students and to satisfy them through design, communication, pricing, and delivery of appropriate and competitively viable programs and services.

SOCIAL: Holds that the main goal of the high school is to determine the needs, wants and interests of its students and to adapt the high school to deliver satisfactions that preserve or enhance the students and Society's well-being and long-term interests.

The results showed that almost half (48.7) of the schools have a social orientation. This orientation looks at the needs, wants and interests of its students and is willing to adapt the high school in order to deliver satisfactions that preserve or enhance the student's and society's well-being and interest.

Ranked second was the product orientation, with seven schools, or 17.9%, using its philosophy, followed by consumer orientation with six schools, or a

15.4% usage rate. Sales was listed as fourth in usage (12.8%) and the production orientation listed last with a 2.6% usage rate. The evolution of these orientations in business has developed in the following manner:

Production + Product > Sales >
Consumer > Social.

Cross tabulations were run on each of the marketing variables vs. the reported growth of the high school. Statistical significance was set at $p < .05$. The use of a marketing plan was the only variable that showed statistical significance at that level (.00572). The P-Value is only approximate since the number of observations is small. There were 15 of 22 schools (68.2%) that used a marketing plan that showed an increase in growth, while only 3 of 17 schools (17.6%) that did not have a marketing plan showed an increase in students during the same time frame. The use of a marketing plan does positively impact the growth of high schools in the Chicago Archdiocese.

It is recommended that each individual high school compare their current marketing strategy with Tables 1 and 2. This comparison should highlight strategies that are being used by other high schools that the individual high school is not using. Also, a review of Table 2 will show what strategies are effective and should aid in the development of a marketing plan. It is highly recommended that each high school develop a marketing plan.

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SOCIAL RELATIONS IN CULTURE AND ADVERTISING

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ABSTRACT

Cross cultural differentiation is found to be an important variable in improving the effectiveness of the promotion function of advertising in marketing. Four cultures (Germany, France, US, and Japan) are compared and substantial differentiation of this function is required across cultures to generate effective marketing results. Rules and independence typifies German and French buyers. More flexibility and team consensus typifies US and Japan buyers.

INTRODUCTION

Increased interest in "culture" as an explanation for business practices has made study of "corporate culture" a growth industry for academics and practitioners alike (Peak et. al. 1985). Increasing integration of the world economy has led to an increasing literature on how to do business in a different cultural context (Douglas and DuBois 1977). These studies have been limited with only a few based on systematic cross cultural comparisons (Fisher and Taylor 1991), many between companies or managers in one or two countries. Only a handful of scholars have tried to develop a systematic framework for comparing the similarities and differences of various cultural patterns. Trompenaars (1992) developed a theory about "cultures of capitalism." Hofstede (1984) identified four (later five) dimensions that summarize cultural differences through a factor analysis. We lack a well-developed, systematic framework for analyzing the ways in which cultural patterns are likely to be manifested in specific social and business contexts. Hofstede has made systematic comparisons between national scores on his cultural dimensions and different social and economic indicators at the national level. However, there is no systematic theory that explains these linkages. We need a basis for extrapolating from Hofstede's global dimensions down to the probable realities of specific business relationships. Culture is defined as patterns of behaviors that are widely and uniquely shared by group members. "Behaviors" range from attitudes and values to overt actions. We only expect to explain how cultural patterns differ and not what they share in common. In this paper we develop a preliminary outline for a theory linking "patterns" of

behavior and specific business activities. We need to understand what types of social activities are most and least likely to reflect particular cultural patterns. We use this general framework to develop hypotheses about the impact of different cultural patterns on specific areas of marketing practices based on a re-conceptualization of Hofstede's cultural dimensions. People in business adopt the behaviors that make it easier to succeed in business. Success and failure are strongly influenced by the social relationships a manager has been able to develop with others in the organization. We look at how these national differences in the factors that shape social relations in different companies. This approach is substantially different than the usual psychological assumptions which assumed that cultural patterns reflect the personality patterns and basic social values, which shape social institutions and adult behaviors (McClelland 1963). This theory assumes values are adopted from behaviors originally adopted to meet situational requirements and is rooted in social psychology. Sociologists and organizational theorists have long been interested in the impact on social relations of differences between the participants in power and interest. Three relationship classes of interest are: friendship, power deference and bureaucracy which summarize one aspect of most social relations in the workplace. A fourth, people seeking friendship and status by defying authority, is not relevant for most business situations. Another aspect is level of commitment in making social relations. If commitment is low, people dance in and out of all types of social relations easily. If commitment is high, people are expected to make large investments in emotional energy in specified relationships and patterns. If this analysis is correct, it should summarize major effects of differences

in social context on the nature of social relationships. Given our assumption that differences in social context accounts for differences in cultural patterns, then close correspondence between the results and Hofstede's dimensions of culture should exist. Table I sets forth a comparison between Hofstede's results and this analysis which was based on a varimax rotation of an orthogonal structure from a mail survey of a large number of IBM employees in 79 countries looking to identify cultural differences in management style. To emphasize difference among the factors, variables loading .35 or better on more than one vector have been omitted.

The Relevance for Marketing

The usefulness of this approach is evaluated through the application of the theory to advertising in consumer marketing. The critical issue is to identify the effect of the cultural context on the nature of these attributes. Key assumptions in this evaluation are (1) cultural values reflect ways people adapt to frequently encountered patterns of social relationships, (2) people evaluate unstructured social situations in a way that provides them with a reasonable strategy for action; and, (3) people use the dominant set of social relations and associated set of cultural values as a basis for this evaluation. To generate more practical application from the cultural values/marketing paradigm, we need to differentiate the marketing mix cross culturally. We focus on advertising in consumer markets in four distinct cultures most representative of developed consumer markets: Germany and France (GRFR), United States (US), and Japan (JAP).

SOCIAL RELATIONS IN CULTURE AND ADVERTISING

To generate more practical application from the cultural values/marketing paradigm described on Table II, we need to differentiate the marketing mix cross culturally. The next section analyzes consumer markets-focusing on advertising for four distinct cultures: European Union represented by Germany and France (GRFR), United States (US), and Japan (JAP).

HOFSTEDE'S FACTOR STRUCTURE AND RELATIONSHIP TYPES

Individualism*	Level of involvement
Important to have a job that leaves you with sufficient time for your personal or family life	
Important to have considerable freedom to adopt your	

own approach to the job

Important to have work from which you can get a personal sense of accomplishment

Important to fully use your skills and abilities on the job

Not important to have good physical working conditions

Training opportunities not important

Masculinity* Collegiality

Important to have a good working relationship with manager

Important to work well with people who cooperate with each other

Important to live in an area desirable to you and your family

Important to have the security that you will be able to work for your company as long as you want to

Not important to have work from which you can get a personal sense of accomplishment

Not important to have an opportunity for advancement

Not important to get recognition you deserve when you do a good job

Not important to have opportunity for higher earnings

Power distance* Hierarchy

Employees are afraid to disagree with their managers

Superiors tend to make decisions in an autocratic manner

Subordinates do not want a consultative management style

Uncertainty avoidance* Bureaucracy

Agree company rules should not be broken, even in it's interests

Intend to stay with the company for longer than five years

Frequently feel tense or nervous on the job

CONSUMER MARKETS

Given advertising's importance in consumer marketing, we identify the cultural factors that affect advertising strategy: independence, rule adherence, and power leverage, across the four cultures. We differentiation among EU countries (German vs. France), for the buyers' evaluation of advertising. For a systematic analysis, we employ the Sheth model in this analysis (Sheth 1973). Choice of the Sheth model is measured, but, problematical. Several accepted consumer models (Bloch 1986, Wind 1983) with perhaps tighter linkage of psychological variables to buyer acceptance levels exist, but Sheth's model seems more powerful in relating the

broad range of multicultural factors to buyer behavior.

Independence. German buyers have a high independence trait (Block 1a driven by role orientation and life style which have a large influence on the determination of blocks 1 and 2 preference sets). This trait should be appealed to in advertising copy. Lufthansa's "Red Baron" campaign actually conveyed to German passengers the illusion of flying the plane to wherever they wanted (Malhorta, 1996). German buyers resist intrusion on their autonomy. For example, the "sick politics" movement—a term used to describe the unwarranted influence of German extremist groups—prevailed despite the admonishments of the German media. However, German buyers will entertain less autonomy if presented in a logical, orderly way. When the German media switched from admonishments to logical, good citizen reasoning, the movement lost steam (*Zeitschrift für Politik Und Wirtschaft*, June 12, 1994). Germans possess an anti strong relations attitude. The role orientation driver in Block 1a largely determines the preference sets in block 1-buyer expectations. Their privacy penchant and indifference to neighborliness show up in the contrast between German beer ads—usually sans persona vs. U.S. ads showing multi persona in social situations (Ackoff and Emshoff 1975). French buyers have a high independence trait, but if protection of something French is at stake, advertising copy suggesting Gallic interdependence will work. This process may be depicted in Sheth's model by block 1b-info sources driving block 1d-perceptual distortion which affects block 1-buyer expectations. The French agricultural board's campaign against GATT actually conveyed to urban French buyers the illusion of vegetable prices doubling in 6 months, thus threatening that perennial social event—tri-weekly shopping (Barnard 1994). French buyers resist intrusion on their autonomy unless it is done with cleverness and style (block 1a driven by role orientation and life style largely determines the preference sets in blocks 1 and 2). For example, Dubonnet dented the French masculine everything under control ego so wittily with the inebriated testimonial that sales rose 20% within the first two weeks of the ad campaign (Abratt 1985). German buyers will entertain less autonomy if presented in a logical, orderly way. When the German media switched from admonishments to logical, good citizen reasoning, the movement lost steam. The French resist dependence unless romanticized (again, block 1b-info sources driving block 1d-perceptual distortion which affects the preference sets in block 1-buyer expectations). Unlike in Germany, neighborliness will work if it is among colleagues (Stern 1992). U.S. buyers are more open to dependent and intrusion on autonomy (block 1a

driven by role orientation and life style). They will entertain suggestions of strong relationships and gender parity that would not be accepted in GRFR, Japan, or LDC's (Sullivan and O'Connor 1985).

Rule Adherence. German buyers' penchant for facts and order instilled a need for objective quantitative information in ads. Blocks 1a,2b, and perhaps 2a, i.e., more risk aversion to advertising, dominate 1d-to minimize perceptual distortion's impact on blocks 1 and 2. Longer TV ads with more difficult copy, are required which are sometimes precluded by cost. Therefore, more use of print media is necessary. In both media, the emphasis must be more on facts and less on style. Also, never depict the rules being bent, i.e. minimization of 1d by the dominance of 1a, 2b and perhaps 2a (Parker and Churchill 1986). French buyers have a moderate need for facts, but rely more on style and subjective, aesthetic appeal in ads. Somewhat reversing the German factor influences, block 1a-driven by lifestyle, dominates 2a and 2b. Depicting the bending of rules is acceptable, if it is clearly satire, whereas, in Germany, even satire would not be accepted. Opinion leaders make effective ad copy because of the deference of top managers in business and government in France. Seth's model might explain this situation in block 3 where, in France, bargaining power dominates conflict resolution. As in selling, reaching the decision maker directly maximizes the chance of a sale, and, his/her opinion via word-of-mouth will increase an ad's effectiveness, i.e., autonomous decisions driving block 3. U.S. buyers are similar to the French. Facts are important, but style and presentation play well. U.S. buyers are more open and sharing of information which supports a broader based diffusion of advertising messages. Depicting bending the rules works well in the U.S. only if it results in winning. It has become acceptable to demean the family patriarch, i.e. "Married with Children" in top 6 Arbitron ratings, but this value may meet resistance if the family values movement strengthens (*Advertising Age*, 1994). Japanese buyers adhere to rules unless the work group consensus on rules shifts—dominance of block 2b in determining blocks 1 and 2 preference sets. Therefore, never depict rules bent unless work group is shown to be unanimous and the boss shown to be in agreement. Family ads should be patriarchal (Hartley 1995).

Group Harmony. This value is emulated by ads consistent with peer/friend buying decisions. German buyers must have extreme dissonance to upset work group harmony. Sheth's model might explain this situation as block 2b dominating 1a and even block 4-situational factors, except in the face of an extremely divisive issue such as

a major labor dispute. Therefore, use of aspirational reference work group settings relating to a work rule or organizational goal works better than appeals to conform to the neighbors. German's are indifferent to neighborliness, but not to being good corporate citizens (Killough 1978), i.e. block 2b dominates determination of blocks 1 and 2.

French buyers are less group harmony driven. Blocks 1a and 4 will dominate 2b in determining blocks 1 and 2 preference sets. Therefore, it takes less dissonance vs. German buyers to get a change. Ads portraying the power of the decision maker and his/her network of managerial equals in emulating a group harmony norm as a result of the power figure buying a product can be effective, i.e. block 3 dominating 2b (Trompenaars 1992).

U.S. buyers are even less group harmony driven. Block 1a dominates 2b. Ads portraying either the power of the decision maker or non-manager buy decision (block 3 dominate) can be effective (Abratt and van der Westhuizen 1985). Japanese buyers adopt ideas with minimum dissonance when the ad context is work group situated (block 2b dominant). Some individual differences, (i.e. non-harmony with block 1a dominant) is acceptable, but must always be polite and related to a work goal (Hartley, 1995).

Power Leverage. German buyers use power to specify standards for the good of the organization vs. individual decision maker, limit involvement to enforce objectivity, and enforce harmony. Sheth's model might explain this situation as block 3 and 2b dominating 1a in determining preference sets in blocks 1 and 2). Depicting a German buyer in this role will be well accepted provided it is not in a military context. In this special situation, block 4 and 1a driven by role orientation dominates blocks 2b and 3). This is why the Red Baron campaign cited above had to be couched in terms of the independence, not power, value (Trompenaars 1992). French buyers relate to power elite figures mostly as role models and purchase

related products for status gain-block 2b dominates and highly influences blocks 1 and 2-buying process. These archetypes work best in a government work setting showing a cultural trapping, i.e. a degree from Sorbonne on the office wall. Ads depicting women and minority power figures are not widely accepted in France and Germany (Peak and Kulstad 1985). U.S. buyers relate well to power pitches which are proxies for independence and individual capability (block 1a dominant). Rebok's "Just Do It" and the Robocop type Orkin man have high recognition and recall. Ads depicting women and minority power figures are much more widely accepted in the U.S. than in France and Germany (Douglas and Dubois 1977). Japanese buyers relate well to work team power. Block 2b dominates 1b in determining preference sets in blocks 1 and 2. Family ads should be pitched to the patriarch. Successful women ads should be limited to special female product market niches to get a large advantage. They will dump a deal if the advantage is not in the offing. Their high level of harmony makes it difficult, if not impossible, to divide the family on the issue of maximum advantage (Hartley 1995).

CONCLUSIONS

Cross cultural differentiation is an important variable in improving the effectiveness of marketing strategy, specifically the promotion functions of advertising. Substantial differentiation of is required across cultures to generate effective results. Effective ads must account for German penchant for distance and rigidity vs. U.S. closeness and flexibility. Future research should focus on further development of testable hypotheses and deal with cultural symbols, i.e. purple packaging in Burma means death, concerning language, i.e. the fatal naming of the Chevy "Nova" in Latin America, or the "pansy" men's underwear brand name faux pas in China, or even the varying regulations on advertising among different governments.

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THE LOWRIDER AUTOMOBILE, ITS SPIN-OFF MARKETS, AND WHO SEEMS TO CARE EXCEPT THE JAPANESE? AN OPPORTUNITY AND A CHALLENGE FOR THE AMERICAN AUTOMOTIVE INDUSTRY

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ABSTRACT

This paper presents the history of the lowrider automobile and the spin-off products and services that have developed from this form of Hispanic artistic expression. Of interest are the diversity of these related markets, ranging from special hydraulic systems to lowrider bicycles. Of even greater interest is the apparent disregard of these markets and interests by American automobile companies but not so by Japanese automobile manufacturers. It is quite possible that we will be looking at another opportunity lost to foreign competition if U.S. manufacturers continue to ignore this interest and these market activities. While it can be argued that this helps the cottage and garage industries that have grown up in the Hispanic neighborhoods, and that this produces a sense of ownership of the market by these small business entrepreneurs, it must be argued that engineering and design talent is not being recognized or supported by corporate America. Possible reasons for this state of affairs include political-correctness pressures placed upon U.S. manufacturers.

INTRODUCTION

For about twenty years, a phenomenon has been growing within the Hispanic community of the United States. This is interest in the lowrider, usually an older car that has been restored and modified according to guidelines particular to Hispanic culture, such as the car riding low to the ground and being decorated with artistic representation of values close to the Hispanic cultural heritage. (Thomas, 1994, also HISPANIC, 1989) The creation of these vehicles, plus the attempt of some within the Hispanic community to promote "lowriding" as an alternative to gang violence and as a method for encouraging positive norms and aspirations among the youth of the community, suggest that this is a part of Hispanic culture that should be recognized by the American automotive industry, yet there is very little evidence that it is. There are marketing opportunities for specialized interests, there is the challenge of adopting new technology--particularly that of hydraulics and suspensions--to production model cars and trucks, and there is the opportunity to contribute to the improvement of employment and educational opportunities for young men and women of Hispanic families through what is called the "lowrider movement".

FOCUS ON LOWRIDERS

A search of the literature finds that little of an academic nature has been written on the lowrider culture or its philosophy, yet it is a movement that one cannot ignore. A point of focus for this interest is LOWRIDER MAGAZINE, published by Alberto Lopez of Walnut, California. This magazine is a monthly publication featuring illustrated articles about lowrider automobiles, essays and comments on the lowrider movement, which attempts to establish feelings of pride in Hispanic culture, the desire to pursue education, and the encouragement of directing energy into crafts rather than into gang membership. Each issue also includes a forum for discussion of items of concern to Hispanic communities, a presentation of artwork sent in by readers, sections for discussing various technical aspects of automobile restoration, sound systems, hydraulics, painting, etc; listings of shows and competitions arranged by the magazine, and the presentation of advertising for products and services related to the hobby.

In the past three years, new magazines have joined "LOWRIDER" in this coverage: "OLLIE'S LOWRIDING", published by Orlando Coca from New Mexico, "LOWRIDER BICYCLE", a second publication of Lopez, "LOWRIDER ARTE", a third publication by

Lopez, and "STREET CUSTOMS" published by Romero and Bishop of Los Angeles.

THE LOWRIDER AND HISPANIC CULTURE

Restoring and customizing cars has been an area of recreational interest for a long time and for many people. What makes this hobby particularly relevant to Hispanic culture? The answer is that the lowrider automobile is more a work of art than a work designed for speed, racing, or off-road performance, functions which other forms of car restoration and customizing address. While the lowrider can be used for "cruising"--simply driving around to be admired and to see and to admire other lowriders--the real essence of a lowrider automobile is that of an art form with the emphasis on appearance. Carefully applied paint jobs are sometimes illustrated with murals depicting Hispanic life, interests, folklore, religion and history. (Bowman, 1990) While newer engines and drive-trains are sometimes placed in older cars, the emphasis here is also on appearance, with the components nicely chromed or plated. "Keep it low and slow" is the motto. One type of lowrider can be classified as "oldies" or "la bombas". These are 30's or 40's era family cars that have been restored to near-original condition, including the windshield sunshades, the curb alarms, the headlight visors, the fender lights "on-a-stick" that used to be after-market products for the originals. Often, the engine and transmission are replaced with a more recent versions, but the design emphasis is to make the car look as racy original as is possible. The patience and the detective work involved in tracking down these esoteric parts makes for enjoyable reading in the magazine stories describing a person's project with a "bomba". The specifically "lowrider" aspect of a "bomba" is that it, like the other forms of lowrider, has an altered suspension which makes it hug the ground.

Another type of lowrider, without a designating "name", is the 60's or later car that has been totally restyled with extremely elegant upholstery, paintjob, chrome and gold-plated undercarriage, and perhaps an elaborate sound system to provide music for "the ride". Sometimes these lowriders contain the magnificently innovative hydraulic suspension that permits the individual wheels to be raised from the ground while the car is in motion.

A third type of lowrider is similar to the second, but here either more or additional emphasis has been given the suspension system, allowing the car to "dance" to music, usually from a remote-control device activated from outside the car. This truly amazing piece of engineering allows not only cars, but the beds of recreational trucks to dance to the music from the vehicle sound systems. Contests are held at car shows with several categories of performance utilizing these special suspensions. There is a contest called "hop" where the attempt is made, using a remote control unit, to see how far off the ground the front wheels can be made to "hop". Probably the most exotic form of contest is truck-bed dancing, where the bed of a pick-up truck is made to "dance" to music, once again using remote control hydraulics.

A fourth type of lowrider is not an automobile, but a bicycle. In an attempt to interest those too young for cars, a separate endeavor involving the lowrider styling of bicycles has developed. The bicycles sometimes carry a stereo system nearly as elaborate as that of a lowrider car, usually in a trailer pulled by the bike. Hydraulics play no part--as yet--in the bicycle lowrider, but artwork, plating of parts, and elaborate design of the bicycle are as important as in the lowrider car. There has developed a new market for lowrider bicycle parts and accessories, as well as the LOWRIDER BICYCLE magazine.

A fifth type of lowrider is a plastic model car, usually of large scale, tricked out with handmade parts to look like a lowrider. A recent innovation for those interested in this hobby has been the development of small motors which will make the models "hop" like the full-size car with special hydraulics. (LOWRIDING, 1995).

Although these innovations are themes of the Hispanic hobbyist, there is not a feeling of exclusion of others from the pursuit of this interest. As Joe Calva writes to LOWRIDER magazine: "You know, I feel lowriding is an art of Chicanos. I believe it's now part of our culture. It certainly is nice to see other races getting into the lowrider movement....I think it may help to break racial barriers and that's what the world needs." (Calva, 1992)

The wish expressed by Calva can be seen in the acknowledgement that lowrider clubs of other cultural groups have been a part of this history--a history of which the editors of LOWRIDER magazine are publishing a

book in 1996--including a formerly all-black club called "The Individuals" out of south central Los Angeles. "In many ways, black lowriding developed in much the same way as its Mexican-American counterpart, yet with its own distinct style. For the individual black lowrider and the black car clubs, social acceptance has been slow in coming. In fact, for many black lowriders, their experience has usually been in large part one of receiving the hostilities of police, who view them as 'gangbangers' and from society as a whole." (Gilbert, 1995)

THE LOWRIDER MOVEMENT

The interest in cars is seen and is promoted as having a long-term desirable effect in adding direction and meaning to a young person's life. As one recognized lowrider craftsman, Joe Epstein is quoted, "I think we can keep our kids out of trouble by keeping them interested in cars. Hopefully, we can give our children something to look up to when they grow up, so they'll want cars more than guns." (Epstein, 1992)

The lowrider movement might strike some of us as sending wrong messages to young people. These cars are expensive to build--does that mean that only the wealthy can afford them? Well, as Joe Epstein implies, they are something that young people can work to achieve. Building a lowrider requires some future orientation and some planning. Does such an interest encourage young people to drop out of school or to aim at a job that is beneath their abilities? More likely, it helps them to focus upon developing abilities and long lasting interests of a positive sort. The importance of education is highlighted in every issue of LOWRIDER and its fellow publications, and the magazine itself has a scholarship program for Hispanic youth currently enrolled in college. Since these automobiles can be extremely expensive to build, particularly those cars that follow the car show circuits, there is always the question of the financing of them by illegal means, such as drug-dealing. This same question can be raised about other types of show cars and trucks, like redneck "monster" trucks or off-road vehicles, and should not be aimed at Hispanic interests alone. I have found no evidence that illegal money is more prevalent in this hobby than in any other hobby. In fact, it is the lowrider hobbyist him/herself who is often victimized by having their car "jacked" or having components stolen from it. (Gilbert, 1995). Some of the best advances in auto security

systems are being developed by lowrider enthusiasts to protect their investment in their cars.

Another concern that can be raised is the attitude toward women as portrayed in these magazines, where young women are used to showcase the cars, and the decorating theme of some cars relates to seduction. However, the scholarships are available to women students, too, and women who have built lowrider automobiles are featured, as well as instances where the building of the car or the bicycle has been a family effort.(LOWRIDER, July, 1992; Patino, 1995)

OPPORTUNITY LOST?

So where is the opportunity for American Automobile Manufacturers? First of all, most lowriders are American cars, but Japanese cars and light trucks are becoming increasingly popular. In addition, one of the most advanced of the specialized hydraulics firms is a Japanese company.--claiming a good proportion of market share and expanding its outlets to other cities in the U.S. The lowrider interest is popular in Japan itself and is attracting attention in Europe. Of late, a Japanese "broker" for lowrider automobiles has moved to Los Angeles, where he buys lowriders from their makers in LA for sale to customers in Yokohama, the Japanese city most taken by lowriding, partly due to the presence of a U.S. Navy base. (Mitchell, 1996) In the eyes of the participants, lowriders are being ignored by mainstream USA. "Lowrider Magazine is focusing its attention in carrying the lowrider movement to Florida, the East Coast, Japan, and a tour of Europe. The European and Japanese people, to some degree, have always appreciated the beauty of our culture and the art of lowriding, more so than the mainstream gente of the U.S.A." (LOWRIDER, July, 1992) Once again, there IS a market and American manufacturing is ignoring it. The market may not be for assembly-line lowriders, certainly, but there is a market for cars ready for lowrider add-ons, and there is a market for lowrider parts and specialties.

On the other hand, much can be said in favor of keeping this market a part of Hispanic culture itself. Let the local entrepreneurs thrive with their pride of ownership in this specialty market. To be more precise, goods and services growth has appeared in the magazines related to the hobby, specialized painting, interior, and plating services, sound systems designs and installation

services, hydraulic modification and suspension design services. Most of these goods and services have grown up in the Hispanic communities themselves, which is certainly a good thing, and a reason why GM or Chrysler should stay clear of impinging on this market directly.

It would seem, though, that the popularity of American made cars for lowrider restoration would be worth the time and effort to maintain. The marketing potential of the exotic hydraulic suspensions should be considered---what practical applications does this unique technology have for the family automobile, for example? And it should be noticed that the developers of some of these successful new businesses are people from offshore, particularly from Japan.

Interestingly, the internet homepage of a young man who likes lowriders features a picture of the 1996 Chevrolet Sonoma light truck, which he feels is approaching the style of a lowrider (Roberts, 1995). To my eye, the airflow design of some recent models of diesel tractors ("big rigs") is similar to that of lowrider autos, be this similarity intentional or not. We may be witnessing a trend toward lowrider styling of some of the vehicles produced by the big auto makers, together with an intentional lack of penetration of the hometown specialty providers. I still look for the educational support and talent development from the Big Three, however.

CHALLENGE

More importantly, there is interest, skill, and ability out there in the barrio. With support and encouragement, a young man or woman could be persuaded to follow a skill or a profession related to their interest in cars. As described, many Hispanic owned businesses exist now for car restoration. As well as supporting these businesses, American automotive companies could encourage training and education that would lead to jobs in engineering, product design, production management, marketing, and other professional areas. Certainly, supporting LOWRIDER's scholarship program would be a place to start.

Here is a place where American Industry could help in developing human resource potential. Is this going to be ignored in the same way that the market potential is being ignored? Ignored by us, but not by foreign business, which has the capacity to see the potential of the lowrider and the lowrider movement.

A possible explanation of this apparent neglect of this phenomenon by American auto manufacturers is unpleasant to address but too important to ignore. Lowriders are an interest of a minority in America, and of a perceived crime-ridden underclass as well. In addition, some of the aspects described about lowriders involve violations of political correctness. To some people, the stereo system of a lowrider produces noise pollution, and therefore to endorse lowriding in general is to endorse noise pollution, as well as the exploitation of women and who knows what else?

Beer and tobacco companies advertise in the magazines and sponsor shows, much like any automobile event from NASCAR on down. Thus, the fear of appearing to be on the wrong side of the health argument which may contribute to an ignoring of the issue. The association of drinking alcoholic beverages and driving can also be berated, particularly when a few of the interiors of award winning lowriders have small bars featured. "Cruising" itself can take on the air of lawlessness and the wasting of fossil fuels without redeeming purpose.

CONCLUSION

This paper has attempted to provide an outline of the lowrider automobile hobby, its position in Hispanic culture, and the opportunities and challenges that it presents to the American Automotive Industry. The conclusion is that both the opportunities and the challenges have been ignored, but not by foreign competition. Must we learn the same lessons of opportunity lost once again?

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THE USE OF PROMOTIONAL TOOLS IN BENIN, WEST AFRICA: COMPANIES AND CONSUMERS PERCEIVED IMPORTANCE AND EFFECTIVENESS

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ABSTRACT

The role of marketing and promotion has not been given much credit for contributing to the economic development of developing countries. The results of this field study in Benin, West Africa indicate that businesses do value highly and use advertising and sales promotion in marketing strategies. Similarly, the results indicate that local consumers pay considerable attention to promotional messages although they value price more highly.

INTRODUCTION

One common goal of countries is the constant search for economic development to substantially improve standard of living, political stability and national security. Most of the time, those common goals generate internal and external competition as Allan and David (1994) point out, "As more countries seek economic growth, competition for the world's limited markets and scarce resources will increase." In such an environment, only countries with specific skills in marketing will successfully compete (Kaynak 1986, Allan 1994 and Kochunny, Rogers, and Rogers 1996). For the developing countries, marketing activities have been viewed with disdain and unacceptance (Ross & McTavish 1993). Akaak, Dadzie & Riordan (1989) identified two schools of thought regarding the use of marketing to aid economic development. Their are those who support the applicability of marketing concepts in the developing countries (Allan 1994, Akaak 1989) and those who oppose their applicability (Boschart 1993, Bartel 1976, Dadzie 1989).

The first school of thought advocates that marketing is applicable everywhere including the developing countries. The gap between developed countries and developing countries in terms of usefulness of marketing concepts is due to "corporate and country factors" such as level of economic development, size and profile of companies, and corporate ownership and nationality. (Akaak 1989). For those who oppose the applicability of marketing to developing countries, the main argument is

that marketing is only specific to post-industrialized countries. "Their core belief is that the marketing structures of a country are determined by the level of economic development" Allan (1994). Indeed, they hold that in the economic development process, marketing follows economic growth in the economic development process. The economy is characteristic of the buyers' market environment. And since the economy of developing countries reflects sellers' market features, i.e. a situation where the proportion of demand is greater than the one of the available supplies, marketing concepts will not be appropriate.

Historically, developing countries have been viewed as consumers, and the role of the producer was relegated to developed countries. Things have changed, and developing countries are shifting their position. Developing countries no longer specialize in only the agricultural sector, but have in many instances successfully embraced the industrial sector (Kochunny 1996). According to the 1995 World Bank annual report, African industry production grew in 1994 with a special performance in Cote d'Ivoire (Ivory coast) of a 6.7 percent increase in productive output. Moreover, the report points out that the Gross Domestic Product (GDP) of African countries, with the exception of South Africa and Nigeria, grew by 1.2 percent in 1994 and the growth was expected to increase 3 times that in 1995. As developing countries continue to adopt business and marketing practices from the developed countries of the world, local practices will tend to mirror those of businesses from developed countries. The virtual and

global communication system offers opportunities to all. These facts and the findings of this study offer support to the applicability of marketing's use in developing countries. Beyond the principle of the applicability, the present paper will explore the perceived importance of promotional tools by West African corporations and the resulting impact on the local consumers' buying decisions.

RESEARCH FRAMEWORK

Although a number of articles have been written about the applicability of marketing to the developing countries, (Akaak 1989), few authors include specific transference of products and promotion as do Keegan, Still and Hill (1987). The perceived importance of promotion in Benin addresses this concern for applicability of promotional tools in developing countries. This is the focal point of this research.

The effectiveness of marketing on sales has been proven by numerous studies (Jones 1995) eliminating any possible doubt about its marketing contribution. However, the measurement of the contribution of other components of marketing has posed more difficulties. Concerned by the influence of advertising on sales and consumers' life styles (Evans & Berman 1987), Jones (1995) suggested four statistical processes that can be used as effective measurements of marketing components' contribution.

First, the multivariate regression helps to quantify the coefficient of the diverse independent marketing variables and measures their impact on the dependent variable most frequently represented by sales. The second process is what the author called "controlled experimentation in the market place". It consists of marketing the identical products or brands in two or more similar regions in an identical way, except for the variations in the marketing or advertising tools. A third technique is the British Area Marketing Test Evaluation System (AMTES) that combines economic measurement with regional testing. Finally, the single source research that determines each household's reception of advertising for identified brands and relates advertising "to the purchasing of those same brands by the same household shortly after the advertising" (Jones, 1995).

Although these analytical processes offer considerable value to research in many economic situations, their application in developing economies presents many methodological problems. In developing

countries there are some real limitations to collecting data that restrict the use of these processes. First there is virtually no secondary public information to make demographics comparisons between regions. Proprietary research has not been gathered or developed and consequently no data base is available. Given the weak domain of background literature and secondary data, this research is exploratory and based only on the responses of businesses and consumers in the Republic of Benin.

Like most West African countries, marketing systems in Benin are of two general types: foreign owned networks (manufacturing and wholesaling) and individual local businesses (Baker, 1965). The two systems supply a market divided into 80 percent of a population that produce basic agricultural products (yams, corn, nuts, cotton and cacao). When studying the use of advanced marketing tools, these commodity suppliers in this market segment are not strategically important consumers. Their exchange practices are primarily local and consist of bartering. These consumers are subsistence farmers.

The economically significant consumers in the economy are those who live in the cities. This segment contains about 20 percent of the population but the majority of the non-barter purchasing power. Our research used this urban population as respondents to questions on the consumer use of promotion. The typical urban household lives in a rented apartment and owns one or two scooters (motor scooters), one television set, one stereo radio, relatively comfortable furniture, and rarely take vacations. This population has a relatively comfortable life style. These two marketing systems share a market population with an average income of \$2400.

Ninety percent of the foreign companies doing business in Benin are primarily providers of consumer goods and service. According to Benin's Ministry of Commerce and Industry, local companies are 76 percent privately owned; 24 percent are government owned or are mixed, private and government. Whereas government owned businesses are mainly concentrated in the manufacturing sector, 90 percent of the import and export businesses are privately owned. Our study of business respondents included the private companies involved in importing and in domestic production of goods and services for the urban population.

Table 1: Company profile (126 responding companies)

A. Sector of activity			
1. Private	89.7%	2. Public	10.3%
B. Size (Annual Sales)			
1. Small (less than \$200,000)			18.3%
2. Medium (between \$200,000 and \$1million)			35.7%
3. Large (more than \$1million)			46.0%

Table 2: Company Perception of Promotion

	Promotional Importance	Promotional Effectiveness
Not Important-effective	4.0%	8.7%
Somewhat Important-effective	9.5%	19.8%
Important-effective	34.1%	46.8%
Very Important-effective	37.3%	18.3%
Very Very Important-effective	15.1%	6.3%

Table 3 Percentage Responses: The Importance of Promotional Tools in Company Promotional Strategies across Company Demographics

Importance of Promotional Tools	PROFILE			ORIGIN		SECTOR		SIZE			
	Indu-stry	Com-merce	Ser-vice	Dome-stic	Foreign	Private	Public	1	2	3	all
Advertising	20.0	23.3	25.0	23.1	22.9	24.8	7.7	18.8	18.0	28.3	23.0
Sales Promotion	20.0	21.1	31.3	15.4	33.3	24.8	0.0	25.0	22.0	21.7	22.2
Personal Selling	5.0	6.7	12.5	11.5	0.0	8.0	0.0	6.3	10.0	5.0	7.1
Public Relations	10.0	7.8	0.0	7.7	6.3	6.2	15.4	6.3	6.0	8.3	7.1
ALL TOOLS	45.0	41.1	31.3	42.3	37.5	36.3	76.9	43.8	44.0	36.7	40.5

Table 4 Ways of Discovering About Products

1. TV ad	32.1%
2. Radio ad	15.5%
3. Advice	34.2%
4. Shopping/Market	13.5%
5. Magazine/Newspapers	4.1%
6. Billboard	.5%

Table 5 Consumer Purchase of Product or Service Because of Promotion.

1. Yes	72.5%
2. No	27.5%

Table 6 Appreciation and Use of Promotion by Consumers

	not imp	s/w imp	imp	very imp	v/v imp
Pce*	4.1	4.7	26.4	43.0	21.8
Pro*	14.5	35.8	35.2	10.9	3.6
Qu*	.5	5.7	33.2	35.2	24.9
Bra*	3.6	17.6	42.5	30.1	6.2
Ser*	7.8	25.9	36.3	24.4	5.7

* Pce=price; Pro=promotion; Qu=quality; Bra=brand; Ser=service

Table 7 Importance of Promotional Tools in the Decision Process by Consumers Across Income Groups.

Monthly Family Income	<\$100	\$100 to \$200	\$200 to \$500	>\$500 *
Percent of Respondents	16.1	36.3	45.1	2.6
Brands	3.32	3.39	3.01	3.60
Price	3.45	3.74	3.82	4.00
Promotion	2.71	2.64	2.33	3.40
Quality	3.81	3.82	4.07	4.20
Service	2.94	3.04	2.82	3.80

* The cell size of respondents greater than \$500 is too small (n=4) to be reliable.

RESEARCH QUESTIONS

Promotion as a marketing mix component stimulates demand and enhances company image (Evans and Berman 1987). As noted before, promotion is as vital as the other marketing components of price, product and distribution. However, depending on country and corporate factors, the role of promotion and the importance of each promotional tool may vary (Akaak 1989). The objective of this study is to investigate the role played by promotion in Benin, West Africa. Specifically, the following research questions will be examined:

1. What is the perceived importance of promotion tools by Benin, West African companies?
2. To what extent are local consumers sensitive to the promotional messages?

The coverage of these questions implies the formulation of the following propositions:

P1. The perceived role and importance of promotional tools by Benin, West African companies is viewed differently by Benin, West African companies.

In a market environment characterized by the marketing of products or service with low levels of added value, where most activities consist of retailing and wholesaling of imported goods, and where the rate of literacy is less than 20 percent, promotional tools are not generally viewed as determinant factors in the marketing efforts of companies.

P2. Benin, West African local consumers are less sensitive to promotion tools than to price, product quality, and service.

Given the fact that Benin consumers' buying power is low and that they have a relatively low interest in mass media communication, consumers should pay less attention to promotional messages or ignore them altogether. Price should be more highly valued in the decision process.

METHODOLOGY

Local company managers and local consumers, were interviewed for this study. The interviews were conducted by a group of three people: the first author of this paper (an MBA student) and two assistants, who were seniors majoring in business administration at a local Benin university. The assistants were trained in the process of interviewing and collecting data. The

consumer data were gathered in the six major cities that are the capitals of the six provinces of Benin. Each city has equal access to the major mass media. The interviews were conducted either in French or in the local language, depending on the preferred language in the respondent household. Consumers interviewed live in relatively comfortable houses or apartments, and were randomly drawn from a list obtained from the mayor of each region. Of the 300 households targeted, 193 (64 percent) were interviewed and responded to the questions.

A total of 200 Benin companies were randomly selected from the Directory of the Benin Department of Commerce and Industry. The directory lists all businesses in the country. Corporate interviews were conducted in Cotonou, Parakou, and Porto-Novo, the headquarters of most Benin companies. Depending on each company's organizational structure, either the marketing manager or the person in charge of promotional activities was interviewed. One hundred and twenty-six companies of the 200 companies selected agreed to participate in the interview for a 63 percent response rate.

QUESTIONNAIRE ITEMS

Two categories of questions were asked of company respondents. The first question category related to the perceived importance of promotional tools as a marketing mix component and the assessment of the marketing mix component's effectiveness. Company respondents were asked to select the importance on a five point scale anchored by "not important" and "very very important". The effectiveness scales were anchored with "not effective and very very effective". Both scales were a Likert type scale.

The second category of company questions focused on the company respondents' perception of customers' sensitivity to the marketing mix component factors of price, quality, promotion, service and brand. The intention was to determine the companies' perception of customers' awareness of promotional use. Similarly, a Likert type scale was used for each factor ranging from "not sensitive" to "very very sensitive" and used a numerical range of 1 to 5.

Three hundred households were randomly selected and represent the targeted population. One hundred ninety-three (64 percent) agreed to be interviewed and responded to the questions. The first set of consumer questions asked whether the respondent had purchased

any products or service as a result of the exposure to promotion tools. The second set of consumer questions focused on the way that local consumers discover or become aware of new products. Finally, consumers were asked to evaluate the importance of several marketing components such as price, promotion, quality, brand and service in their buying decision.

ANALYSIS AND RESULTS

The companies' expectation of perceived importance and effectiveness of local consumers use of different marketing mix components were explored. Frequency analysis was used based on the underlying Likert scales. Cross tabulations were also used to find a likelihood link between the companies' profile and their assessment of promotion importance and effectiveness.

Company perceived importance of promotion tools

The content of Table 2 shows that only 4.0 percent of the companies interviewed responded that promotion tools are not important whereas 34.1 percent reported they are important and 37.3 percent rated them very important. These results are consistent with the verbal comments made by many of the respondents. There were not any significant differences across the several demographic variables that were measured in the survey; such as company origin, either domestic or foreign; company sector, private or public; company profile, industrial, commerce (retailing), or service; or company size. The mean rate of promotional importance ranged from 3.4 to 3.7 on the five point scale. The exception was the company profile of services which represented banks and financial institutions had a mean of importance of 3.1.

Advertising and sales promotion were the dominant promotional tools used most by companies with about 25 percent each across the demographic groups, Table 3. The industrial (manufacturing) was lowest for advertising use as the most important promotional tool, with 20 percent of the respondents. The domestic companies thought sales promotion to be much less important, but emphasized personal selling more than other company groupings.

For most marketing or commercial managers, the usefulness and importance of promotional tools do not need to be proven. Marketing's use of promotion is as vital to the Benin companies as are the other marketing

mix components for each organization structure. Analysis of the cross tabulation value of the interaction between the companies' profiles and their perceived importance of promotion did not yield a significant value 0.45 on Cramer's V measure of dependence. However, it did confirm the significant effect that Benin company respondents believe promotion has on Benin consumers. Thirty three percent of companies involved in import and export business responded that the use of promotion tools in Benin, West Africa is very important.

Consumers behavior toward the use of promotion tools.

Contrary to the popular assumption that consumers in developing countries ignore advertising messages (Mazur, 1994), local consumers in Benin do pay attention to the use of promotional tools by companies. As Table 4 shows, 32.1 percent of the respondents discover new products or services through television advertising, and 34.2 percent receive advice from friends, relatives or parents representing an opportunity for managing word of mouth promotion. Moreover, 72.5 percent of the respondents said that they have purchased or ordered something due to promotional tools. Family income does not alter these general findings. However, when the means of the items that influence purchases are examined, quality has the greatest influence followed by price, brand, service, and promotion has the lowest level of influence. Family income does not alter this ordering.

Consumers response to the question; Are promotional tools important in the buying decision? strongly supported the use of promotion. Promotional tools are used in the buying decision. Thirty-five percent (highlighted in Table 6) responded that promotional tools are somewhat important and 35 percent recognized that they are important. This support for the use of promotional tools must be tempered with the recognition that consumers value the determinants brand, price, quality, and service more. Table 7 offers evidence that other marketing tools were more important irrespective of income. Quality may be more important as income increases. Recommendation of others had the greatest impact on becoming aware of products as noted in Table by over one-third of the consumer respondents, but television and radio also had a substantial impact on product awareness. Print media was much less important.

CONCLUSION

The results and the analysis support the primary objective of this study. The gap between the intensity and importance given to the use of promotional tools in the developed countries and the developing countries could be explained by country, economic environment and company size factors. However, it appears that this gap is closing. Companies in developing countries are aware of contemporary promotional tools and are using them in promotional strategies. Consumers are using the promotional tools in their buying decisions. The use of satellite dish television reception will continue to bring consumers closer together in the similarity of buying behavior.

Most of West African companies are relatively small compared to corporations in developed nations. One of the concerns expressed by both company managers and local consumers is the quality and the competitiveness of the promotional tools used in West Africa. Local businesses and the researcher recognize the lack of reliable, effective and competitive advertising agencies or other specialized promotional agencies. One factor that could enhance and cultivate the usage of promotion tools in West Africa could be the installation of more professional and reliable agencies in the region. The wide spread use of global media and the adoption of global marketing practices by companies in the developing countries will probably continue to reduce the disparity between practices in the developed and developing countries of the world.

RESEARCH LIMITATIONS AND FUTURE RESEARCH

There is no doubt that the present study has not entirely covered the topic of marketing and promotional use in Benin, a developing country. It would have been useful if the study had spread its empirical focus on the effectiveness of the use of promotion in more countries of West Africa. Additional studies can take this direction by replicating the same topics with other developing countries in West Africa or other developing areas. A significant portion of the population can not read and therefore can not use self-reporting mail surveys. Interview methods have to be used which imposes a limit on sample size and breadth of the study. Research in West Africa is difficult, these exploratory findings do

contribute to a greater knowledge about the use of promotional tools in developing economies. This research does provide a base-line of promotional use in developing West African countries that can be used for future comparison. There has not been any available information on promotional use in this part of the world.

MANAGERIAL IMPLICATIONS

Companies operating in Benin can use promotional tools effectively since consumers use the information in their decision process. However, there are some additional considerations to the use of promotion. Limited professional infrastructure such as advertising agencies, direct mail houses, and mail systems restrict the use of some promotional tactics. However, there is a national commercial television system owned by the national government. Television and radio signals are also received from neighboring countries of Nigeria and Togo. There are sufficient broadcast media available for mass communication. In the absence of an acceptable professional advertising infrastructure, the existing broadcast media could integrate some of the typical advertising agency tasks into its structure.

Benin, like many other West African countries, has an official language which is French, but there are several local languages which have to be considered in mass promotional messages. Promotional effort can focus on developing symbols, signs or easily recognized brands to overcome some of the language and literacy limitations. Despite the limitations, the potential for additional promotional use is significant in developing countries. From the study it appears that sales promotion is under used. Print media also appears to be under used with only 4 percent of the respondents becoming aware of products by the use of magazines or newspapers. As literacy rates increase, print media may become more important to consumers and to companies. Until literacy rates increase to acceptable levels making print media economical to use, additional video kiosks can be used at the point-of-sale and in other locations that would influence the purchase decision. Again signs and symbols or icons can be used to assist consumers. The availability of electronic media and the flexibility that this media brings to marketing and promotion will continue to have a substantial impact on the company practices in developing country.

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VALIDATION OF AN ACCULTURATION SCALE FOR ASIAN-AMERICANS

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ABSTRACT

In considering an ethnic group as a target market, the influence of acculturation on consumption behavior is a significant consideration that is commonly overlooked. This paper briefly reviews the significance and measurement of acculturation and presents an alternative acculturation scale. This scale differs from past operationalizations in its focus on food consumption and the use of an Asian-American sample.

INTRODUCTION

Consumer products possess a significance that goes well beyond their functional or commercial value. This importance lies in their ability to transmit and communicate cultural meaning. Over the past twenty years, scholars from diverse disciplines have made the cultural significance of consumer products the focus of their research. This body of literature scrutinizes the consumption of goods for patterns that are a manifestation of cultural meaning.

PURPOSE OF THE STUDY

The purposes of this study are:

- ☛ to review the relevance of acculturation to consumer behavioral patterns and suggest that food consumption behavior is a particularly salient element of acculturation;
- ☛ to briefly review previous measures of acculturation;
- ☛ to present the validation of an acculturation measurement scale developed using an Asian-American sample.

SIGNIFICANCE OF THE STUDY

The majority of existing acculturation scales have been developed and validated using an Hispanic population. The primary contribution of this study to the consumer behavior literature is the development of an acculturation scale validated with an Asian-American sample. The scale also acknowledges the importance of food preferences/ consumption behavior as an indicator of acculturation level, a factor often ignored or minimized in other acculturation scales.

ACCULTURATION AND CONSUMPTION

A priori explanations concerning the relationship between culture and consumption are needed. This relationship is particularly important when a distinct subculture within the broader culture is being examined.

Assimilation consists of several components of which the first difficult adjustment an immigrant makes in an unfamiliar society is acculturation or cultural assimilation (Montero 1981; Schoen and Cohen 1980). The acculturation process entails changes in the behavior patterns of the immigrant group. These patterns include changes in the language spoken, the clothes worn, the food eaten, and the types and/or amounts of products purchased.

In order to test the relative impacts of differing cultures on consumer behavior, the behavior patterns studied must reflect fundamental norms and values. According to McCracken (1986), food is an important product category that serves as a medium for the expression of cultural meaning. Several studies report that culture corresponds to the types of foods eaten and the frequency with which they are eaten (Braudel 1967; Patai 1977; Royce 1982; Wallendorf and Reilly 1983).

MEASUREMENT OF ACCULTURATION

A number of researchers have defined, operationalized, and measured acculturation (Deyo et al. 1985; Cuellar, Harris, and Jasso 1980; Olmedo and Padilla 1978). It is beyond the scope of this paper to provide an exhaustive review of previous measures of acculturation, thus, the discussion will be limited to a few scales which are representative of the whole. Table 1

Table 1
Profile of Representative Acculturation Scales

Scale	Dimensions	Percent of Common Variance	Reliability	Evidence of Validity
Acculturation Rating Scale for Mexican Americans	1) Language familiarity, usage and preference	64.6%	For summated scale, $\alpha = 0.81$	Correlation of summated scale with generational distance from immigration, $r = 0.62$
	2) Ethnic identity and generation	18.9%		
	3) Language of reading and writing	11.4%		
	4) Ethnic interaction	5.2%		
Short Acculturation Scale for Hispanics	1) Language usage	54.5%	For summated scale, $\alpha = 0.92$	Correlation of summated scale with generational distance from immigration, $r = 0.65$
	2) Media usage	7.0%		
	3) Ethnic social relations	6.1%		

Table 2
Reliability Analysis Results

Factors of Acculturation	Original Item Numbers	Number of Items	Items Deleted (by Item #)	Coefficient Alpha
Language Usage	1-2	2	None	.8034
Social Interactions	3-4	2	None	.7454
Ethnic Identity	5	1	N/A	N/A
Food Preferences/Habits	6-9	4	6, 7	.7966

Reliability coefficients of 0.6 for exploratory scales and 0.7 for established scales are considered satisfactory (Cronbach 1951; Nunnally 1978). By this standard, the language usage, social interactions, and food preferences/habits subscales exhibited more than adequate levels of reliability.

Table 3
Item-Scale Analysis Correlation Matrix

Factors of Acculturation	Item Number	Language (1)	Social (2)	Food (3)
Language Usage (subscale 1)	1	.9089	.2493	.1056
	2	.9139	.3965	.1215
Social Interactions (subscale 2)	3	.3358	.8811	.2049
	4	.3024	.9079	.1216
Food Preferences/Habits (subscale 3)	8	.0596	.1058	.9124
	9	.1671	.2211	.9177

Table 4
Factor Loading Matrix

Items	Factor 1 (Food Preferences/Habits)	Factor 2 (Language Usage)	Factor 3 (Social Interactions)
Food Preferences #8	.91982	-.00377	.01709
/Habits #9	.90009	.10334	.14010
Language #1	.05021	.92306	.06646
Usage #2	.04889	.86386	.27304
Social #3	.13340	.17847	.86311
Interactions #4	.02622	.13063	.88886

Table 5
Exploratory Factor Analysis Results

Factor	Eigenvalue	Percentage of Common Variance Explained	Cumulative Percentage
Factor 1 (Food Preferences/Habits)	2.40252	40.0	40.0
Factor 2 (Language Usage)	1.51398	25.2	65.3
Factor 3 (Social Interactions)	1.05496	17.6	82.9

contains a summary of the factor dimensionality, reliability, and validity of two of the most cited scales, the Acculturation Rating Scale for Mexican Americans (Cuellar, Harris, and Jasso 1980), and the Short Acculturation Scale for Hispanics (Marin et al. 1987).

In reviewing existing acculturation scales, two weaknesses became apparent. First, both of the scales in Table 1, and most of the acculturation scales that they are representative of, have been validated using Hispanic samples. This presents a dilemma when studying non-Hispanic populations. The authors had reservations in using any of the existing acculturation scales for studying an Asian-American population and were unable to locate any acculturation scale developed with and specifically for an Asian-American population.

The second weakness has to do with the issue of content validity. Specifically, the majority of scales reviewed include items relating primarily to: (1) the use of language, and (2) the nature of social relations or associations. Items relating to media preferences and ethnic identity have been used as well, albeit inconsistently. What is clear is that food consumption preferences and patterns of behavior have only been considered in a cursory or secondary manner, if at all. In the instances where food preference/consumption items have been included, they have been lumped into a catch-all category of items representing exposure to the dominant culture. This decided lack of emphasis belies the importance of food preferences/consumption behavior and raises concerns regarding content validity, especially when one considers the well established linkage between such preferences/behavior and culture found in the literature.

VALIDATION OF AN ACCULTURATION MEASUREMENT SCALE

Social scientists have developed robust scale development methodologies for the purpose of measuring latent constructs (Churchill 1979; Nunnally 1978). To summarize, the scale development and assessment process consists of: (1) a review of the relevant literature, (2) identification of the dimensions of the construct, (3) generation of scale items to represent the dimensions, (4) pretesting of the measurement items, (5) refinement and finalization of the measurement instrument, (6) data collection, (7) analysis of the internal consistency (i.e., reliability) of the measurement items, and (8) assessment of the validity of the measurement instrument.

Steps 1 through 3: literature review and item generation

The relevant literature and the factors used to operationalize the construct of acculturation were reviewed. To reiterate, the salient factors of acculturation identified were language usage, social interactions, ethnic identity, and food preferences and consumption habits. Media preferences were deemed less pertinent to measuring the acculturation of Asian-Americans given the paucity of media oriented specifically at this group.

A number of items developed for the scale of this study were revisions of items from the Acculturation Rating Scale for Mexican Americans and the Short Acculturation Scale for Hispanics, amended to make them more relevant to Asian-American subjects. Original items relating to food preferences and consumption habits were also generated. In total, the original scale consisted of nine measurement items.

Steps 4 and 5: instrument pretest and refinement

The questionnaire was pretested using a group of five Chinese-Americans. Minor changes were made in item wording as a result of the pretest. A second pilot sample of six Vietnamese-Americans reviewed the revised items. No revisions were warranted based on the feedback of the second group.

Step 6: data collection

The population of this study consisted of Asian-Americans residing in four cities in the southwestern United States. The sample was collected by selecting business and religious organizations oriented toward serving the Asian-American community. Data were collected from 136 Chinese-American, 69 Korean-American, and 51 Vietnamese-American respondents, for a total sample size of 256.

Step 7: internal consistency analysis

Reliability was assessed for each of the three multiple item subscales (i.e., language usage, social interactions, and food preferences/habits). Ethnic identity was measured using a single item, thus, reliability was not an issue for this dimension of acculturation. Table 2 presents the original items for each subscale, items deleted in order to maximize reliability, and the resulting reliability coefficient for each subscale.

Item-scale analysis (Nunnally 1978) was performed on the remaining items to assess the appropriateness of the assignment of items to subscales. In this analysis, each item is correlated with each scale. If an item has been properly assigned, its correlation with its assigned scale should exceed the correlation with any other scale by a wide margin. The results of the item-scale analysis are presented in Table 3. Based on an examination of the results of Table 3, no alterations were made in the subscales, as all correlations conformed to the expected pattern.

Step 8: validity assessment

The three types of validity assessed were: (1) content, (2) criterion-related, and (3) construct validity. A measurement is deemed to be content valid if it incorporates the entirety of the domain of the construct it is intended to represent. The content validity of past measures of acculturation has been questioned precisely because the authors believe that an important dimension of acculturation, food preferences and consumption behavior, has been slighted in past operationalizations. The acculturation scale of this study has incorporated items that measure food preferences and consumption habits as well as the other dimensions of acculturation.

Criterion-related validity, also called predictive validity, refers to the extent to which a measurement scale correlates with alternative, independent measures of the same construct (Carmines and Zeller 1979). Generational distance from immigration is a frequently used criterion for establishing the criterion-related validity of acculturation scales (Deyo et al. 1985; Cuellar, Harris, and Jasso 1980; Olmedo and Padilla 1978).

Respondents were asked to select the generation (e.g., first from immigration, second, etc.) that best defined them. The seven measurement items that remained after the reliability analysis were summed to render an index of acculturation. A Spearman's Rank Order correlation was computed between the ranked acculturation scores and ranked generational distance from immigration. The resultant correlation was 0.5143, a value slightly less than the correlations shown in Table 1. It should be noted, however, that the correlations in Table 1 are Pearson's product-moment correlations, thus, most of the observed difference in the correlations is attributable to the lower power efficiency of Spearman's Rank Order correlation relative to the Pearson's product-moment correlation.

Finally, the construct validity of the acculturation scale of this study was assessed. Exploratory factor analysis is a useful tool for evaluating the construct validity of a measurement scale. In the acculturation scale at hand, the authors propose that the three subscales (i.e., language usage, social interactions, and food preferences/habits) represent distinct subdimensions of the higher order construct of acculturation. The results of the exploratory factor analysis are shown in Table 4. The pattern of factor loadings is consistent with the proposition of three independent dimensions. Thus, these results may be taken as support for the construct validity of the acculturation scale.

Further analysis of the exploratory factor analysis results yielded an interesting result. The proportion of common variance explained by each of the three factors is summarized in Table 5. First, a total of 82.9 percent of the common variance in acculturation was accounted for by the three factors, a respectable figure. Most interesting, however, is the fact that the first factor, food consumption preferences/habits, accounted for substantially more of the common variance than did the second factor, language usage (40.0 versus 25.2 percent).

In the acculturation scales that were reviewed, language usage consistently accounted for the majority of the common variance explained. In fact, Marin et al. (1987) suggest that language usage is such a good indicator of acculturation level, that when parsimony is required, language usage can be employed as the sole measure of acculturation. The findings of this study indicate, to the contrary, that food preferences and consumption habits may be a better indicator of acculturation than language usage

CONCLUSION

The underlying premise of acculturation is that with the passage of time, immigrants assimilate with the host culture. Therefore, it may be that the immigrant who has lived in the host society for a short period of time may not yet exhibit behavior congruent with the host culture. Conversely, if an immigrant group has achieved a high degree of acculturation, they may be very likely to purchase cultural artifacts of the host society. Consequently, when investigating the potential of an ethnic/immigrant group as a target market, level of acculturation should be considered.

While numerous measures of acculturation exist in the literature, the content validity of these scales may be

suspect. Namely, this study has presented evidence that food preferences and consumption behavior may be a better indicator of acculturation than language usage, the predominant indicator of acculturation in most scales. Finally, the Asian-American population has been

somewhat neglected in past research on acculturation. This study has presented an acculturation scale developed and focused specifically on Asian-Americans. Additional research employing this scale is needed to further explore issues of its construct validity and generalizability.

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SOCIAL AND CULTURAL ENVIRONMENTS IN SELECTED PACIFIC RIM MARKETS

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ABSTRACT

An understanding of the aspects of intercultural relations represents an important marketing step towards being able to interact and communicate efficiently with a variety of cultures. This paper will address cultural aspects and ramifications of interacting with selected Asia Pacific Rim markets.

INTRODUCTION

It is undisputed that during the last three decades the Asia Pacific region has become one of the world's most important economic areas. The extraordinary ascent of these markets signaled great opportunities for Americans willing to do business with this part of the world.

For the last 20 years or so, it has been commonplace to talk about the "Pacific Rim Miracle", a phenomenon that has provided certain countries in the Asia Pacific region with the highest rates of economic growth and the most rapidly rising per capita incomes in the world (The East Asian Miracle 1993). It was President Roosevelt who predicted in 1905 that our future history would be more determined by our position on the Pacific, facing China, than by our position on the Atlantic, facing Europe. Roosevelt's Secretary of State, John M. Hay, put it another way: "The Mediterranean is the ocean of the past, the Atlantic is the ocean of the present, and the Pacific is the ocean of the future."

A number of researchers conclude that this prophecy has become a reality. Some scholars have even speculated that the Pacific Rim will replace the Atlantic Community as an emerging center of world technology, economy, or civilization. They have been impressed by the shift of power resulting from the rapid evolution of Asian-Pacific countries as manufacturing, trading, and economic forces that have outpaced Europe in importance to the United States. This development was described by some economists as "Eurosclerosis", a term expressing that Europe, once a prosperous and innovative world pacesetter, has lost its economic dynamism.

The Pacific Rim is comprised of a large number of countries united by their access to the Pacific Ocean

and their export-oriented economies. It is a disparate region divided by history, religion, language, culture, government and levels of wealth and development. It has been argued that this disparity is one reason why there is still no "Pacific Community" comparable to the codified system of treaties as it exists for the European Community (Manning 1994).

Economically, the U.S. and Japan still dominate the Pacific Rim. Other significant players are the Association of Southeast Asian Nations (ASEAN), Singapore, the Philippines, Indonesia, Malaysia, Brunei and Thailand. Of central importance because of their status as newly industrialized countries (NICs) are South Korea, Taiwan and Hong Kong. Singapore, while a member of ASEAN, can also be counted among the NICs. China is fitfully awakening, stretching to become both a new export power and a market of 1.17 billion potential consumers.

The other major English-speaking countries, Australia, New Zealand and Canada, have exhibited only modest rates of economic growth in the past and are not considered Pacific Rim "miracle" countries. Finally, physically present in the region are Russia, the South East Asian communist states and Central America. To date, however, these countries have played only a minor part in the Pacific Rim movement and therefore are not included in the present discussion.

For both economic and political reasons, involvement in Asian economic development is certainly in the self-interest of the United States. However, one of the greatest weaknesses U.S. companies experience when competing with this part of the world is not precipitated by U.S. trade policy or unfair trade practices exercised by other countries. Rather, the chief weakness is often a cultural lack of knowledge and understanding about the

Pacific Rim markets. Although Americans were able to adapt successfully to European business practices, many marketing opportunities in the Asia Pacific region do not materialize due to inferior research of cultural, political, linguistic, business, and social issues (Dulek 1991). Unbelievable miscommunications and misunderstandings can occur when cultures cross, even in countries that share a common heritage and language. For peoples with different traditions and languages, the possibilities for culture clash multiply. Since the religious beliefs, the ethical systems, the rules of interpersonal relationships and behavior that define Asian societies are most definitely not Western, the potential for miscommunication with American marketers are enormous.

UNDERSTANDING CULTURAL DIFFERENCES

Fortunately, some generalizations about Asians may help U.S. businesspeople to communicate more effectively in this area of the world. These generalizations stem from a simple division of cultures into two polar types: high context and low context societies. Edward T. Hall (1976) divided cultures into those in which:

- a) all that counts are the actual written agreements; the social context surrounding counts as nothing. These cultures are called low-context; and
- b) the social context that surrounds a formal written document is far more important than the written legal documentation. These are considered to be a high-context cultures.

North Americans and most North and Middle European countries belong to low context cultures. What counts is mainly what has been written in contractual form and sanctified by lawyers. The social context in which the contract and the agreements have been forged have no legal standing and are normally irrelevant. Just the reverse is true about high-context cultures such as the Chinese, Japanese, Korean and Vietnamese. Historically, these cultures are oral cultures, meaning that what a person expresses in writing is considered less important than who that person is and what status, rank or reputation he or she holds in the society. The social environment in which a contract has been negotiated counts far more, or least as much as the written agreement itself. The process of "developing" a business relationship with Asian counterparts is therefore of paramount importance and often weighs more heavily than the written details of the actual deal.

"Guanxi", for example, is one of the major dynamics in Chinese society. The term loosely translates to "the cultivation of special relationships or connections". It is imperative for Westerners to strive to establish close connections (guanxi) (Alston 1989) with Chinese if they want to develop a firm alliance with them. Pragmatic Americans may view the cultivation of a relationship with a counterpart primarily as an instrument for strategy implementation. The guanxi relationship, in contrast, is a very personal one which necessitates dealing with people warmly and involves a reciprocal obligation (Aruntahanes 1994), with guanxi one is an insider, negotiations proceed smoothly, and much can be accomplished. It is the currency for getting things done and getting ahead in China and it is cultivated with subtlety, creativity, posturing and involves far more than merely "pulling strings" (Brunner 1989).

To comprehend the concept of high-context and guanxi, it is important to recognize that Westerners assume that an individual acts in his or her own self-interest, makes decisions rationally, and is in control of his or her destiny. Chinese and Japanese perceive, however, that one's existence in society is largely influenced by relationships with others and that one cannot change the environment but must harmonize with it. They maintain that if one is to survive and cope in a competitive and conceivable hostile environment, it is essential to ally oneself with as many friends as possible who will support and protect one against adversity if required. A practical consequence of guanxi is that personal loyalties are often more important than organizational affiliations or legal standards.

An American wishing to expedite his or her products through Chinese customs often has to wait weeks, even months, before all appropriate documents are cleared or stamped. However, an importer who has a guanxi relationship with a government official or customs officer can expect a more immediate and positive response. As a result, a person's organizational position or rank may not be indicative of his or her power. A person of low rank, in government or elsewhere, may in fact be very influential because of guanxi relationships with those in higher positions. The implications of this are plain. Americans wishing to deal with the Chinese must develop guanxi relationships themselves or know persons who enjoy guanxi with those in central positions. The development of one's own guanxi relations is preferable, because these informal affiliations are more important than more formal ones. Representatives of foreign businesses must therefore expect a long stay in

China to develop guanxi relations and to discover who has guanxi with powerful officials.

In addition, the importance of guanxi means that the day-to-day policy is based on perceived personal interest and can change drastically. In many respects, guanxi is anti-bureaucratic and pro-person. Unfortunately, policies change as quickly as personnel, so it is difficult to estimate how long a specific policy will be maintained. Foreigners sometimes find out that contracts are binding only as long as the circumstances at the time and the signers of the agreements remain constant. Changes in either supersede all prior arrangements.

By the same token, decision making in China is slow, even when the cumbersome bureaucracy is circumvented by guanxi. Usually, decisions are made from top to bottom and the superior in each guanxi must agree to a specific proposal. This practice leads to extremely slow decision making for important decisions and causes much frustration for those who expect consistency of policy and universal rules' application from Chinese bureaucrats.

While the role of guanxi is uneven from country to country, the thought patterns and vocabulary persist, and guanxi is considered essential for economic survival. Americans negotiating with ethnic Chinese in the Pacific Rim should be aware of its impact and how it may be utilized to accomplish set objectives.

SOME ASPECTS OF JAPANESE CULTURAL DIFFERENCES

Much has been written on Japanese business success, correlating it with such business idiosyncrasies as lifetime employment, lean-production, and participative management (Beck 1993). The problem is that the study of Japanese culture has usually been comparative and superficial, often overlooking the real driving forces behind Japanese culture. The comparative approach usually contains assumptions based on the Western view and does not depict Japanese culture as it really is. The value system in Japanese business has been heavily influenced by Buddhism, Shinto, and Confucianism. A vignette of the Japanese character reveals that they are extremely competitive in business with a keen sense of perfection and attention to detail.

They are thought to have a strong sense of "being Japanese" with the subordination of individual interests. They exhibit a humble, almost obsequious approach toward their superiors and no one questions their high

degree of self-sacrifice for their profession, nation and family. A permanent desire for harmony in human relationships is clearly visible, resulting in group rather than individual decision making (Maher 1994). Japanese culture shows a strong sense of honesty and a sense of shame when individual behavior departs from identified group norms.

Americans place great importance on being "up front" about matters, even if it requires being blunt or offensive. The Japanese culture, however, accepts a contradiction between one's "honno" (true intention) and one's appearance to the world. Japanese are very indirect in their speech and go to great length to avoid insulting another person in a group, or causing anyone to lose status. Therefore, they often pay lip service to an idea while concealing their true feelings. This is considered a polite way of not offending people. Along these lines, Japanese may respond during negotiations with a "yes", and not necessarily agree with their western counterpart. The phenomenon of "aizuchi" (echo or "chime in") punctuates most of Japanese conversation. The listener provides a quasi-musical accompaniment to the speaker, punctuating each sentence with an "ah," "saa," or other monosyllabic comment. This simply conveys, however, that the listener is paying attention to the speaker and it does not indicate an agreement. Whereas Americans think they have a real agreement, the Japanese are only maintaining harmony by appearing to agree.

Japanese respect competence in any field and tend to be far more detail-oriented than Americans when approaching a legal or business problem. It is instrumental to come to the table with a firm grasp of the situation at hand since a lack of preparation or sloppiness may seriously damage the cause. Polite behavior (teinei) approaches an art form in Japanese society and Americans who wish to succeed with Japanese should study their intricate manners as much as possible. For example, Americans meeting for business purposes typically shake hands, exchange "hellos" and get right down to business. Japanese, however, prefer to get to know each other before settling down to serious business discussions. They will greet each other, then spend ample time discussing hobbies, interests, and family. Americans should not attempt to rush this formative period.

While Americans exchange business cards without fanfare; to Japanese, business cards are critically important, serving to maintain an individual's position in society. The card should be accepted with both hands to show respect and should be placed on the table, not stuffed in the pocket. Americans often slap each other on

the back, or put an arm around another as a sign of friendship. Japanese, in contrast, are extremely reticent about physical contact in polite situations. A Japanese shopkeeper, for example, rarely hands change to customers but will place the coins on a plastic plate to avoid physical contact.

NEGOTIATING WITH KOREANS

Several characteristics are associated with Korean decision-making and negotiating styles and processes (Tung 1991). Since many Korean companies are still run by the owner/founder of the company or his family, decision making seems to be more centralized. Consequently, decisions can generally be made more quickly in Korean companies than in Japanese or Chinese organizations. However, Korean partners, like their Japanese counterparts may often stall business in an effort to arrive at a desired outcome. The use of this stalling technique may stem from a perception that Americans are generally more eager than Koreans to reach closure within a relatively short period of time. By playing the time, the Korean partner may hope to wear the U.S. counterpart down and thereby gain greater concessions.

To many Koreans and Korean companies, profit is not always the most important objective or motive for entering into a particular project or venture. Like their Japanese counterparts, Korean companies are sometimes more concerned with market share and growth, a factor a U.S. company must consider in making investment decisions. Given the Korean partner's concern with establishing market share and materializing growth, the venture may not be able to realize a quick return on its investment. Similarly, status and ego fulfillment are often more significant motivators than money in spurring workers to work harder. Such status symbols as titles, the use of a company car, access to a personal chauffeur, a large office, and authorization to use a corporate charge card can powerfully motivate employees in the Korean context.

If a Korean workforce is to be managed effectively, the U.S. managers involved must have an adequate understanding of the Korean psyche and disposition.

U.S. and Korean counterparts also appear to differ widely in their attitude toward the sanctity of a written contract (Carroll 1992). The typical Western view is that a contract defines the rights and responsibilities of the parties involved and that there can be no deviation from it because it is considered a legal

document binding on both parties. The Koreans, on the other hand, like their Japanese and Chinese counterparts, believe that contracts are "organic" documents that can change as conditions evolve. Americans have discovered that a written contract does not mean much in the Korean context and is only the beginning of the negotiations. As circumstances change, the Koreans feel that the contract should also change, a behavior that can prove very frustrating from the U.S. perspective. This cultural gap is exacerbated by the fact that bribery--in such forms as giving gifts and entertaining lavishly--is common-place in Korea. Many Americans fail to obtain contracts because they are not able to entertain and do not understand the importance of building personal relationships.

As in Japan and China, relationships are pivotal to all aspects of societal functioning. It is of utmost importance in Korea to maintain a high "kibun" (loosely translated as a mood or feeling of a comfortable and peaceful state of mind). Koreans have difficulty admitting failure, and it is devastating for them to lose face.

The directness of Westerners in dealing with incompetence, error, or dishonesty is thoroughly unpalatable to Koreans, whose self-esteem is always on the line. If the foreign business person can keep everyone's "kibun" high, he might be able to achieve a satisfactory working relationship. It takes time and patience to build and nurture these relationships. Human relations are fundamental to the Korean way of life. Most of the relationships are formed on the basis of one or a combination of the following considerations: (a) blood (i.e., involving members of one's immediate and extended families); (b) school ties (i.e., involving people who attended the same grade school, high school, university or military academy); and (c) geography, (i.e., involving people from the same clan or village to which one's ancestors belonged). For obvious reasons it is difficult for Americans and other Westerners to break into the system. Furthermore, these relationships are reinforced through after-hours socializing. To the Koreans, as to the Japanese, such after-hours socializing is considered a "necessary carry-over" from the regular business hours. Since Americans tend to separate their professional from their personal lives, participation in these social hours is often difficult. U.S. business representatives should never regard formal entertainment as a waste of time. Perhaps as much business in Asia is transacted in the informal setting of dinner as in the company conference room. Sharing dinner and after-hours socializing can be important in building friendships that will foster the necessary trust, as well as build a rapport that will greatly

contribute to the overall success of the American businessman.

Japanese, Korean and Chinese business philosophies differ significantly from American

managerial principles and knowledge of these philosophies is critical to success in dealing with members of those cultures (Munter 1993).

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TOBACCO SMOKE: AN AMBIENT ENVIRONMENTAL INFLUENCE

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ABSTRACT

Secondhand smoke is an element of the ambient environment in many restaurant and other public settings. In spite of increased media attention to the hazard of second hand smoke, no research on consumer reaction to secondhand smoke has been published. This exploratory study suggests that secondhand smoke both produces affective responses by consumers and serves them as an important cue in making evaluations. Continued research will be highly valuable to those who influence smoking policies.

INTRODUCTION

The regulation of public tobacco use as well as tobacco advertising and promotion became a topic of debate during the U.S. presidential campaign of 1996. While President Clinton moved to regulate nicotine as an addictive drug, his political opponent, Bob Dole, criticized him for failing to curb the use of illegal narcotics. Meanwhile, in his acceptance speech at the Democratic convention in Chicago, Vice President Gore quoted statistics indicating that 3,000 young people per day begin smoking and that at least half of these individuals would eventually die as a result of developing a tobacco habit.

Some individuals have taken the threatening statistics and trends seriously and avoid smoking and secondhand smoke at all costs, while others view the efforts at regulation as governmental intrusion into private behavior and a threat to individual freedom. A major problem for retail and food service operations has been the establishment of smoking policies which would not alienate and drive away individuals with either viewpoint. Some businesses such as bars have viewed smoke and smoking as a part of the expected environment of their business and allow their market segment members to self select themselves. In fact, many local codes which regulate smoking make exceptions for bars and similar establishments. However many restaurants have attempted an uneasy compromise by attempting to segregate smokers and non-smokers, an approach heavily promoted by the major tobacco manufacturers (e.g. the "Accommodation Program" materials published by Philip Morris, Inc.)

Certainly tobacco smoke is an intrusive and

unavoidable element in the atmosphere of retail establishments which permit tobacco usage. Smoke produces a characteristic odor and may leave other forms of residue, depending on cleaning methods employed where smoking occurs. As the discussion of smoking in public is a sometimes emotional one, it is surprising that customer reaction to smoke and smoking in the retail environment has not been systematically studied, particularly since studies of ambient odor have recently appeared (Gulas and Bloch, 1995; Mitchell, Kahn and Knasko, 1995; Spangenberg, Crowley and Henderson, 1996). Since the impact of smoke on consumer behavior has not been systematically examined, questions concerning the impact of smoking policy on retail customers and restaurant patronage cannot be answered on the basis of scientific evidence. Instead, retailers have assumed that negative sales consequences would result from any individual store policies completely restricting smoking and seem to base their policy decisions on hearsay evidence. (Sciaccia and Eckrem, 1993)

RETAIL ENVIRONMENT RESEARCH

A widely referenced article on atmospherics by Philip Kotler (1973) interested marketers in research on the in-store environment. Kotler proposed that consumers perceive store atmosphere as a result of visual, aural, tactile, and olfactory senses. These sources of sensation produce both cognitive (informational) and affective responses which influence consumers' behaviors within retail stores. In many cases, Kotler noted, the atmosphere intended by the retailer is not that which is perceived by the consumer, and he pointed to the need for research into the functioning and manipulation of the

elements of store atmosphere.

Since Kotler's landmark article, a growing stream of research has focused on the influence of the store environment on consumer behavior. Research on all of the environmental dimensions Kotler enumerated has appeared, and it has included the visual elements (e.g. color, lighting, proximity and numbers of visual elements), aural elements (music type, sound level), tactile elements (cleanliness) and olfactory elements (scent). Some studies have treated the stimuli as ones which produce primarily affective responses leading to approach or avoidance behaviors by consumers (Donovan & Rossiter, 1982; Crowley, 1993). These are based on a widely referenced model of environmental psychology by Mehrabian & Russell (1974). Other research has taken more of a cognitive tack, treating environmental characteristics as learned cues which lead consumers to form impressions of merchandise and quality attributions (e.g. Mazursky & Jacoby, 1985; Bitner, 1990). A comprehensive recent work by Bitner (1992) proposed both cognitive and affective responses to the set of environmental variables she termed the "servicescape."

SMOKE IN THE SERVICESCAPE

Bitner (1992) proposed that physical environments are more important in services marketing than in product marketing because of the consumers' greater experience with the service setting. Wakefield and Blodgett (1996) discussed the particular importance of various elements of the servicescape in settings where customers spend extended periods of time such as in athletic stadiums or restaurants. Research attention has been given to environmental variables such as music (Bruner, 1990), crowding (Hui & Bateson, 1991), lighting (Golden & Zimmerman, 1986). However, research on these and other crucial elements in the context of the restaurant environment is minimal.

It is surprising that no research has been done on second hand smoke since it is an ambient environmental element that is usually noticeable when present in indoor settings, even though individuals vary in their susceptibility to eye irritation and in respiratory sensitivity. In fact no research had been done on the impact of odor in a retail setting until the work by Spangenberg et.al. (1996) and none has yet been published in a restaurant setting. None of the research on odor or scent in retail settings investigated smoke, nor has smoke been studied as a cognitive cue to retail setting quality or other attributes.

There is an important practical need for objective research on smoke and odor. This is illustrated by the controversy raised when local authorities propose regulations curtailing smoking in bars and restaurants. In fact managers of bars and restaurants in many areas of the country permit smoking and believe strongly that their customers expect a smoking environment and will reduce or discontinue patronage if smoking is banned. On the other hand, numerous managers of restaurants and bars have banned smoking entirely and view smoking as detrimental to their business. In order for managers to make informed decisions on smoking policy, they must understand what smoking implies to consumers about the nature of the establishments which permit it and how consumers react to these businesses. Certainly smoke produces direct affective responses in some individuals, but it may also serve as a cue guiding perceptions of components of the service offer.

AN EXPLORATORY STUDY

An opportunity to study this issue arose in the fall of 1995 when the director of the Tobacco Free Wichita Coalition, a local activist group sponsored primarily by the American Cancer Society and the Sedgwick County, Kansas Health Department, approached the author with a request for assistance in developing counter-arguments to literature sponsored by the tobacco industry which claimed that restaurants which banned smoking suffered irreparable damage from lost business. Coalition members hoped to convince restaurants in the county to prohibit smoking, but had few objective facts to support their case. The author agreed to undertake a study of consumer response to smoking in restaurants, but only with an objectively conducted study.

A questionnaire was developed to measure the extent to which consumers considered smoking policy when selecting restaurants and indicate how smoking policy affected the perception of restaurants. Graduate students were trained as telephone interviewers and conducted the ten minute interviews in March, 1996. Sample names were drawn randomly from the Wichita telephone directory and potential sample members were screened for recent patronage, with recent patronage defined as one restaurant meal personally purchased within the past week. About 15 percent of the households contacted were eliminated as not qualified on this basis. A total of 620 residences were called with 204 usable interviews resulting. No quotas were established

Table 1

Restaurant Selection and Usage: Smokers vs. Non-Smokers

	Smokers	Non-Smokers
Sample Size	51	153
Number of times per week eat at "sit-down" restaurant	2.8	2.3
Knew Restaurant's smoking policy prior to visit	84.2%	73.0%
Requested Non-Smoking seating	12.5%	61.7%*
Requested Smoking Section	37.5%	6.0%*
Percent who sat at table where at least one person smoked	62.7%	5.2%*
Impact on restaurant chosen if smoking were prohibited:		
1) % intending decrease in usage	39%	10.7%*
2) % intending increase in usage	0	19.6%*
Number of people at meal	2.3	2.5
Number of children at meal	1.7	1.5
Meal cost	\$8.33	\$8.85
Minutes waited to be seated	4.1	4.6
Number of people in household	2.5	2.8
Age (mode)	35-49	35-49
Education (% with Bachelors or higher)	23.6	51.0*
Percent in Unskilled or semi-skilled occupation	19.6	6.6*
Percent in Professional Occupation	11.8	21.9*

* t-test indicates significant difference at .01 level

Table 2

Perceptions of Restaurant Attributes: Smokers vs. Non-Smokers

	Smokers	Non-Smokers
1. The food at restaurants which allow smoking is:		
better	8.0	6.6
same	92.0	80.8
worse	0	12.6
2. The cleanliness at restaurants allow smoking is:		
better	7.8	4.7
same	84.3	64.7
worse	7.8	30.7
3. The attractiveness of facilities at restaurants which allow smoking is:		
better	12.0	7.4
same	78.0	68.9
worse	10.0	23.6
4. Similarity of other customers to user at restaurants which allow smoking:		
more like	12.2	4.1
same	81.6	77.7
less like	6.1	18.2

for the inclusion of smokers or non-smokers in the sample, however the final sample included 51 (25%) smokers, about the same proportion as smokers in the general population of the United States.

Sample members were asked to consider their most recent experience dining at a non fast-food (i.e. table service) type of restaurant. Details of the meals about which the smoking and non-smoking consumers were interviewed were very similar, including amount spent, number of individuals and number of children attending the meal, the time waited for seating and the time of day of the meal. Importantly, approximately the same proportion of the smokers and non-smokers had

been the primary or joint decider on the restaurant chosen for the meal. Although the age, marital status, and household size of the participants were similar, the smokers were significantly lower in educational achievement and occupational standing. Only 23.6 percent of the smokers had completed a bachelor's degree while 51 percent of the non-smokers had done so; and while 21.9 percent of the non-smokers held professional jobs, only 11.8 percent of the smokers did so.

Table 3

Expression of Affect Toward Smoke

No affect expressed	37	46.6%
Positive toward smoke	10	4.9
Mixed expressions	22	10.8
Dislike Expressed	<u>135</u>	<u>66.2</u>
	204	100.0%

Use of Smoke as a Cue

None mentioned	95	18.1%
Use Smoke as positive indication	23	11.3
Mixed usage	17	8.3
Use smoke as negative indication	<u>69</u>	<u>33.8</u>
	204	100.0%

Cue Utilization and Affect

By Non Smokers (N=153)...

Who had negative affect to smoke:	51	(33.6%) used smoke as Negative Cue
	8	(5.3%) used smoke as Positive Cue
Who had positive affect to smoke:	1	(.7%) used smoke as Negative Cue
	1	(.7%) used smoke as Positive Cue

By Smokers (N=51)...

Who had negative affect to smoke:	4	(7.8%) used smoke as Negative Cue
	2	(3.9%) used smoke as Positive Cue
Who had positive affect to smoke:	0	(0%) used smoke as Negative Cue
	2	(3.9%) used smoke as Positive Cue

PERCEPTION OF HEALTH HAZARDS

All respondents were asked whether or not they believed secondhand smoke in the air was a significant health hazard. Despite ubiquitous publicity in the mass media, only 60.4 percent of the consumers believed that secondhand smoke constitutes a significant hazard. Of the smokers interviewed, 43.1 percent viewed second hand smoke as a hazard, while a surprisingly low 66.2 percent of the non-smokers viewed it similarly. In fact, fewer than half (41%) were knowledgeable enough about the effects of secondhand smoke to comment on the related health hazards. Of these, half (20% of the sample) had either believed the media reports or had had direct experience with illness. The other half indicated that exposure to smoke was so unimportant that they perceived no personal health threat. Thus, 80 percent of the sample was essentially unconcerned with the health ramifications of second hand smoke in the air.

The relatively small proportion of the sample with concern about secondhand smoke as a health hazard is consistent with the proportion of non-smokers, 61.7 percent (12.5% of smokers), who requested non-smoking seating in the restaurant they visited. Most of the remainder of the non-smokers took whatever seating was most quickly available, usually actually in the non-smoking section. As a point of comparison, only 12.5 percent of the smokers requested non-smoking seating.

AFFECT TOWARD SMOKE

The data on consumer requests for non-smoking seating are consistent with the finding that 66 percent of the sample expressed negative affect toward smoke (see Table 3). It should be pointed out, however, that all affective responses were not the same. While a relatively large number of individuals said they didn't like smoke, interviewers judged that only 41 or 20 percent of the sample reacted with strong affective responses against smoke, for example with descriptions of their dislike the smell of smoke, their experience with smoke irritation, or their diminished enjoyment of food. The remaining non-smokers who actually requested non-smoking seating stated that they did so out of habit, for other reasons not related to health, or could not articulate a reason.

RESTAURANT SMOKING POLICY AS A CUE

Table 2 lists the four attributes about which respondents were questioned. They were asked whether they believed that restaurants which allowed smoking are

usually different on four attributes: food quality, facility cleanliness, facility attractiveness, and the compatibility of other customers of the business. Responses were examined separately for smokers and non-smokers, since it is likely that cues would function differently for the members of each group. Obviously each would be attracted by good quality food but would "read" different meanings into smoking if it were used as a cue in their evaluation of a restaurant's food.

The most distinct and significant differences in perception of the restaurants related to the cleanliness attribute. Places which permitted smoking were viewed as less clean by 31 percent of the non-smokers, while eight percent of smokers held this view. Certainly this is no surprise as smoking debris is inevitably visible at some time in even the most careful of restaurants which permit smoking. The attractiveness of the facilities themselves were also viewed more poorly by the non-smokers, with almost a quarter of the non-smoking sample perceiving poorer facilities in restaurants which allowed smoking, in contrast with 10 percent of the smokers. Unfortunately, it is not clear whether the lesser attractiveness was caused by lack of cleanliness or by other aspects of the facilities.

The findings about food quality were not as dramatic as those for cleanliness and facility attractiveness. Nevertheless, a small but significant 13 percent of non-smokers (in contrast with zero percent of the smokers) perceived that food quality in restaurants which prohibited smoking was better than in restaurants in which smoking was not allowed. On the other hand, almost seven percent of the non-smokers and eight percent of the smokers believed that the food was actually better in restaurants which allowed smoking. This suggests that there is some degree of perception that the food offerings of places which ban and those which permit smoking are different.

Smoking policy also acted as an indicator of the social compatibility of customers. Nearly a fifth (18.2%) of non-smokers believed that customers at restaurants which permitted smoking are not as similar to them as are the people who patronize restaurants which prohibit smoking.

Although the cues examined in this exploratory study were limited in number, these results do suggest that consumers make distinctions on the basis of restaurant smoking policy. It has also strongly suggested the obvious but unresearched fact that smoke is itself an environmental stimulus which produces an affective

response by an important number of consumers. Sixty-six percent (135) of the 204 individuals interviewed expressed negative personal reactions (affect) to smoke, while 41 percent of these (55) individuals who expressed a negative affect to smoke also used a restaurant's smoking policy as a negative cue in the evaluation of one or more of the four restaurant attributes studied. Of these 55 individuals interviewed who used smoking as a negative cue in attribute evaluation, 51 were non-smokers. (See bottom panel of Table 3) Thus the the majority of non-smokers expressing a negative affect toward smoke and a large proportion of these (41 percent) also used smoke as a negative cue in evaluation. As might be expected, smokers expressed far less negative affect toward smoking, but a few nonetheless used smoking policy as a negative cue!

THE NEED FOR RESEARCH

This study suggests that smoke and smoking policy of restaurants serves both as a environmental stimulus which produces negative affect in non-smokers and also serves as a cue for restaurant evaluation. Unfortunately the ex-post facto nature of the survey methodology of the study limits the extent to which conclusions may be drawn. Not only is experimental research needed to adequately measure the impact of consumers' affective responses to smoke while controlling for other environmental variables such as lighting, temperature and odor, but also longitudinal data collection would assist in measuring approach or

behavior suggested by the Mehrabian and Russell (1974) model. Finally, analysis of the various other restaurant attributes about which smoking policy might convey information, such as service quality, need to be examined and related to the smoking behavior of subjects participating in the experimentation.

CONCLUSIONS

This exploratory study has suggested that four of the most important attributes (Sweeney, Johnson, Armstrong, 1992) of restaurants are viewed significantly differently by many smoking and non-smoking patrons. These are food quality, cleanliness and attractiveness of facilities, and the similarity of other customers. This is important evidence that restaurant smoking policy is, at least for an important number of consumers, an informational cue about restaurants. The difference in reactions of the smokers and non-smokers indicates the presence of distinct segments based on individual consumer's smoking behavior and perhaps on social status variables related to smoking practices. Certainly cognitive and affective consumer reactions to smoke should be considered by restaurant management and by others who control smoking policy in public places. Smoke is an important and complex environmental variable, and further study of its impact on consumers appears to be warranted. Retrospective survey research will not be able to offer the degree of insight necessary for providing hard data on the impact of smoking policy on restaurant selection and patronage. Such information will be necessary if more convincing evidence is to be provided to marketing decision makers.

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BRAND CONCEPT AND BRAND EXTENSION: A CATEGORIZATION APPROACH

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ABSTRACT

Categorization theory is used to examine the effect of brand concept (functional, symbolic or experiential) on consumer ratings of brand extensions. Results of two laboratory experiments indicated that extensions with a functional concept were evaluated more favorably when the original brand denoted a functional rather than a symbolic or experiential concept. Similarly, symbolic and experiential concept extensions were evaluated more favorably when associated with a core brand that denoted a symbolic and experiential concept respectively.

INTRODUCTION

The strategic role of brand extension has long been recognized by firms in the corporate world. Many firms capitalize on brand equity through a brand extension strategy. Brand extension involves the use of a brand name established in one product class to enter another product class (Aaker 1991; Tauber 1988). For example, Ivory shampoo, Jello frozen pudding pops, Bic disposable lighters, NCR photocopiers are successful extensions of familiar brands to new product categories. Brand extension as a marketing strategy has become even more attractive in today's environment where developing a new product costs a lot of money and can be time consuming. This study uses the categorization theory to examine the proposition that brand extensions would be favorably evaluated if they are perceived as being consistent with the overall brand concept. The research constructs and hypotheses are as follows.

BRAND CONCEPT

Park, Millberg and Lawson (1991) regard brand concept as "brand unique abstract meanings ...that typically originate from a particular configuration of product features and a firm's efforts to create meanings from these arrangements (pg. 186). Thus, from a marketer's perspective the image that a brand conveys is an important component of the brand concept, because the meaning derived by consumers is a reflection of the brand image. The brand concept can be based on the consumer needs that a brand can satisfy. Park, Jaworski and MacInnis (1986) have identified three consumer needs - functional, symbolic and experiential. A firm can decide on the type of need that it wants to fulfill. Then through effective positioning and communications, it can

convey to the consumers the brand concept (functional, symbolic or experiential) based on the needs that are being catered to. Each of these three concepts are briefly discussed.

A brand with a functional concept is valued primarily for its functional performance. Park, et al. (1986) define a brand with a functional concept as one designed to solve externally generated consumption needs. Consumers will be motivated to buy and use functional brands in situations where the product is viewed as addressing utilitarian needs. A brand with a symbolic concept is designed to associate the individual with a desired group, role, or self-image (Park, et al., 1986). It also stands to reason that social risk would be more important for symbolic brands. An individual would be concerned about identification with a peer or reference group. A wrong product choice may be ridiculed. Park, et al. (1986) define a brand with an experiential concept as one designed to fulfill internally generated need for stimulation and /or variety. The primary motivation for selecting certain products is the enjoyment that is derived from consumption of these products. Holbrook and Hirschman (1982) recognize the fact that "fantasies, feelings and fun" are also vital consumption phenomena which they call the "experiential view". Thus, the hedonic aspect of consumption becomes predominant for these brand. Consumers regard consumption of these products as an opportunity for deriving sensory pleasure.

BRAND CONCEPT CONSISTENCY

According to categorization theory the world of objects are put into different categories by individuals for a better understanding and processing of the environment

around them (Smith and Medin 1981). A person can transfer the effect associated with a category to a new object, if the object can be classified as member of that category (Cohen 1982). Many different objects can belong to a category. There are common taxonomic categories such as "animals," "fruits," and "vegetables" (Barsalou 1983). In addition, there can be goal-derived categories that are formed ad hoc in order to attain a desired goal. Barsalou (1983) cites "things to take on a camping trip" and "things to take from one's home during a fire" as examples of goal derived ad hoc categories.

Brand extensions that are seen as being consistent with the brand concept - functional, symbolic or experiential - can be said to constitute a category. The underlying commonality between products belonging to the brand-category would be that they address the same set of consumer needs - functional, symbolic or experiential. It also follows that if the original brand signifies a particular concept, i.e., it fulfills a need, extensions from that brand can also be regarded as primarily addressing the same set of needs. Consumers will consider the extension as well as the core brand as belonging to the same category and therefore, evaluations of extensions will be enhanced. On the other hand, if the extensions are not consistent with the core brand, i.e., the core brand fulfills one set of needs and the extension attempts to address a different set of needs, consumers will have difficulty in classifying the core brand and the extension in the same category. Hence,

- H1: Consumers will evaluate a brand extension with a functional concept more favorably when the original brand denotes a functional rather than experiential or symbolic concept.
- H2: Consumers will evaluate a brand extension with a symbolic concept more favorably when the original brand denotes a symbolic rather than a functional or experiential concept.
- H3: Consumers will evaluate a brand extension with an experiential concept more favorably when the original brand denotes an experiential rather than a functional or symbolic concept.

METHODOLOGY

Stimuli

The stimuli consisted of three brands and six extension products. The selection was based on the

following criteria: (1) being relevant to subjects (2) generally perceived as high quality and (3) not broadly extended previously. In order to develop stimulus materials pretesting was carried out in the following two stages:

Stage 1 pretesting: The purpose of stage 1 pretesting was to identify brand names that are associated with functional, symbolic and experiential concepts. Subjects were provided brief descriptions of these concepts and were given a list of brands. They were asked to pick out brands that in their opinion were associated with one of the three concepts. A simple frequency count was used to determine representative brands for the three concepts. Results of pretesting indicated that Energizer was classified by the subjects as having a functional concept, Nike as having a symbolic concept and Haagen Dazs as having an experiential concept.

Stage 2 pretesting: The purpose of this pretesting was to ask subjects to generate extension ideas for each of the three brands selected in stage 1. The most common extension products associated with each of the three brands identified above were used for subsequent experiments. Extensions from functional brand were considered to be consistent with the functional concept, extensions from the symbolic brand were considered to be consistent with the symbolic concept, and extensions from the experiential brand were considered to be consistent with the experiential concept. Extensions that were considered to be consistent with one particular concept were considered as being inconsistent with the other two concepts.

Pretesting indicated that for Energizer brand the extension products were spark plugs and flashlights; for Nike the extension products were jeans and sunglasses; and for Haagen Dazs the extension products were pastries and cakes, and frozen yogurt. Thus Energizer spark plugs were regarded as being consistent with the functional concept whereas Nike spark plugs were inconsistent with the symbolic concept and so on.

Experiments

Two lab experiments were conducted. For the first experiment one hundred and eighty students enrolled in a large University in the mid-west were chosen as subjects. A 3 (functional/symbolic/experiential brand concept) X 3 (functional/symbolic/experiential

extension) between subjects design was used. A cover page indicated that subjects' opinions, as consumers, about different brands and products were being solicited. At the beginning of the experiments, the concept of brand extension was explained to the respondents. They were then instructed to answer the questions relating to the hypotheses put forth in this study. Perceptions and evaluations of three core brands (each representing either a functional, symbolic or experiential concept) as well as three brand extensions (each extension category being consistent with one concept and inconsistent with the other two) were obtained from subjects. Each subject was given one core brand and one extension product. The core brand could be associated with a functional (Energizer), symbolic (Nike) or experiential (Haagen Dazs) concept. The extension product was consistent with a functional (spark plugs), symbolic (sunglasses) or experiential concept (pastries and cakes).

The second experiment replicated the first. Subjects considered the same set of core brands. However, a different set of brand extensions (flashlights, jeans and frozen yogurt) were evaluated. Replication of the experiment provided a more robust and thorough understanding of consumer evaluations of brand extensions.

Operationalization of Constructs

Brand Concept Consistency (BCC): The variable brand concept consistency (BCC) was measured by the following three-item scale (7 point semantic differential scale):

- not at all logical for company - very logical for company
- not at all consistent with the image of brand - very consistent with the image of the brand
- bad fit between brand and product - good fit between brand and product

Evaluation of Brand Extensions (EVAL): The variable evaluation of brand extension (EVAL) was measured by the following three item scale (7 point semantic differential):

- not at all likely to try - very likely to try
- undesirable - desirable
- unfavorable - favorable

For both the variables cronbach alpha was calculated to measure the reliability of the scales. These measures were combined to form a composite (averaged) indicator for analysis of variance (ANOVA).

DATA ANALYSIS

Hypothesis 1 postulates that brand extensions that are consistent with a functional concept will be evaluated more favorably when the original brand denotes a functional rather than a symbolic or experiential concept. A significant BRAND X EXTENSION revealed this effect ($F(4,171) = 11.21, p < .0001$ for experiment #1 and $F(4,171) = 94.19, p < .0001$ for experiment #2). When Energizer (functional concept) was extended to spark plugs (consistent with functional concept) this product was evaluated more favorably ($M = 4.45$) then when spark plugs were associated with Nike (symbolic concept), $M = 3.07$ or when spark plugs were associated with Haagen Dazs (experiential concept), $M = 2.5$. Scheffe's test reveals that at $\alpha = .05, df = 171$, the minimum significant difference between two means was 1.76. Based on this criteria it can be seen that the difference between the means for Energizer spark plugs and Haagen Dazs spark plugs is significant. The difference between means for Energizer spark plugs and Nike spark plugs though not significant is large enough to provide directional support to the hypothesis. Means obtained from experiment #2 provide further support for hypothesis 1. When Energizer (functional concept) was extended to flashlights (consistent with functional concept) this product was evaluated more favorably ($M = 6.1$) then when flashlights were associated with Nike (symbolic concept), $M = 2.97$ or when flashlights were associated with Haagen Dazs (experiential concept), $M = 2.38$. Scheffe's test reveals that at $\alpha = .05, df = 171$, the minimum significant difference between two means was 1.29. Based on this criterion it can be seen that the difference between the means for Energizer flashlights on the one hand and Nike flashlights and Haagen Dazs flashlights on the other is significant.

Hypothesis 2 postulates that brand extensions that are consistent with a symbolic concept will be evaluated more favorably when the original brand denotes a symbolic rather than a functional or experiential concept. A significant BRAND EXTENSION interaction reveals this effect ($F(4,171) = 11.21, p < .0001$ for experiment #1 and $F(4,171) = 94.19, p < .0001$ for experiment #2). When Nike (symbolic concept) was extended to sunglasses (consistent with symbolic concept) this product was evaluated more favorably ($M = 3.75$) than when sunglasses were associated with Energizer (functional concept), $M = 3.23$ or when sunglasses were associated with Haagen Dazs (experiential concept), $M = 3.2$. Scheffe's test reveals that at $\alpha = .05, df = 171$, the minimum significant difference between two means was 1.76. Based on this criterion the

difference between the means for Nike sunglasses and Energizer sunglasses or Haagen Dazs sunglasses is not significant. However, the difference in means provides directional support to the hypothesis. EVAL means obtained from experiment #2 show that when Nike (symbolic concept) was extended to jeans (consistent with symbolic concept) this product was evaluated more favorably ($M = 4.85$) than when jeans were associated with Energizer (functional concept), $M = 3.23$ or when jeans were associated with Haagen Dazs (experiential concept), $M = 2.1$. Scheffe's test reveals that at $\alpha = .05$, $df = 171$, the minimum significant difference between two means was 1.29. Based on this criterion the difference between the means for Nike jeans is significantly different from the means for Energizer jeans or Haagen Dazs jeans. Therefore, hypothesis 2 is supported.

Hypothesis 3 postulates that brand extensions that are consistent with an experiential concept will be evaluated more favorably when the original brand denotes an experiential rather than a functional or symbolic concept. A significant BRAND X EXTENSION interaction reveals this effect $F(4,171) = 11.21$, $p < .0001$ for experiment #1 and $F(4,171) = 94.91$, $p < .0001$ for experiment #2. When Haagen Dazs (experiential concept) was extended to pastries and cakes (consistent with experiential concept) this product was evaluated more favorably ($M = 4.48$) than when pastries and cakes were associated with Energizer (functional concept), $M = 2.58$ or when pastries and cakes were associated with Nike (symbolic concept), $M = 2.68$. Scheffe's test reveals that at $\alpha = .05$, $df = 171$, the minimum significant difference between two means was 1.76. Based on this criterion the difference between the means for Haagen Dazs pastries and cakes and Energizer pastries and cakes or Nike pastries and cakes is significant thereby providing support for H3. EVAL means obtained from experiment #2 show that when Haagen Dazs (experiential concept) was extended to frozen yogurt (consistent with experiential concept) this product was evaluated more favorably ($M = 6.3$) than when frozen yogurt was associated with Energizer (functional concept), $M = 2.92$ or when frozen yogurt was associated with Nike (symbolic concept), $M = 2.65$. Scheffe's test reveals that at $\alpha = .05$, $df = 171$, the minimum significant difference between two means was 1.29. Based on this criterion, the difference between the means for Haagen Dazs frozen yogurt is significantly different from the means for Energizer frozen yogurt or Nike frozen yogurt. Therefore, hypothesis 3 is supported.

MARKETING IMPLICATIONS AND DECISION MAKING

In evaluating new products consumer preferences are based on how closely does the extension product "fit" with the brand image. If there is a significant match between the brand concept and extension product category, evaluations are enhanced. This is true for brands associated with functional, symbolic as well as experiential concepts. The evaluation means for extensions that were consistent with functional, symbolic and experiential (Energizer spark plugs, Nike sunglasses and Haagen Dazs pastries and cakes in experiment 1 and Energizer flashlights, Nike jeans and Haagen Dazs frozen yogurt, respectively in experiment 2) were larger than for any other combination of brands and extension products. This is precisely what had been hypothesized in this research. Furthermore, no other pattern was observed as far as evaluations of extensions were concerned. In other words, extensions that were not consistent with core brands did not receive evaluations in any particular order.

This study has shown that an important component of extension evaluations is brand concept consistency, and has offered empirical evidence to support the contention that there should be a match between the extension and the brand concept. Since the extension product is in a different product class than the product associated with the core brand, it is generally difficult to compare the two in terms of physical attributes. Therefore, concepts such as functional, symbolic and experiential become important as they provide consumers with certain associations and meanings that can be transferred to the extension.

From a marketing managers perspective, results of this study show that it does not make sense to pair a brand and an extension in a random fashion. The chances of success are enhanced if there is a consistency between the core brand and the extension product. This study has implications for new product development as well as positioning strategies. New products are crucial to successful growth and profits in many companies, yet the process of new product development is very risky. Therefore, instead of going through a costly new product development process, a company can decide to manufacture an existing product and attach its own brand name to it.

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THE EMERGING MARKETS OF THE BALTIC STATES: ETHNOCENTRICITY AND ITS ANTECEDENTS

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ABSTRACT

The purpose of this study was to examine the level of consumer ethnocentrism on a sample of consumers from the Baltic states, and to investigate the factors underlying this phenomenon, i.e., openness to foreign cultures and demographic variables. While the respondents revealed rather non-ethnocentric attitudes, empirical results confirmed the postulated relationships.

INTRODUCTION

The implementation of the principles of market economy and political democracy in Eastern European (EE) markets has attracted a number of multinational investors and international marketers, who are increasingly taking advantage of the inefficiencies of the previous command system (Michaels & Murray, 1993). The new economic climate has brought about profound changes in the lives of EE citizens and consumers; however, only a limited amount of empirical research exploring sociological phenomena applicable to marketing and consumer behavior has been conducted in these emerging markets (Sweeney, 1993). Consequently, marketers, challenged with numerous market opportunities in an extremely dynamic environment, need a thorough understanding of the changing consumer behavior, and particularly of consumer attitudes toward importation of foreign made goods. The objectives of this study were to examine the level of consumer ethnocentrism in the emerging markets of the Baltic States, and to investigate the factors underlying this phenomenon, i.e., openness to foreign cultures and demographic variables.

CONSUMER ETHNOCENTRISM AND ITS ANTECEDENTS

The economic form of ethnocentrism, i.e., consumer ethnocentrism or ethnocentricity, was introduced by Shimp and Sharma (1987), who defined it as the belief that purchasing imported products is wrong because it hurts the domestic economy and causes unemployment. These authors also developed and psychometrically validated a scale, i.e., CETSCALE, which measures perceptions of the appropriateness of

importing foreign-made products. The instrument has been tested for its predictive validity and cross-cultural relevance (Herche, 1992; 1994; Netemeyer et al., 1991). More recently, Sharma et al. (1995) extended the original work on the conceptualization and measurement of consumer ethnocentrism, and proposed a model which also examined why and under what conditions this phenomenon occurs. They suggested that along with consumer demographic and psychographic measures, the following constructs may be factors underlying an individual's ethnocentric tendencies: openness to foreign cultures, patriotism, collectivism-individualism and conservatism. The authors also postulated that the impact of consumer ethnocentric tendencies on individuals' attitudes toward importing products are moderated by the perceived necessity of products being imported, and by the economic threat, i.e., when consumers perceive that importation of foreign-made products poses a threat to the consumer's personal welfare or the welfare of the domestic economy.

Exploration of consumer ethnocentricity in EE countries at this point in time appears to be particularly meaningful. EE consumers' fascination with Western products might be overshadowed by a concern for personal and economic well being. For instance, individuals surveyed in public opinion polls in some Central and Eastern European countries expressed various levels of concern regarding their quality of life, e.g., the loss of jobs due to increasing foreign competition (Damisch & Ulram, 1995).

CONCEPTUAL FRAMEWORK FOR THE STUDY AND HYPOTHESES

The framework for this study (Figure 1) was in

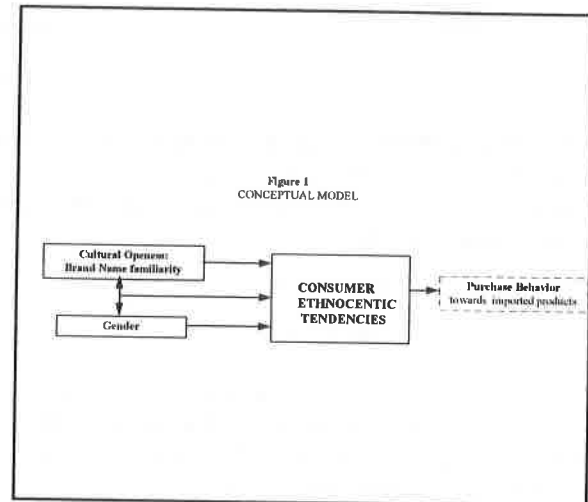
part derived from the recently proposed model of the antecedents and outcomes of consumer ethnocentricity (Sharma, Shimp and Shin; 1995). However, of the four antecedents to consumer ethnocentrism, this study inquired into the cultural openness as the only factor underlying consumer ethnocentric tendencies. Researchers have suggested that opportunities to interact with other cultures, including people and artifacts of other cultures, may reduce consumer cultural prejudice and thus the level of ethnocentricity (Shimp et al., 1987; Sharma et al., 1995). In this study, an individual's familiarity with internationally known brands was considered an indication of openness to other cultures and therefore a potential antecedent of consumer ethnocentrism. The average consumer in the developed economies today recognizes over 5000 brands or brand names, which can be thought of as beacons helping to guide consumers through the extensive product offerings on today's market (Boutie, 1994). Boutie (1994) suggested that the knowledge of over 5000 verbal representations make the consumer virtually able to speak a foreign language: the language of brands. Some products with global brand name reputation were available in EE countries even before the economic transformation began; in addition, several unavailable brands were known to EE consumers through interaction with people from other countries, the media available and in rare cases through international travel. There has been a wave of new brands entering the reformed countries within various product categories in past few years (Meller, 1993). It has also been reported that the brand awareness in EE countries has been soaring as a result of promotional campaigns of Western producers entering the market, who experience surging sales after product launches (Michaels & Murray, 1993).

Hypotheses 1:

A negative correlation is expected between consumer brand familiarity and consumer ethnocentrism. It is expected that individuals possessing a broader knowledge of international brands, and therefore more familiar with artifacts of other cultures, tend to exhibit less ethnocentric tendencies.

Consumers in transitional economies might consider imported products as novel, superior and prestigious, particularly when these are imported from the West. Consumers in transitional economies such as those of the Baltic States may be more inclined to accentuate the positive aspects of Western-made items and to discount the attributes of domestically-made products (Michaels & Murray, 1993). Thus, it is anticipated that consumer ethnocentric tendencies will tend to be on the low end of the CETSCALE instrument. Previous studies on

consumer ethnocentric attitudes in long established markets have shown that ethnocentric tendencies are negatively correlated with attitudes and purchase intentions of imported products (Herche, 1992; 1994; Netemeyer et al., 1991; Shimp et al., 1987; Sharma et al., 1995).



The level of consumer ethnocentrism has been found to vary across population segments with different demographic characteristics, as the quality of life and economic welfare (e.g. employment) may be more threatened by importation of foreign products for some individuals than for others (Shimp et al., 1987). Also, previous literature has established the importance of socio-economic factors in studies focusing on cultural and ethnic aspects of consumer behavior (Sheth, 1977). Since purchasing foreign-made products can carry emotional implications if job loss or economic welfare is at stake, socioeconomic status and income level might impact how consumers feel about the purchase of imported products. Also, jobs of lower income consumers may be more insecure than those of higher income consumers. Past studies focusing on country-of origin issues, patriotism, ethnocentrism and evaluation of domestic vs. foreign made products have shown differences between male and female respondents (Han, 1988; Sharma et al., 1995, Wall et al., 1988). Women tended to be more patriotic, exhibiting more favorable attitudes toward domestic products and higher ethnocentric tendencies; they are believed to be more articulate as regards what is morally right or wrong, and more conservative. In view of these considerations, the following hypotheses are proposed:

Hypothesis 2:

Female consumers are less ethnocentric than

male consumers.

Hypothesis 3:

As consumers become more exposed to new brands, the rate of change in ethnocentrism will differ between males and females.

METHODOLOGY

The research propositions were investigated on a sample of 124 students majoring in business at the International Concordia University located in the Estonian capital Tallin. The University has a multinational enrollment consisting of students from the neighboring countries, i.e., Latvia, Lithuania, Ukraine and Russia. The students were asked to provide their honest opinions to items in the questionnaire, which consisted of a consumer ethnocentric tendency scale, a scale assessing their familiarity with brand names, and demographic information. A previously cross-culturally validated consumer ethnocentric tendency scale - CETSCALE (Shimp & Sharma, 1987; Netemeyer et al., 1991), which consists of 17 general statements regarding the importation of foreign made goods, was utilized to measure respondents' ethnocentric tendencies. Since the official language of instruction at Concordia International University is English, the original English version of the instrument was utilized. However, following guidelines for conducting international consumer research (Douglas & Craig, 1983), the scale was pre-tested on a small convenience sample of consumers to insure its comprehensibility; minor modifications of the statements were then made so it would be consistent with the consumer environment, culturally so different from the US. The respondents were asked to indicate their agreement or disagreement with statements on a 7-point Likert scale. Since the CETSCALE has been previously found to be unidimensional, the 17 items were then summed into a single total score to evaluate ethnocentric tendencies. The brand name familiarity scale consisted of 13 internationally well-known brand names; the students were asked to indicate the extent of their familiarity with each of the brands on a 5-point interval scale, ranging from "have never heard of the brand name" to "very familiar with the brand name". The selection of brand names was based on the data from a previously conducted focus group session and on researchers' judgement regarding the general familiarity of Baltic consumers with various brands. The summated score of interval scales for all the brand names was used as an assessment of the respondents' brand name familiarity, which is believed to be an indication of the individual's cultural openness. Possible individual scores ranged from 13 to 65.

RESULTS AND DISCUSSION

The total sample of 124 respondents consisted of 40.3 percent male and 59.7 percent female respondents. The majority of the respondents were of Estonian nationality (84 respondents), followed by respondents of Lithuanian, Russian and Latvian nationality (21, 12 and 8 respondents, respectively). The average age of the respondents was 21 years, with ages ranging from 19 to 29. The respondents' knowledge of international brand names, which served as an indication of their cultural openness or their familiarity with the artifacts of other cultures, was found to have a mean value of 27.46 with the standard deviation of 5.47. In our sample, the mean consumer ethnocentrism tendencies score obtained on the CETSCALE was 43.28, with a standard deviation of 13.36. The mean ethnocentrism score of this sample is on the low end of the scale, as expected.

Multiple regression analysis was used to test the proposed hypotheses, with consumer ethnocentrism score (CE) as the dependent variable and brand name familiarity (BF), gender and interaction term as independent variables. Logically, one would not expect the relationship between brand familiarity and ethnocentrism to be linear. Instead, we suggest that the relationship follows a traditional natural log form, decreasing slowly as initial exposure begins, followed by an increasing rate of change as the exposure to foreign brands expands. At some point, we would expect the function to level off to a more permanent level of ethnocentrism. Thus, the following functional form was used to examine the hypotheses:

$$\ln(CE) = B_0 + B_1(\ln(BF)) + B_2(\text{gender}) + B_3(BF \times \text{gender})$$
As summarized in Table 1, multiple regression results provided support for all three hypotheses proposed. The relationship between consumer brand name familiarity and consumer ethnocentrism was significant ($p = .0015$) and predictably negative ($B = -.579$). This indicates that individuals possessing a broader knowledge of the artifacts of other cultures (brand names, in this case) are less ethnocentric. In Hypotheses 2, we proposed differences in the level of ethnocentrism between male and female respondents. This hypothesis was confirmed as females exhibited significantly ($p = .0250$) higher ethnocentric tendencies than males ($B = -1.967$). The interaction term between

TABLE 1: Regression Analysis of Ethnocentricity and its Antecedents in The Baltic States

Variable	Parameter Estimate	(p=)	Hypothesis
B ₀ (constant)	5.616		
B ₁ (ln BF)	-.579	.0015	H1 supported
B ₂ (gender)	-1.967	.025	H2 supported
B ₃ (BF x gender)	.605	.0229	H3 supported

brand name familiarity and gender was also significant ($p = .0229$) as proposed in the Hypothesis 3. The model produced by multiple regression was also significant (F -statistics = 3.69; p -value = .0139), indicating that the model is meaningful in explaining variation in ethnocentric tendencies among the respondents in this study. The coefficient of determination of the model, i.e., r -square of .0844 (adjusted r -square of .0517), revealed that only about eight percent of the variation in consumer ethnocentrism was explained by the three variables in the model. This was expected, because the model of consumer ethnocentrism proposed by Sharma et al. (1995) suggests that there are other antecedents to ethnocentricity not accounted for in this study, i.e., the level of patriotism, conservatism, collectivism/individualism, as well as additional demographic variables such as education and income levels.

CONCLUSIONS, FUTURE RESEARCH AND IMPLICATIONS

This study sought to gain an understanding of the level of ethnocentricity of consumers in the emerging markets of EE and of the antecedents to consumer ethnocentrism. The sample of our respondents revealed rather non-ethnocentric attitudes, indicating that they either evaluate imports on their attributes or see these as better because they are not produced domestically, as suggested earlier (Baron & Mueller, 1995; Sweeney, 1993). Empirical results confirmed the postulated relationships between consumer ethnocentric tendencies and familiarity with brand names, gender and interaction between gender and brand name familiarity. Since this study is a preliminary attempt at studying consumer ethnocentrism in emerging markets in EE, several limitations precluded us from making firm conclusions based on our empirical results. The most notable

limitation is the small sample size of university students, who may share similar views and aspirations. In addition, young people in CEE, who are generally more open to new ideas and products, might be faster in adjusting to the new market conditions and in altering their purchase behavior than the older members of these societies. Our investigation of consumer cultural openness as a factor impacting consumer ethnocentric tendencies was limited to respondents' familiarity with international brand names; other aspects such as the extent of the individual's international travel, knowledge of foreign languages and exposure to other cultures and the media should be examined as indicators of cultural openness in future research.

Insights related to consumer ethnocentricity, which as a culture based phenomenon is by itself dynamic, could be valuable to international and local marketing management. For international marketers interested in the emerging markets Eastern Europe, a knowledge of consumer ethnocentric attitudes and their antecedents in the target markets should enhance decision making on market entry strategy and structure as well as product positioning and regional segmentation. The findings of our study with rather negligible ethnocentric attitudes among students from the Baltic states indicate that international marketers could successfully use a global marketing approach as suggested by Levitt (1983), resulting in cost advantages due to economies of scale and scope. For EE manufacturers and marketers struggling to survive in an increasingly competitive environment, an understanding of the impact of consumer ethnocentrism could, along with other variables, facilitate the formation of more effective marketing strategies. Currently, the majority of domestic manufacturers compete mostly on price, but more sophisticated market approaches will be needed to position their products and remain competitive with multinational entrants (Johansson et al., 1994).

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MARKET SHARE GROWTH OF BUSINESS SERVICE FIRMS

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ABSTRACT

Previous results appear to suggest that profitability is linearly dependent upon market share in the business service sector of the U.S. economy. The availability of alternative models and the strategic importance of this sector in the economy encourage detailed examination of these results. Reexamination of the same data indeed does suggest that a curvilinear relationship may be a better description of behavior up to 6X average firm size in this sector. This alternative interpretation of results is associated with possible management style changes that must occur in firms within this size range.

INTRODUCTION

Market share's association with profitability and the attendant impact on strategy have provided for some interesting discussions in the marketing literature. In the PIMS exposure to market share's effect on strategy this attention catching observation was made, "On the average, a difference of 10 percentage points in market share is accompanied by a difference of about 5 points in pre-tax ROI" (Buzzell, Gale and Sultan 1975). At about the same time, however, Day (1975) indicated that such an association was not automatic and indeed share gains could be "pyrrhic victories" if financial resources were inadequate to take advantage of gains. From another perspective, Porter (1980) reasoned that perhaps linear share dependency was not to be expected. Rather, low share businesses might be expected to do well because they were focused, differentiated firms and high share firms might do well because they were cost leadership firms. Firms in the middle, on the other hand, might not do well because they were neither, thus leading to "U" shaped behavior. The strategic implication therefore was not to get stuck in the middle, but rather to pursue one strategy or the other.

These discussions primarily referred to manufacturing, or "product" businesses. Shostack's (1977) seminal article suggested that services were "different" and a break away from product marketing was in order. Thus, some consideration to share growth strategy seemed to be in order. Indeed, Heskett's (1987) observations on services seemed to indicate there were no automatic advantages to getting large and managers of large service businesses appeared to have even more problems than managers of small businesses. As a

possible rationale, there is reason to suspect that two factors generally associated with share effects would be weaker for service businesses -- economies of scale probably would be much weaker and market power at least somewhat weaker. That would leave quality of management as a factor to associate with high share businesses -- if larger service businesses had better managers, then positive share observations should be obtained. That association would not appear to be automatic. If twenty years of literature on marketing and managing service businesses has taught anything, it is that service businesses may indeed be different and a real challenge to manage. Nevertheless, Wilson (1996) indicated that at least business services have a positive, statistically significant relationship between profitability and share.

With regard to this observation, business services are important to study for several reasons. First, they are important in the economy. In 1992, the year of the most recent industrial census, they represented 5.6% of gross domestic product (GDP). Second, they may represent a covariant opportunity in the economy. One of the factors associated with growth in this sector was the downsizing of large corporations (Wilson and Smith 1996). That is, release of mid-management employees would not necessarily reduce the amount of work to be done, therefore downsizing actually may have increased demand for independently produced business services. Thus, critical review of Wilson's (1996) market share results relate to a critical aspect of strategy in a fairly critical sector of the U.S. economy. The purpose of this paper is to report on that review.

RESEARCH HYPOTHESIS

The research hypothesis that was to be tested in the study was:

H₀: Profitability is a linear function of market share.

Buzzell et al (1975, 1987) have summarized observations made in the PIMS study, which suggested both return on investment (ROI) and return on sales (ROS) tend to be positively related to market share. Apparently, economies of scale, market power, and/or quality of management contribute to profitability among high share firms. Day (1975) had noted, however, that gains in market share may be "pyrrhic victories" if financial resources are inadequate to take advantage of their gains, or if unforeseen events occur such as government intervention. In services, it has been observed that market economies may create competitive advantages, although automatic pursuit of economies of scale may provide certain dangers (Lovellock 1992, Heskett 1987). It might be noted further that some individuals have questioned linear share dependencies. Instead, a "U" form of share has been postulated, depending on the competitive strategy followed. Thus, firms with very low, or high, share might be expected to have high returns (Christman and Danforth 1995, Peters 1988, Porter 1980). Nevertheless, Wilson's (1996) results appeared to substantiate a linear dependence between market share and pre-tax return on sales in the business service sector.

METHODOLOGY

Wilson's (1996) methodology was followed to the degree possible. The eight segments comprising 79.89 percent of revenues in the 1982 Department of Commerce listing of business services were selected for study, and to this listing were added accounting-auditing-bookkeeping services, legal services and engineering-architectural-surveying services as was the case in the original study. Financial results were taken from both census information and the private source (Census of Services 1982, 1987, 1992; RMA Annual Statement Studies 1993). The four-digit industries selected to characterize the three-digit counterpart were: 7374, 8742, 7361, 8731, 8734, 7351, 7353, 7311, 7342, 7381, 7382, 8111, 8711,2,3 (combined), and 8721. Data were available for six separate sized firms -- \$0-1MM, \$1-3MM, \$3-5MM, \$5-10MM, \$10-25MM, \$25MM and over; these data were used as a measure of market share in this analysis. Information used in this study were for

multiples of the average sized firms in the industry using mid-points as an indicator of size.

Sixty-eight (68) cases, representing census information and financial results from 4006 firms, were compiled and analyzed. An ordinary least squares approach was used to test the hypothesis -- a multiple regression expression was developed in which the information available from the data base was used to construct a linear relationship between pre-tax profitability and the independent variables market share and industry growth rate as was done in the original study. Of greatest interest was the relationship between profitability and market share, especially at low multiples of average share. Shares in the range 0 to 10 were studied with midpoints in range were used to analyze results. T-tests on the point estimates of average values of profitability established the level of significance for the individual terms. The test statistic was

$$(X_{\text{average}} - X_{\text{trend}})/S_{\text{sample}}$$

where

- X_{average} = point estimate of average pre-tax return on sales for the share range.
- X_{trend} = calculated trend value of pre-tax return on sales for the share range.
- S_{sample} = error of estimation for the complete sample.

RESULTS

The nature of cross-sectional analysis is that behavior of dependent variables is associated with certain "independent" characteristics that define a base state. In this instance, profitability was simply related to a measure of firm size. Naturally, gaps exist in data, but it is assumed that enough commonality exists in the underlying data that these gaps can be filled. In this regard, the treatment used here and in the Wilson (1996) study was no different than the original PIMS treatment (see Buzzell and Gale 1987, especially Appendix B). Indeed, a rather good correlation was found between profitability and market share (significance 0.0001), which normally would suggest the hypothesized linear relationship had been observed. Nevertheless, examination of raw information for SIC codes in which a rather continuous association between profitability and relative market share existed suggested a rather high preponderance for better profitability at low market

Table 1 - Sector Profitability for Small Relative Share

Range in Rel Share	No. Firms Represented	Mean PBT(%)	Trend Value (%)	t-Value
0 - 1	640	6.57	4.63	3.18
1 - 2	862	5.16	4.86	0.49
2 - 3	242	4.03	5.09	- 1.74
3 - 4	273	3.96	5.32	- 2.23
4 - 5	317	6.80	5.49	2.15
5 - 7.5	384	7.58	5.95	2.67
7.5 -10.5	190	6.19	6.58	0.64

shares.

Data, of course, had to be grouped for analysis and these groupings were defined as 0-1, 1-2, 2-3, 3-4, etc. times relative market share. There were six SIC's where there were 1-2X groupings that could be associated with 0-1X groupings of relative share. In these situations, five pre-tax ROS's for the higher shares were less than the baseline case, only one was higher. There were eight SIC's that had 2-3X groupings to go with 0-1X baselines. In these situations, five pre-tax ROS's were less, two were greater, and one was the same.

Aggregate data were therefore analyzed and results appeared to suggest that curvilinear behavior was obtained at low market shares. That is, lowest share results were higher than next share groupings and average values of four of the six groupings studied were significantly different than trend values. (These results are shown in Table 1.) Thus, it may be more profitable for firms to grow on average -- improvements of 2.2 points are associated with a 10X growth as indicated by regression results. Nevertheless, growth at the lowest level may be harmful to profitability. Detailed analysis suggests that as firms grow from 0.5 times average size to 2.5 times average size, pre-tax profitability may decrease 2.6 points.

It is important to note that these results relate to profitability and not profit. In this regard, two points in Table 1 might be analyzed. An average size business service firm has sales of \$896,726 (Census of Services 1992, Table 2A). Thus, a firm of 0.5 times average size with a pre-tax return on sales of 6.6% would have pre-tax profits of about \$29,600. A firm of 2.5 times average size with a pre-tax return on sales of 4.0% on the other hand would have a pre-tax profit of about \$89,670. A

firm growing by this amount would generate higher pre-tax profit dollars even though profitability has decreased. These results suggest only that the apparent efficiency in generating profit decreases at low shares and not that the firms generate lower profit dollars. In general, firms would therefore have an incentive to continue growing even though their apparent efficiency in generating profit dollars may decrease as suggested here.

DISCUSSION

In their discussion of profitability/market share Buzzell and Gale (1987) did not assert small share businesses could not be profitable. Indeed, they cited references that tended to indicate the contrary (Hammermesh et al. 1978, Woo and Cooper 1982). Neither did they tend to get locked into the causal relationships between profitability and market share. Rather, they noted the profitability differential between large-share and small-share businesses tends to be reasonably stable over time and most likely reflects some combination profit influences. Nevertheless, on one item there appeared to be little give -- the relationship between share and profitability uncovered in the PIMS study was the most likely existing relationship (92 ff).

Clearly there are differences between the present study and the PIMS study. For one thing, this study is service, specifically business service, oriented; the PIMS data base was heavily (90%) manufacturing oriented. For another, the level of share was much different. The average PIMS level was about 20%; the level here was about 0.003%. Thus, it is not totally surprising that contrary observations have been observed. The observations made in this study, however, are important because they relate to a substantial portion of the economy and therefore the strategy they might infer.

Results also relate to an area of apparent need. Normann (1989) has indicated there are three levels of service management that can be considered -- a micro level, an internal level, and a macro level. To date, most studies have been oriented toward the micro and internal levels. These studies are not unimportant. The focus that has developed on quality, internal marketing and personnel development has contributed to customer satisfaction and consequent level of profitability. The macro, or strategic level, which links service management systems, market position and consequent economic results has not been so well studied. The present results suggest that although larger share firms tend to develop higher levels of profitability, intermediate levels may not do as well as smaller firms.

Several things might be considered. Heskett (1986, 118 ff) indicated that successful service firms tend to have organizations that are lean at the top, have a limited hierarchy and coordinate marketing and operations at low levels in the organization. An average sized business service firm has about 18 employees (actually 18.08, Census of Services 1992, Table 2A). Thus, a 0.5 times average firm would have nine employees and a 1.5 times average would have 27. Although one individual might well run an organization of less than 10 people, it is likely that some assistance might be required in operating a firm of nearly 30 people. Jelinek (1979) noted such a need was required in the expansion of innovative organizations. Further, the type of organization described by Heskett (1986) could take time to develop. In the intermediate period, it would be expected that inefficiencies might develop. In this scenario, the management system referred to in Normann's (1989) analysis would seem to be extremely important in determining economic results.

The other thing that might be considered is focus and the potential importance that may play in performance. Porter's (1980) general model suggested that small share firms, significantly focused, could obtain very good profitabilities. Along these same lines, Quinn (1992) noted a need to keep key people focused on customer needs, which supported the idea that small companies could dominate areas by focusing their strategic strength. It thus becomes possible that through growth that firms blur their focus, or perhaps spread their key people too widely across too many projects -- perhaps worse yet get them into administrative tasks. This type of growth could likewise lead to lower profitability.

The results noted in this study thus appear not unexpected. Growth can indeed produce inefficiencies and might be the more general case as results seem to indicate. It may be important to appreciate that these results may be the norm because of the large number of firms they may encompass and the large portions of the economy they may impact.

CONCLUSIONS

Detailed analysis of small share data in the business service sector suggests a curvilinear share/profitability behavior. Specifically, it appears that initial growth of firms larger than 10 individuals may lead to lower profitability. Either inefficient management systems or loss of focus would be consistent with these observations. The relative importance of these types of firms would suggest that this behavior be given greater attention than say the PIMS results that relate to much more concentrated situations.

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SERVICE QUALITY ISSUES IN A DEVELOPING ECONOMY

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ABSTRACT

This study evaluates the applicability of alternative measures of service quality in a developing economy. Analysis of data gathered from customers of two major airlines show little variance in the predictive ability of alternative measures of service quality. Although results support a multidimensional measure of service quality, the five-factor conceptualization does not appear to hold.

INTRODUCTION

Recent debates in the marketing literature regarding the service quality concept have raised important issues for both academics and practitioners. Leading researchers in this area, including Parasuraman, Zeithaml, and Berry (1994), Cronin and Taylor (1992, 1994) and Teas (1994), have provided significant but sometimes conflicting insights into related conceptual, methodological, analytical, and practical issues. Although marketing scholars have proposed additional research on many of these issues, there has been little research on the generalizability of such findings across countries, especially those with developing economies. The purpose of this research is to assess the generalizability of the alternative measures of service quality in the developing economy of India, in the context of its highly competitive airlines industry.

METHOD

The four alternative measures of service quality (SERVQUAL, importance weighted SERVQUAL, SERVPERF, and importance weighted SERVPERF) were tested by taking the 22 expectation and performance measures from the SERVQUAL scale (Parasuraman, Zeithaml, and Berry 1988) and adapting the importance weights used by Cronin and Taylor (1992). These 22 expectation and performance items measure perceptions regarding five factors believed important in service quality: reliability, responsiveness, empathy, assurance, and tangibles. Personal interviews were conducted in Bangalore, a major metropolitan city in the southern region of India, during a four-week period. Marketers choose Bangalore more frequently as a test market than any other city in India because of its large, diverse population (e.g., Varadarajan and Thirunarayana 1990).

Trained interviewers gathered responses at the airport from randomly-chosen customers of two major airlines. More than 90 percent of customers approached agreed to participate in the study, resulting in 124 usable questionnaires. Respondents were asked to evaluate the service provided by their airlines by indicating their degree of agreement on a seven-point rating scale in which the alternatives ranged from "strongly agree" to "strongly disagree."

RESULTS AND DISCUSSION

Regression analysis was performed with overall service quality as the dependent variable to assess the predictive ability of the four alternative measures of service quality. Results indicate that although SERVPERF appears to explain more variance than SERVQUAL, the average difference explained is almost negligible. Confirmatory factor analysis using LISREL 8 was used to assess the generalizability of the five-factor structure of service quality to a developing economy (see Table 1).

The 22 service quality gaps (perceptions-minus-expectations) proposed by Parasuraman, Zeithaml, and Berry (1988) were used as indicator variables in the model. Results indicate a relatively poor fit of the five-factor structure (Bagozzi and Yi 1988). However, exploratory factor analysis employing the OBLIMIN oblique factor rotation procedure (using SPSS-X) was conducted using both SERVQUAL and SERVPERF. Six factors with an Eigen value greater than 1 were extracted using SERVQUAL, and 5 factors with an Eigen value greater than 1 were extracted using SERVPERF. Overall results of factor analysis suggest that service quality is multi-dimensional: for instance, the variance captured for the first factor using SERVQUAL was 37.7% and for the

TABLE 1

**Five-Factor Conceptualization of Service Quality Using SERVQUAL:
Confirmatory Factor Analysis Parameter Estimates**

Parameter	Airlines
Chi Square	535.84
d.f.	199
p value	0.00
Goodness of Fit Index (GFI)	0.74
Adjusted Goodness of Fit Index (AGFI)	0.68
Root Mean Square Residual (RMSR)	0.09

first factor using SERVPERF, 43.3%. The various dimensions also appear to be of differing importance. In addition, SERVQUAL gaps (expectations minus performance) show greater variability across both airlines than performance-only SERVPERF measures, supporting the view that SERVQUAL can provide greater diagnostic information.

CONCLUSIONS

The SERVQUAL scale performed as well as the SERVPERF scale with regard to convergent and discriminant validity and better in explaining variance in overall service quality. Thus, using expectation-and-

performance measures (SERVQUAL) appears to be superior to using performance measures only (SERVPERF) in the measurement of service quality, even in a developing economy. In addition, the results clearly indicate that the service quality concept in the developing world is a multidimensional rather than unidimensional construct. The five-factor conceptualization of service quality proposed by Parasuraman, Zeithaml, and Berry (1985, 1988) did not entirely hold, although the results reinforced their view that each of the five factors is of differing importance, with the reliability dimension being the most important. The SERVQUAL scale also appears to provide much greater diagnostic information about service quality gaps than the SERVPERF scale, suggesting that it would be more useful for practitioners.

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THE UNIVERSITY CAREER SERVICES CENTER: AN EXPLORATORY INVESTIGATION OF MARKET ORIENTATION

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ABSTRACT

The 1990s have been described by researchers and practitioners alike as "the market orientation era," (Berkowitz et al. 1994), and by academicians as "the era of assessment." The relevance of the merging of these two trends is discussed in this study which investigates the degree of market orientation present among six university career services centers. Results indicate the adoption of a market orientation is not only complementary to academic outcome assessment initiatives, but it has become a strategic imperative.

INTRODUCTION

Universities in this decade have more and more come to be viewed as service retailers by their constituent groups, and these publics are demanding outcomes which have and will continue to hold value into the next century. The ability of educational institutions to proactively manage this challenge is largely contingent upon the presence of a core market orientation, i.e., the understanding of who are the primary target market constituent groups, and, whether or not a match is being made between their demands and the services offered. These are questions institutions must not only be able to readily answer, but they must also have outcome data to support that they are on track.

In an effort to explore one area of university campuses where diverse target markets are merging to focus their combined critical and financial attention, this paper provides an exploratory investigation of the market orientation components comprising six mid-western university career services centers (CSC). The purpose of the investigation is to examine the number and degree of market orientation components present in these organizations, and to evaluate how the corresponding marketing activities are being evaluated in order to address university-wide outcome assessment initiatives. Following a review of the relevant literature, the results of the multischool investigation will be discussed, and recommendations for future research will be presented.

Market Orientation: The Organization's Critical Success Factor

A wide body of literature over the past thirty years has focused on what it means for an organization to have a "market orientation." After years of research, Shapiro described this concept in 1988 as "...a set of processes touching on all aspects of the company...a great deal more than 'getting close to the customer,' (p.120). " Finding no meaningful difference between "market driven," and "customer oriented," Shapiro viewed organizations as possessing a market orientation if they had three characteristics: 1) information on all important buying influences permeating every corporate function; 2) strategic and tactical decisions being made interfunctionally and interdivisionally; and 3) divisions and functions making well-coordinated decisions and executing them with a sense of commitment.

Narver and Slater (1990) similarly defined market orientation as, "consist[ing] of three behavioral components--customer orientation, competitor orientation, and interfunctional coordination," (p. 21). These authors developed a scale to measure the market orientation of the firm, which assessed employee behaviors at the firm level. These explicated behaviors were deemed to be indicative of the level of meaningful support provided to employees (i.e., salespeople), the capability of employees to provide superior value to customers, and a philosophical orientation to guide employee conduct (Siguaw, Brown and Widing II, 1994).

Thus, the degree to which an organization has adopted the marketing concept, as reflected in its set of activities and behaviors, reflects the adoption of the market orientation business philosophy (Jaworski and Kohli 1992).

Research has indicated that for an organization to be considered market oriented, top level management must emanate market orientation leadership down through every organizational level, and this philosophy correspondingly influences the customer orientation and behavior of its employees (Kohli and Jaworski 1990; Narver and Slater 1990). In addition, the market orientation of the firm has been found to influence significantly the job attitudes and customer orientation of employees, reducing role stress, and providing for greater job satisfaction and sense of organizational commitment (Siguaw, et al. 1994).

The decision to adopt a market orientation must be a function of the external environment in which the organization operates (Siguaw, et al. 1994), and some firms are not necessarily served by embracing this philosophy. For example, some organizations foster a strong selling-oriented sales force, rewarding immediate sales without particular regard to customer interests. Particularly for firms offering highly standardized products, this philosophy may be effective.

However, empirical research has shown a positive and consistent correlation between market orientation and firm performance (Jaworski and Kohli 1993; Pelham and Wilson 1996; Siguaw, Brown and Widing II, 1994; Slater and Narver 1994). Market orientation has become so well accepted in industry that some authors suggest that it has supplanted the marketing concept as the most important paradigm for success in business enterprise. Indeed, Berkowitz et al. (1994) refers to the 1990s as "the market orientation era," (p. 23).

Further, for organizations providing a breadth of service offerings to diverse target markets, most of which are delivered person-to-person, a market orientation must be present to ensure customer satisfaction and desired mission related outcomes. In addition, the positive effects of adopting a market orientation philosophy are related to lower costs associated with reduced customer and employee turnover (Siguaw, et al. 1994), and have particular relevance and managerial significance for non-profit organizations which are dependent on constituent groups for financial support. The university CSC represents such an organization.

A brief description of the role of CSCs on contemporary university campuses follows, with a discussion of the relevance of their adopting a market orientation.

The Role of Career Services Centers

Evolving from a single-purpose administrative unit offering a narrow range of placement services, college placement offices have largely become comprehensive services centers providing a complex array of career services to multiple constituent groups. In an effort to reflect this change toward a more comprehensive mission, most placement offices have changed their names within the past few years to 'Career Development and Placement Services,' 'Career Planning and Placement Services,' or 'Career Services.' Correspondingly, the breadth of services offered by these centers has expanded from merely offering on-campus recruiting operations, to also including career development and planning programs for freshmen and sophomores, as well as career assistance and involvement with alumni throughout their lifespans (Barr and Upcraft, 1993).

Several strategic marketing implications related to these significant mission related changes become apparent. First, CSCs have significantly expanded their target markets from a narrow focus on graduating students and employers, to the additional inclusion of students at all levels, alumni, educational administrators, faculty, staff, and parents, as well as external groups such as legislators and corporate contributors. Second, the array of services offerings has gone from narrowly focusing on getting the right student in the right room at the right time with the right employer, to additionally including lifespan career counseling, educational programming, as well as relevant fund raising activities.

Thus, changes in target markets, changes in organizational names, changes in service offerings, changes in operations, and changes in sources of financial support currently typify the state of university career services centers. A corporation undergoing any one of these changes would most likely strongly rely on the use of marketing communications to facilitate the transition and help to produce the desired outcomes. Similarly, career services center directors' capacities to effectively manage these strategic changes is clearly contingent upon their market orientation, and the use of marketing communications activities. In addition, in an academic climate where assessment has become a critical strategic imperative, the measurement of the effectiveness of these

resource expenditures and how they are impacting their target audiences becomes an equally necessary component.

Methodology

A convenience sample comprised of six mid-western university CSCs' directors across three states was used in this study. The sizes and characteristics of these sample members is described as "eclectic," with ranges in institutional student enrollments of 2,700 to 27,200; centralized to decentralized CSC operations; and private to state-funded institutions. Information in this study was gathered via personal and teleconference interviews. Four judges participating in the interviews were involved in assessing the reliability of the interview transcriptions. Their content is represented in Table 1.

Results and Discussion

Our discussion of the findings of this investigation is organized along the lines of the market orientation construct. In the following section we address the four key questions regarding the conduct of career services on a college campus: 1) What are the target market(s)? 2) How is information about target market needs gathered and evaluated? 3) How is the gathered information disseminated throughout the university community? and finally, 4) Is the information about target market needs acted upon effectively and in a timely fashion? Discussion is summarized in Table I.

Target Market Identification.

The career service departments comprising the study seem to recognize the primacy of the senior student as the key target audience segment for their services. Assistance and support in getting graduating students effectively placed into a career-track position is the principal focal activity of all departments surveyed. However, there is recognition that a much expanded list of segments are targeted and served, including underclassmen, graduate students, alumni, staff, employers, faculty, university administration and students' parents.

Reflecting Beaumont et al.'s (1978) admonition that "career counseling and placement must be made available during the entire period of a student's academic involvement" (p. vii), students other than seniors are specifically targeted. For instance, entering students are identified as a distinct segment for which degree selection

assistance and academic counseling are targeted. Sophomores are targeted to receive assistance for choice of major, meaningful summer employment experiences, externship and mentoring programs. Juniors are encouraged to receive assistance in internship selection, resume writing, interview skills, networking, and job etiquette. By maintaining a four year program of services, career services departments help students gradually build skills and make decisions which help them become better job seekers when they enter the job search process.

Alumni and staff who re-enter the job market have a natural tendency to contact their undergraduate university for additional placement assistance due to their familiarity with the people and services of the collegiate career services center. All of the universities surveyed provide services to alumni and this represents a small but growing customer segment (roughly less than 10%).

Significant efforts are conducted on all campuses to attract the interest of prospective employers. If success is achieved by placing senior students in entry-level jobs, then employers must be identified and solicited to provide those jobs. Accordingly, prospective employers form another target segment for career services centers. However, due to the changing nature of the job market for fresh graduates, the number of employers who routinely make campus visits has decreased. Thus, efforts to attract active employers have increased in importance and can exceed the costs of efforts directed at student segments.

Other target groups identified include the faculty and administration wherein the cross-communication of employment trends and information is an essential input in shaping emerging curricular considerations. At least one university sees the parent as a significant target segment, with information about career services programs "marketed" directly to them so as to help create realistic expectations regarding job prospects and opportunities for their sons and daughters.

Listening to the Needs of the Target Segments.

A market-oriented organization is constantly involved in soliciting feedback from its relevant market segments so that it can identify all possible opportunities to improve the satisfaction level of its customers. Market-oriented career services centers should have frequent and systematic assessment measures in effect, so that every activity and every program can be evaluated as to its ability to satisfy the target segments. Unfortunately,

Table 1
Summary of Market Orientation Analysis

Question	University "A"	University "B"	University "C"	University "D"	University "E"	University "F"
Target Audience						
Who are your Clients? Range of Services?	Senior students, sophomores, juniors. Internships & advising	Students, Faculty Alumni	Students at all levels. Faculty, staff, alumni, parents, & employers. Student employment & internships	Students, faculty, staff, employers, alumni, and parents.	Senior students and employers.	Senior & junior students, alumni, employers, & the academic community.
When/how do you target students?	Orientation for Juniors in April & direct mail for seniors.	Information not available	Career success program: Students resist a 4 Yr plan.	Presentation during pre-college week. Offer a course for credit. Career fairs, awareness weeks, workshops, newsletters. Residence house programs.	There is a hierarchical schedule of services outlined in the handbook. Freshman helped with major selection. Sophomores exposed to internships, summer job services, and mentoring services. Juniors exposed to internships & career services program.. Seniors exposed to resume writing, mock interviews, & job contact services.	Sophomores are encouraged to come in and start using services. Juniors are exposed to internship with/without credit. Seniors are heavily concentrated upon and receive resume, cover letter, mock interview based services.
Intelligence Generation						

How do you determine viability of programs?	Continued dialog with target clients	Program evaluations after seminars. Pre/post test measures among alumni & corporate partners.	Constant program evaluations.	No on going measurement program in place. Have a suggestion box, & receive verbal feedback. Have rudimentary survey instruments for recruiters but rarely use these.	Student advisory board provides summary evaluations & program effectiveness. Journals. Director participates in various forums.	Series of evaluations. Annual report, feedback from every graduate. In house evaluations for students. Institutional studies for school based records typically done for various academic deans/president's office.
Question	University "A"	University "B"	University "C"	University "D"	University "E"	University "F"
Intelligence Generation						
What assessment tools do you use?	Surveys on workshops/recruiters. Random samples of graduate surveys.	Data not available	Student/Faculty evaluations. Look at numbers. Demographics of visits.	No on going measurement program in place. Have a suggestion box, & receive verbal feedback.	Annual survey is the principal method.	Annual survey. Survey of graduating seniors. Follow national trends. Survey recruiters for need assessment and post recruiting effort.
What instruments are used?	Data not available	Data not available	Data not available	Data not available	Annual survey is sound but difficult to administer. The longitudinal data is linked. Provides no data on overall student satisfaction.	The weakness lies in capturing the totality of the undergraduate experience. Actual placement /or lack of it tends to distort survey.
Intelligence Dissemination						
Factors leading to present organizational structure	Less Centralized; historical accident	Centralized placement service, all else is decentralized.	Comprehensive & centralized.	Comprehensive & centralized. Has been progressive in even adapting name to reflect the present.	Based on the mission of the university and the needs of students.	Mission of school. Organized under V.P. of student services

Location on Campus	Not central. 8-10 mts from union.	Central, consolidated all employment services, close to library	Good location. In renovated residence. Proud of building	Fairly central location but does not have high traffic since it is located in a renovated residence hall.	Memorial union building. V. Student oriented. Provides easy access.	Main administrative building. Very central and is the nerve center of campus.
Relationship with faculty/staff? How is communication with them structured?	Part of academic division, meet with newly appointed chairs & advisor coordinators for each college.	Faculty involved post tenure. All new deans involved.	Well defined academic & program liaisons. Meet with academic deans 2 times a year.	Newsletters, flyers, interaction with college liaisons, & class presentations. With Parents the contact is via presentations .	Informal & spotty. No regular contact with faculty.	Reach Dept. Chairs, Deans each semester. As faculty stay/develop reputations they are sought out.
Relationship between academic and career advising?	Task force has enhanced communication	Highly decentralized advising.	Academic advising is decentralized. Freshman advising is centralized.	View 2 areas as complimentary & synergistic. Some concerns about limited interaction.	Mixed reactions. Professors believe they can assist students.	Good working relationship. Decentralized and independent.
Question	University "A"	University "B"	University "C"	University "D"	University "E"	University "F"
Responsiveness						
Critical Skills for Students	Flexibility, adaptability, & ability to deal with ambiguity.	Career Planning Competencies. Organized planning, leadership, team building, ethical tolerance, Financial Management.	Networking, be self-directed, have a career Management Plan.	Written/oral communications, problem solving, team work, computer skills, flexibility, openness to learning.	Possess academic preparation, sharp resumes, realistic career goals. Need interviewing skills.	Written, oral communication skills. Interpersonal skills and computer literacy.
Communication Forms used to Market to Students	Direct Mail for graduating seniors. On line for interview information. Flyers, phone, & planning calendar.	Home Page. On-line, value/interest assessment. Phone, newspaper, direct mail to access first year/time students.	"You name it we use it." Direct mail, "E" mail, posters.	Class presentations, brochures, flyers, special events, direct mail for seniors, ads in campus paper, TV/radio advertising, & home page on WWW.	Freshman orientation. Bi-week ads in student newspaper, occasional radio ads. Panel discussions.	Direct mail for seniors, class presentations in senior level classes, articles in campus paper, speakers at student organizations, postings on "E" mail for faculty/staff to disseminate info. Graduate students reached via a database.

Biggest challenge your office faces?	Balance between techno innovations & personalized service for students.	Getting alumni to realize value.	Lack of campus wide understanding of benefit of career Services.	Staffing levels, budgeting, and the poor image/layout of the centers' s physical space.	Working with available resources. Small school size and overall budget dampen employer participation.	Inability to get students to register early enough. Limited budget has led to obsolete computing which limits student ability to turn out professional documents. This also limits the ability to provide a wider range of services.
Most used Service	On campus recruiting	Career library has standing room only. Referrals	Candidate referral.	Career counseling & job search process education.	Advice on resumes & cover letters	Resumes & cover letters.

the schools in our survey do not have comprehensive assessment systems in place which avoid the "arbitrary measurement trap" identified by the National Association of Colleges and Employers (1995). Generally, what gets measured has more to do with gathering statistics that make the university look good rather than with maximizing value for students. Indeed, there are weaknesses in the assessment programs of all the colleges evaluated because some critical activities are not adequately measured.

Every university conducts an annual survey of graduates as its principal means of assessment. The survey is sent out six months after graduation to obtain information about employment status, starting salary, job search process particulars, and in some cases, satisfaction level toward the career services department and university. The study is effective in providing an output measure of success - the percentage of graduates that are employed. However, the instruments used are generally inadequate to pinpoint deficiencies in programs and activities, or capture the totality of the undergraduate career selection experience. Even though career services departments have grown from the placement-only focus of their past, the principal assessment device has not been expanded to reflect the extended mission.

Some universities do make good use of surveys to measure audience reactions to seminars and programs. However, these evaluations are conducted sparingly because, in the words of one career services director, "students get tired of filling out questionnaires."

Other formal and informal means of finding out what is needed include the use of student advisory boards, dialogue with target clients, the suggestion box, reading appropriate newsletters, student/faculty evaluations and the occasional special study requested by the administration. Curiously, none of the respondents mentioned sharing of information with career service directors from other campuses, even though this activity would seem to be an excellent source of ideas on what the competition is doing. In fact, each of the directors participating in the teleconference stated that it had been a highly productive session and had served to better inform them of their colleagues' strategies.

Intelligence Dissemination.

Market orientation is a culture of value creation which transcends the any one department or function (Narver and Slater 1990). This culture requires superior intrafunctional coordination involving administration, faculty, and students - all the key stakeholders on campus. How effectively is this intelligence disseminated?

Most of the schools reported healthy working relationships across departments. There was strong evidence of interaction at various levels of faculty and staff, but there was little evidence of informal communications of the "shooting-the-bull" type described by Kohli and Jaworski (1990) that is so necessary to market orientation. Faculty involvement and collaboration was generally weak.

Career services centers were highly centralized with respect to placement activities but decentralized for advising. The evidence suggests that centers were involved in a wide variety of activities with university faculty and staff to promote good communications between and among the various groups. The usual central location of these centers adds to the potential for good reciprocal communications. But evidence of rough spots did occasionally appear. One director lamented that the center's offices were being remodeled, necessitating a temporary move several blocks off-campus. This move would put the center out-of-sight and out-of-mind for six months, causing a potential diminution of meaningful involvement for students.

Program Responsiveness and Resource Deployment.

The market oriented organization should demonstrate a superior track record in implementing superior programs that respond effectively to market needs. But career services program success seems elusive. Our investigation revealed a mismatch between what career services directors identified as necessary career skills and what services and programs students actually utilized. While important skills needed by today's college graduate prepare that individual for long term career planning, students appear to be motivated only toward doing what's necessary to land the first job. Students line-up for on-campus recruiting interviews and for assistance with resumes and cover letters. However, students seem to have a strong aversion to engaging in long-term career planning, networking, and interpersonal skills development activities. Seminars in these career-building areas are not well attended and career services directors are concerned that students are being ill-served.

Centers used a wide variety of communications approaches to reach target audiences with up-to-date information. Several schools were up-to-speed with home pages on the web and judicious use of e-mail. In addition, campus radio and newspaper ads were used to announce dates for seminars, campus speakers, and schedules for employer visits. But, despite the activity, career service directors expressed a disappointment in the effectiveness of their total communications program. Administrators, students, faculty and alumni are viewed

TIME CONTRACTS

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ABSTRACT

The authors present an investigation of the use of time contracts in an MBA class. The results of the study suggest that one particular alternative grading format (time contracts) neither develops greater efficiency nor does it result in greater learning than the traditional approach.

INTRODUCTION

A general consensus over the years has been that formal educators should take a traditional approach to teaching. Responsibility for the students' learning is in the hands of the teacher. It is the duty of the educator to present information in a stimulating manner, thereby motivating students to excel. More recently, however, it has been suggested that students may prove to be more successful, as well as motivated, if they are given the opportunity to be responsible for their own learning. Unlike the traditional method of teaching, wherein there are clearly defined objectives and structured formats, a modified approach would allow students to pace themselves. They would set their own goals and objectives. Consequently, the success and grades of those participating in such a program would not be based on exams, but rather evaluated by some other standard. One alternative to the traditional teaching method is a technique known as "time contracts."

A basic element of the time contract is that the grade is based solely on the amount of time spent directly and only on course activities. No evaluation is made on the quality of the work. To this end a common requirement of the time contract is a diary that contains a record of time spent, task, and what was learned (Armstrong 1983). It has been suggested that grades, exams, and other extrinsic incentives are disruptive of some kinds of learning (Condry 1977). Albert Einstein is quoted as having commented about exams: "This coercion had such a deterring effect that, after I had passed the final examination, I found the consideration of any scientific problems distasteful to me for an entire year" (Bernstein 1973). Several experimental studies have been conducted with the intent of discovering a relationship between extrinsic or intrinsic rewards and degree of motivation. The first of these studies was conducted in 1971 by Edward Deci. With the same task

in mind, Kruglaski, Friedman and Zeevi also sought to explore the negative effect that external pressure (rewards) might have on interest in, as well as performance of, a given task (Condry 1977).

Although time and learning are not easily equated, educational researchers find many attractive features in the use of time as a proxy. In the past, time as a central variable has only been used in laboratory studies. It is only recently that time has become an important variable in learning studies (Bloom 1974). In 1973 students at the University of Chicago studied the amounts of time students spend in active learning. They found that the time a student spends directly on learning (either overt or covert) is highly predictive of the learning achievement of the student (Bloom 1974). A similar study was conducted in 1973 at the Wharton School, University of Pennsylvania. This study was done in an attempt to find an alternative and simpler way to implement learner (student) responsibility. The study revealed that time contract students did not gain more knowledge. However, those who chose the time contract option reported spending more time and feeling more responsible for their learning. In addition, time contract students experienced more of a change in attitude and behavior toward learning than did those students under the traditional approach (Armstrong 1983).

The American Association of State Colleges and Universities based in Washington, D.C., has more recently demonstrated an interest in encouraging non traditional education. Funded by the "Fund for the Improvement of Post Secondary Education," the AASCU gathered a group of reports examining different approaches to the problem of educating students in higher educational situations. For example, the psychology department at Western Michigan University instituted a pilot program using performance contracts to help students on academic probation (Malott 1989).

Similarly, Empire State College has experimented with alternative approaches to higher education using individualized education carried out through learning contracts (Individualized Education at Empire State College 1989).

RATIONALE

Research suggests that a rigid, structured format used in course work, in addition to traditional grading, increases productivity, but reduces learning (Condry 1977). Such traditional techniques require students to memorize and regurgitate material the teacher believes to be important. However, it does not allow the student to choose areas of concentration that would be most beneficial to his or her goals or objectives. In an effort to accommodate these differing needs, the present study offered a time contract as the grading basis in a graduate marketing course. Students were given the option to select either the traditional approach (Option A) or the time contract approach (Option B).

Hypotheses

It was hypothesized that:

H1. *Class performance, or final grade, was a function of the time (hours) a student spent directly on meeting course requirements and objectives.*

H2. *Students under the new approach (Option B) would spend their time more efficiently on meeting course requirements and objectives because they were under less pressure than students opting for the traditional approach (Option A).*

METHODOLOGY

Data from students' time diaries and final grade sheets were compiled to compute the mean, variance, standard deviation, median, mode, and range for Option B and Option A data. Regression and correlation coefficients were computed for both options for total hours to case average, total hours to test average, total hours to final grade, test average to final grade, and case average to final grade. Case hours to case average was computed only for Option B due to the fact that sufficient data was not available for Option A.

FINDINGS

As shown in Table 1, mean scores for both options revealed that while Option B students spent more time on the course than Option A students, Option A students received higher grades on the cases, tests, and overall final grade. The median and mode were consistent with the means. It was indicated that even though Option B students spent more time on the course than Option A students, Option B students did not perform as well. Average time spent on cases was not computed for Option A students due to lack of information in the diaries.

The standard deviation for total hours, case average, test average, and final grade was computed for both options as shown in Table 3. It revealed that Option B students had a lower standard deviation for total hours than Option A students. These results are explained by the fact that 94.4% (17 of 18) of the Option B students spent enough time to qualify for an "A" which required, at the minimum, 84 hours. Option A students' total hours had no direct influence on the grade they received, and consequently, they only devoted enough hours to get the job done rather than to reach some total number of hours. The range for Option B students' total hours was only 66.0, while the range for Option A students' total hours was 124.0.

The standard deviation for case average for Option B students was lower than that for Option A students. However, for test average and final grade, Option B students' standard deviations were higher than Option A students'. The range also showed that relationship to hold. Such results were interesting given that one would have expected Option B students to deviate more since they were under less pressure to achieve good scores on the cases and tests. However, given that the standard deviations for case averages were so close, it could be that Option B students' standard deviation for case average was an anomaly. Therefore, Option A students did perform better (deviate less) than Option B students.

For Option B students, hypotheses tests of whether or not the correlation coefficient was significantly different from zero using the t test revealed, at the 95% confidence level, that no significant linear relationship existed between total hours and case or test grades. However, at the 95% confidence level, there was a significant relationship between total hours and final grade. Case hours to case grades was also compared for

TABLE 1
MEAN SCORES

	<u>OPTION A</u>	<u>OPTION B</u>
TOTAL HOURS	75.3 hours	100.3 hours
CASE GRADES	6.5	6.2
GRADES	73.7	71.1

TABLE 2
STANDARD DEVIATION

	<u>OPTION A</u>	<u>OPTION B</u>
TOTAL HOURS	24.4 hours	17.4 hours
CASE AVERAGE	1.3	1.1
TEST AVERAGE	6.7	8.7
GRADE	7.7	9.2

Option B students. The comparison revealed, at the 95% confidence level, that no significant relationship existed between hours spent on a case and the grade earned for the case. Test average to final grade and case average to final grade were also done for Option B students. The comparison revealed, as expected considering that tests accounted for 60% of the final grade and cases 30%, that a significant relationship existed between tests and cases and final grade. Therefore, the conclusion is that for Option B students, total hours spent on a course have no bearing on the case grades or test grades, and at best a tenuous relationship to the final grade earned in that course.

For Option A students, hypotheses tests of whether or not the correlation coefficient was significantly different from zero using the t test revealed, at the 95% confidence level, that no significant relationship existed between total hours and case grades, test grades, or final grade. Test average to final grade and case average to final grade for Option A students revealed, as expected considering that tests accounted for 60% of the final grade and cases 30%, that a significant relationship existed between tests and cases and final grades. Therefore, the conclusion is that for Option A students total hours spent on a course have no bearing on the case grades, test grades, or the final grade earned in

that course.

HYPOTHESES DECISION

The lack of a significant relationship at the 95% confidence level between total hours spent on a course and final grade earned in the course leads to the rejection of H1. However, support for the relationship at the 95% confidence level for Option B students suggests that the hypothesis warrants further investigation under different circumstances, with other controls and alternative experimental designs. Again, from the findings presented earlier, H2 is also rejected and the general conclusion is that students under the new approach (Option B) did not spend their time more efficiently on meeting course requirements and objectives than did students under the traditional format (Option A). Although Option B students spent more time on the course, they received lower grades than Option A students who spent less time. Therefore, Option A students, it appears, spent their time more efficiently on meeting course requirements and objectives. The Wharton School findings revealed that time contract students did not gain more knowledge, but they did spend more time on the course than students under the traditional approach. The findings of this study suggest the same conclusions to hold.

CONCLUSIONS

Statistical findings reveal convincingly that the time contract approach is not an improvement over traditional grading. Option A students (traditional approach) performed better than Option B students (time contracts). Option B students spent more time and produced more activity than Option A students, but Option A students performed better, i.e., received higher grades, while spending less time on course work.

Although the statistics reveal that time contracts are not an improvement, qualitatively the finding is debatable. Additional criteria other than that used in the study may have produced different results. For example, while it has not been possible to secure firm data on learning rates, data developed by Glaser (1968) and Atkinson (1968) suggest that learners differ by a ratio of about 5:1 in their learning rates. That is, the slowest 5% of learners take about 5 times as long to reach the criterion as do the fastest 5% of the learners. This refers to "elapsed time," the amount of time spent from the beginning of a learning unit until the completion of the unit at the criterion level of mastery. While this 5:1 ratio is a rough rule of thumb, it is a useful approximation of individual learning rates (Bloom 1974).

In conclusion, recorded research suggests that the foremost problem in education in the past fifty years has been motivation (Condry 1977). Studies conclude that theories of motivation need to be reconsidered. Perhaps we should begin by ridding ourselves of the illusion that people work and learn only in the face of extrinsic rewards and start looking for the natural process of self-involvement in the acquisition of skills, and the eventual level of knowledge obtained (Condry 1977). Clearly, extrinsic incentives (grades) and structured formats of learning have been used for some time in educational systems, and just as clearly the results of their use are mixed and confusing (Condry 1977). Many students perform well under such teaching methods, but many others do not. For the latter, an alternative to the traditional approach of learning is needed. "Time contracts" may or may not be the answer. However, it would behoove researchers and educators alike to consider the benefits to be derived from intrinsic rewards that only self-motivation and responsibility can generate.

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Teamwork in College of Business Courses: Student Perceptions

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ABSTRACT

This paper reports on the perceptions of marketing and other business students as to their experiences with teamwork. Students were asked to share their perceptions on ways to improve the effectiveness of teamwork in their college courses. Students prefer small teams. They want instruction and guidelines on how to work in teams. How we form and evaluated teams affect the team's performance.

INTRODUCTION

College faculties frequently use student study teams and team assignments. As more business schools are integrating total quality into their academic programs, finding an increase in the use of teamwork is natural. Over the last four years our business faculty has significantly increased the use of student academic teams.

The purpose of the following discussion is to report on the results on one study designed to assess business student perceptions of their college teamwork experiences. The specific issues we set out to answer included:

- How extensive is student teamwork and what are student perceptions relating to teamwork experiences?
- How to improve team formation procedures.
- What can the faculty do better to manage student teamwork?
- How should individual team members be evaluated?

PREVIOUS RESEARCH

The literature review draws on research insights provided from teams in business, college, and public school districts. The literature on college academic teaming represents a very small portion of all the research on teaming. Katzenbach and Smith (1993) provide one definition of organizational teamwork. "A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable." (P. 45)

Baker and Salas (1992), in their research on the measurement of teamwork skills, report that studies have focused on two categories of behavior: teamwork task completion (the completion of individual team member and team functions) and team member interactions. They conclude that there is wide agreement on critical teamwork behaviors, including the need for giving suggestions or criticism, cooperation, communication, team morale, adaptability, coordination, and accepting criticism.

Team Formation

Team composition is often critical to team performance. However, individual faculty use very different methods for establishing student teams (i.e., students choose their own team, student sitting close together, purposeful teaming, etc.). These methods vary in terms of the heterogeneity of the teams. There has been much discussion on the effects of group heterogeneity on group outcomes. The vast majority of work on the subject of heterogeneity shows that heterogeneous groups are more innovative and productive (Pearce and Ravlin, 1987; Aarmodt and Kimbrough, 1982). The dimensions of heterogeneity are very broad, including personality characteristics, prior skills, attitudinal, social status, and others. They report that attitudinal homogeneity correlated with group cohesiveness, but is not associated with group performance (Sakuri, 1975; Terborg, 1976). O'Reilly and Ravlin (1977) reports that group connectedness decreases as group size increases. Their research shows a negative correlation of group size with communication and group cohesiveness. They report that communication openness was strongly related to group effectiveness.

The research cited in this paragraph would

suggest that small heterogeneous teams are likely to perform better than larger more homogeneous teams. In a business college setting, heterogeneous characteristics are likely to include factors such as earlier academic performance (i.e., grade point average), academic concentration (i.e., marketing, IS, accounting), student backgrounds (i.e., international and domestic students, full-time and part-time students).

Better Management of Teamwork

Sometimes (and perhaps often) faculty provide very little training or management guidelines as it relates to how to work in a team. We often assume that students know how to form team goals, work in teams, and get the most out of their teammates. Koch (1979) reported that specific goals and detailed feedback significantly improved product quality and group cohesiveness. Schaffer and Thomson (1991) advocate that goal-setting for teams must be results-oriented and not simply process-oriented. Kurecka, Johnson and Mendoza (1982) found that external coaching in a leaderless group was positively related with performance. Bragg (1992) provides suggestions for improving team performance, including formalizing team processes and designing intervention strategies for teams in-conflict. Harkins and Petty (1982) report that social loafing is reduced by increasing the difficulty of the assigned task and when each group member adopts a specific task assignment. Tjosvold and Field (1983) found that consensus decision-making facilitated acceptance of group decisions better than did a majority vote with no differences in the quality of decisions.

The research cited in this section suggests several ways that a faculty member could better manage student teams. A faculty needs to work with student teams to make sure that results oriented goals are established for the team and that each team member adopts a specific task. A faculty needs to teach students how to work in teams, provide coaching, and detailed feedback of team performance.

Evaluation of Individual Team Members

How to evaluate individual team members is one of the biggest challenges facing both student teams and workplace teams. Team members do not like to evaluate each other, particularly if the team is going to need to work together on future assignment. Fandt, Cady, and Sparks (1992) conclude that cooperative learning can be more effective than traditional individual learning methods if structured to increase individual

accountability. They argue that this can be done through task assignment, reward structure, or a combination of the two. Their research leads to the conclusion that for specialized tasks, the most effective reward system is based on either group product or group-averaged scores of individual performance. When team members are not assigned specialized tasks, the most effective reward system is based on the group product. Strother (1990) does not agree. She argues that the most effective reward system to promote student achievement is the group's average performance based on assessments of each individual. This of course means "testing" each individual based on the outcome of the team activity.

Williams, Beard, and Rymer (1991) propose a reward system with both individual and group components in an attempt to eliminate unequal team member contribution. They suggest that individual evaluation techniques include peer review, instructor observation, working papers from each student, minutes of team meetings, and/or confidential meetings or memos. Baker and Salas (1992) offer a contrasting opinion when they conclude that team members are limited in their ability to judge their own performance. They advocate that external observers are better judges of teamwork than are team members. They would therefore conclude that students should not provide opinions on the performance of their teammates.

CURRENT STUDY

The overall purpose of this study was to assess college student perceptions of their teamwork experiences and to determine whether their perceptions support the insights reported in previous research. Most of this previous research involved situations of non-college teamwork. The specific objectives were to measure:

- The percentage of students who have participated in college teamwork.
- The percentage of students who were presently working in college teamwork.
- Student experiences with teamwork (# of meetings, time spent in team meetings, how formed, results achieved).
- The feelings of students about their latest teamwork experience.
- Student perceptions of how well teams functioned.
- Any difficulties team members had with their teamwork.
- Student suggestions on how to improve class

Table 1: Involvement of business students with teamwork

	<u>UG</u>	<u>MBA</u>
Percentage of students who have worked in college course teams.	94%	98%
Percentage of students who were presently working on college course teams.	68%	74%
Average number of teams currently working on.	1.8	1.6
Percentage of students working on two or more teams.	26%	36%
Percentage of students working on three or more teams.	10%	19%

Table 2: Profile of Teamwork Experiences

	<u>UG</u>	<u>MBA</u>
Average size of student teams	4.3	4.2
Perceived ideal team size	3.9	3.5
% of respondents who chose their own team members	44%	64%
Total # of minutes spent in team meetings	470	548
In-class time available for team meetings (minutes)	92	61
Average number of weeks that teams worked together	5.1	5.9
Percentage earning an "A" for teamwork grade	43%	74%

Table 3: The Feelings of Respondents about Teamwork

	<u>UG</u>	<u>MBA</u>
% Of students who evaluated the effectiveness of teamwork 8 or higher (on a scale of 1 to 10).	61%	63%
% Who felt that they would have earned a higher grade if they worked alone.	25%	13%
% Who felt that they would have learned more if they worked alone.	24%	12%
% Who felt that some team members did not do their fair share.	35%	30%
% Who felt there was really quite a bit of conflict in the team.	18%	13%
% Who felt there was a low sense of team cohesiveness.	23%	15%
% Who felt there was low team creativity.	20%	14%

Table 4: The Difficulty Team Members Had Arranging Meetings

	<u>UG</u>	<u>MBA</u>
% Of respondents who felt it was difficult to arrange group meetings.	55%	40%
% Who said that at most meetings at least one person could not attend.	49%	29%
% Who felt there was not enough in-class time available for teamwork.	55%	46%

teamwork (including team formation, better management of teams during the course, and methods for evaluating individuals and teamwork).

A survey research design was developed using a random sample of twenty business classes at a private university in New York State. A systematic sample was drawn from a list of all college of business courses being offered during that quarter after the list was sorted by academic discipline (including both undergraduate and graduate courses). The faculty of all sampled classes agreed to cooperate. In total, 393 students (264 undergraduates and 129 MBA) completed the questionnaire (78% of students enrolled in the 20 classes). Some students were absent on the day the questionnaire was administered, while others were enrolled in more than one sampled class.

How Involved Are Business Students in Teamwork?

Nearly 100% of respondents have worked in academic teams. Seven out of ten respondents are currently working on one or more teams. Three out of ten respondents are on two or more different teams (see Table 1). More than 10% of these respondents were working on three or more different teams. This may be a serious concern, considering that 77% of undergraduates and 81% of MBAs work at least part time. Of particular concern is the 19% of MBAs who report being on three or more class-related teams.

Profile of Teamwork Experiences

Table 2 provides a general description of respondents' latest teamwork experience. The average team size was slightly more than four students/team while respondents considered an ideal team was one between 3.5 and 4 students. Sixty-four percent of MBAs were permitted to select their own team members, while only 44% of undergraduates were provided this option. In courses where students had teamwork projects, undergraduates spent almost eight hours per quarter in team meetings while MBAs spent more than nine hours per quarter. Only a small fraction of this time was meeting during class time. Student grades on teamwork performance were very good, with 43% of undergraduates and 74% of MBAs earning an "A" (92% of undergraduates and 99% of MBAs earned a "B" or higher).

The Feelings of Students about Teamwork

When asked to evaluate the effectiveness of

teamwork (on a scale of 1 to 10) in learning the information and skills necessary to succeed in business, 61% of undergraduates and 63% of MBAs gave a score of 8 or higher (see Table 3). When asked to speculate about their performance if they had worked alone, 25% of undergraduates and 13% of MBAs felt that they would have received a higher grade. Twenty-four percent of undergraduates and 12% of MBAs felt they would have learned more if they worked alone. Conversely, 32% of undergraduates and 51% of MBAs felt they would have learned less.

In an open-ended question at the beginning of the questionnaire, 46% of undergraduate and 39% of MBAs said that equal motivation and equal work was the issue that most contributed to team success. However, there is apparently a significant amount of slacking on student teams. About one out of three respondents felt they were on teams where some team members did not do their fair share of work. Approximately one out of six undergraduates (one out of seven MBAs) respondents felt that their team had quite a bit of conflict, low team cohesiveness, and low team creativity.

The Difficulties Team Members Had Arranging Meetings

Table 2 shows that average student teams spend eight to nine hours in face-to-face meetings, usually meeting about seven times. In addition, about eight out of ten of these respondents work at least part time. What difficulties do teams have arranging meetings?

Table 4 shows that about half of respondents (55% of undergraduates and 40% of MBAs) expressed difficulties arranging group meetings. Forty-nine percent of undergraduates and 29% of MBAs agreed that at most meetings at least one person could not attend. About half wanted more in-class time for teamwork.

WHAT CAN FACULTY DO TO INCREASE TEAMWORK EFFECTIVENESS?

The following recommendations are based on insights gained from this study and the previous research. Frequently, we will quote a student using the exact student wording. At the end of each quotation is some description of the student. For example--21, BS, Marketing--indicates a 21-year-old-person working on a BS in Marketing.

Recommendations That Relate to Team Formation

1. Professors should form teams early enough in the semester/ quarter to allow for the development of cohesiveness and rapport. This allows teams to meet over a longer period of time and helps with time management. "Team success comes from knowing the team players beforehand or by a thorough introduction in class." (20, BS, Business)
2. Student opinion on how teams should be formed is divided. However, many students prefer heterogenous groups. These students support the heterogeneous model for both learning reason and because of their perceptions that in the business world we do not always get to choose with whom we have to work. This argument for heterogeneous groupings is totally consistent with several references cited earlier in this paper under the Team Formation section). "Professors should assign teams based upon the experience of team members. If students pick teams, the same types of students tend to be team members; this reduces the learning experience." (28, MBA, Finance)
3. Teams should be limited to four people or fewer. Table 2 shows that average students favor teams of three to four. The findings of O'Reilly and Ravlin also support this recommendation (1992). "Group people with different strengths to enhance the paper/project strength. Keep groups small." (36, MBA)
4. Require students to fill a grid that shows when they would generally be available for teamwork. Form teams using the times that they are available.
5. Work with teams to help them establish their team goals and encourage them to work to assign specific tasks to individuals. Be clear on results to be achieved, offer guidance, and monitor group progress. A faculty should not assume that a team is working well just because he or she has received no complaints. Explicitly ask individuals and teams how the work is progressing. Continual feedback (homework returned and graded on a timely basis) is very important. These recommendations are consistent with the findings of Harkins & Petty (1982), Bragg (1992), and Koch (1979). "Give them a little extra structure. Unlike the 'real' world, you usually only have one shot with any one instructor at teamwork. In the 'real' world you may have several teamwork assignments each week and can learn from your mistakes what is expected of you." (28, MBA, Management)
4. Require that teams develop a code of conduct for their group meetings (weekly meeting times, expected time for arrival, preparation for team meetings, communication procedures, what is unacceptable team performance, etc.) and submit it to the professor.

What Can Faculty Do to Better Manage Teamwork?

1. We should provide more opportunities for teams to work in class. This is particularly true early in the session. "Provide more in-class time in the initial planning stages of the project so teams can get a firm, organized beginning point." (21, BS, non-business)
2. A professor needs to be more of a facilitator and should guide teams through their project. For example, student teams may not know the best way to use individual time and team time as it relates to the teamwork assigned. This is consistent with the research findings of Kurecha, et.al., cited at the beginning of this paper and is supported by student perceptions. "Be a facilitator! Be accommodating in class-- help when needed, offer guidance. Make meetings with a professor about project mandatory (more than once). Assign a team leader to each group to report progress." (22, BS, Retailing)
5. Offer to sit with a team and critique interpersonal communication skills, team building, or problem-solving. "Help shape the teamwork experience. It is a learning process." (22, BS, non-business)
6. Perhaps all faculties within the college or department could/should devise a system that would provide consistent guidelines on teamwork. For example, build a shared methodology about forming, supporting, monitoring, and evaluating teams.

How Should Team Members Be Evaluated?

1. At the beginning of the course, explicitly tell the

class that team members will be asked to evaluate each team member's contribution (by name, including themselves) and that the faculty will use these evaluations to adjust individual grades as they relate to group performance. No grade can be increased, but team members who do not contribute as much as others will have their grades reduced. "Force students to grade each other for their contribution into the project. This should form a significant % of the student's grade beyond the grade of the teamwork project." (25, MBA, Finance)

2. Test students after projects to see if every member has learned the required material. "Give less percentage weight to the project grade but then test each individual student (oral examination) after projects." (24, MBA, Finance)
3. Require teams to keep minutes of all meetings, including who attended. If these minutes are collected weekly, they become useful records to help with facilitation during the progress of the teamwork and provide information on each individual's contributions.

CONCLUSIONS

It is useful to remember that this sample of 393 are students at a college of business that has adopted total quality into its procedures and curriculum. This random sample resulted in a 78% response from sampled BS and MBA level students. These students were enrolled in business courses although 25% were non-business majors.

It was found that 96% of respondents had worked on a college team and that 71% were currently on an academic team. Ten percent of undergraduates and 19% of MBA students were currently on three or more teams.

Not everybody likes teamwork, but most felt that they learned from teamwork. Three percent of both groups say they hate teamwork and one out three expresses a preference of working alone. Only one in five respondents felt that they would have learned more

if they had worked alone. Forty-three percent undergraduates and 74% of MBAs indicated earning an "A" on their team based work.

The conclusions of this research support previous findings about how teams should be formed. Prior research has shown that heterogeneous student teams are more innovative and productive. Most of the students believe that their teamwork resulted in learning and grades that are either higher than or equal to what they would have earned working individually. Previous research has shown product quality and group cohesiveness advantages when keeping student teams small. The students in this sample preferred teams of three or four.

What can the faculty do better to manage college level teamwork? Previous research suggests that specific goals and feedback improve quality of outcomes. Students express a desire to have teamwork assignments outlined very early in the session and that they make some class time available for teamwork. Teamwork takes time. The average business student spent about eight to nine hours in face-to-face team meetings and both met an average of seven times during the quarter. About half said that their group had trouble arranging meetings and wanted more in-class team time.

Students want the faculty to provide specific instruction on how teams should work. They can ask that teams develop a code of conduct for their group meetings. The faculty should not assume that groups are working well simply because they have received no complaints. Faculty explicitly need to ask individuals about the progress of their teamwork.

How should team members be evaluated? One third of the respondents said that there was some shirking by some team member. Teams can be asked to keep minutes of their meetings. They can also ask that individual team members provide opinion on each person's contribution toward teamwork.

This survey of student perceptions of their teamwork experiences shows overall support of working in teams. Students want to be taught how to work in teams. They also want to be evaluated fairly. In a world where the principles of total quality have become baselines, helping students learn teamwork essentials is essential.

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COMPUTER SIMULATION VS. LECTURE: A CASE STUDY OF STUDENT PERCEPTIONS IN MARKETING STRATEGY

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ABSTRACT

Student perceptions of two marketing strategy sections, one taught traditionally and one with a computer simulation, were compared. Students generally did not report developing more skills in the simulation section than in the lecture section, but they did report learning more in general, and believed that the class would be more valuable to them after graduation than did students from the traditional lecture section.

INTRODUCTION

Since the PC became commonplace as a teaching tool and the AACSB encouraged its implementation in the classroom (Gentry, Burns, and Fritzsche 1993), many instructors have integrated computer simulations into their classes. There is a growing literature base about the methods of implementation and the results of using simulations. Burns and Gentry (1992) offer a good historical review of the history of simulations in marketing education while Albert (1993) reviews the benefits and issues of using simulations, especially large-scale simulations.

Mentioned less often in the literature are the students' reaction to the experience they have in classes where simulations are used. Gentry, Jackson, and Morgan (1988) indicated that students were uniformly quite positive about their game (simulation) experience, and that some even found it "addictive," that is, they kept playing even when they did not have to. A number of students remarked that the simulation used (PROLOG, a logistic simulation) was the single most useful learning device they encountered while attending college. However, all of these observations were anecdotal. The authors gave no data or statistics to back up the statements reported.

A recent incident in our own department highlighted the problem. One of our instructors teaches a course using a large-scale computerized simulation. Although colleagues and alumni consistently listed the course as one of the most valuable taught in the department and some class members gave the instructor

unsolicited praise for the course, students in the course consistently gave the instructor average to below average evaluations for the class.

What do the students think about courses using simulations? Are they as popular with them as they appear to be with some educators? Perhaps different types of students prefer this method over the more traditional class while others do not? Laughlin and Hite (1993) found that there was a difference between groups *after* they took the course, but mostly on perspective and sensitivity to expressed behavior. They found differences in affective learning, but no differences in cognitive learning or student satisfaction. The simulation reported, however, was a noncomputerized one. Other research has reviewed the literature but gave no mention of student reactions (Burns and Gentry 1992).

An excellent opportunity to evaluate students' perception of the simulation method afforded itself during a recent semester. Two sections of the Marketing Strategy class were offered. The class is part of the required core for our marketing students and is taken during the students' senior year, generally the semester before graduation. The enrollment in both classes was capped far above the number of anticipated students so that one section would not serve as an undesirable overflow from a more popular course. The institution was a regional Midwestern university with an AACSB accredited program. None of the students would be classified as nontraditional and both courses were taught in the daytime.

The primary instructional method in the first section was the computer simulation *Marketplace* developed by Ernest Cadotte (1990). Although the students were assigned to read a textbook and were tested on their readings, there were no lectures. Each member of the class was assigned to a group of four to five students which then formed their own company. Each company met privately with the instructor every other week, and submitted written evaluations of their performance along with discs with their decisions on a regular weekly basis. Each group prepared a marketing plan for their company, and prepared a final report. They also made a presentation to the entire class at the end of the semester. Thirty percent of their grade was dependent on the outcome of the simulation itself.

The second section was a lecture course consisting of three exams and a written report utilizing a market plan.

The two sections were not held at the same time nor did they have the same instructor.

PROCEDURE

A written survey was given to the members of both sections on the last week of class. The survey asked why the students chose the section they were in, if they got the section they wished, and if they were aware that the two sections were different. They were asked to evaluate themselves on a list of skills and were asked a series of questions about the benefits of the class they had just finished, including how much they thought they had learned, how well they liked the course, skills they had learned, and how valuable the class would be to them in their career. The survey also asked certain demographics including age, GPA, and expected income after graduation.

RESULTS

Twenty-five students were surveyed in the simulation section and 22 in the lecture section. Only two students indicated that they did not get into the section of their choice. Only one student was unaware that the two sections offered different teaching methods.

Perceived Skills

The student rated themselves on seven skills at the end of the semester: social, listening, leadership,

math, writing, computer, and debating. Only social and listening skills were rated as significantly different between the two groups. In both cases, the simulation group rated themselves higher.

A MANOVA indicated that the perceived skills as a whole were not significantly different between the two sections ($F = 1.747$, $p = 0.127$, from Wilks' Lambda). Many of the skills were interrelated. A factor analysis using a varimax rotation showed three distinct factors. Although it is debatable what these factors should be called, for the sake of further discussion, factor I was called "Leadership," factor II was called "Social Interactive," and factor III was called "Tools."

Although all the perceived skills received higher means in the simulation section, only perceived skills related to social interaction were significantly higher in the simulation than in the lecture section, but then only at the .05 level.

Class Benefits

Class benefits were measured by four statements on a one through seven scale introduced by, "Please respond to the following statements about the section you are in. This is not an evaluation of the instructor, but of the educational method." The differences between the simulation and the lecture section are given in Table 1.

The four benefits were highly interrelated. A MANOVA for all class benefits between the two sections showed a highly significant difference ($F = 9.233$, $p = 0.000$).

Confounding Influences

The difference in benefits perceived by the students in the two sections may have been due not to the method (simulation vs. lecture), but by a preference for a schedule, instructor, or other selection criteria. The reasons the students gave for their choice of sections is given in Table 2. Each student could select as many of the eight reasons given as they thought applied to their section choice. All the reasons for choosing a section were recorded as zero (did not choose) or one (did choose).

TABLE 1
Means of Class Benefits by Section Chosen
(Rated on a Seven Point Disagree-Agree Scale)

Class Benefit	Means	
	Simulation	Lecture
1. I <u>liked</u> this class better than most marketing classes that I have taken.	5.88	3.68 ⁺
2. I have <u>learned</u> more in this class than in most marketing classes that I have taken.	6.12	5.76 ⁺
3. I have learned fewer <u>skills</u> in this class than in most marketing classes that I have taken.	2.52	3.77 ⁺
4. I believe that this class will be <u>valuable</u> to me after I graduate.	6.12	4.22 ⁺

Note: ⁺ indicate where the average in the two sections was significantly ($p < .05$) different utilizing univariate F ratios.

TABLE 2
Reasons for Choosing Section Listed in Order

Reason	Percent Choosing Total	Percent	
		Simulation	Lecture
Schedule	47	32	64
General Interest	47	56	36
Method of Presentation	43	52	32
The Instructor	43	64	18
Recommended by Friend	34	52	14
Skills Needed for My Career	30	52	4
Random Selection	6	4	9
Only Section Available	4	4	4

Note: Reasons in bold indicates a significant difference ($p < .05$) in percentage between the two sections as calculated by a univariate Z test for proportions.

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