

# **Managing Complexity and Change in a Networked World**

## **Editors**

**Donald P. Roy, Middle Tennessee State University**

**John Cherry, Southeast Missouri State University**

**2009 Annual Conference Proceedings**  
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Greetings MMA Members,

As President-Elect of the Marketing Management Association, and as program Director of the Spring 2009 MMA Conference, it is my distinct honor to welcome you to the 2009 MMA Spring Conference!

This year's MMA conference theme is "***Managing Complexity and Change in a Networked World.***" The winds of change in our world have presented every one of us with challenges and opportunities to step up and point the way forward for the stakeholders to whom we owe our livelihoods: the academic community, the practitioners we supply with well-prepared students and future business leaders, our students and their families who have entrusted us with the future. I thank you and commend you for your involvement with MMA, and I congratulate you for your deep commitment to this worthy enterprise: creating the next generation of marketing leaders, who, as many of us in marketing like to point out, deliver a *standard of living* that inspires persons all around our shrinking, flattening, and fascinating world.

Building on our many successes in the past, this 3-day event continues to attract innovative marketing educators and scholars worldwide -- a well-proven structure that affords the opportunity to share one's insights and ingenuity in the form of scholarly papers, panel sessions, discussions, and more.

In recent years, MMA has managed to attract numerous scholars from ***around the globe***; I hope you'll take a few moments to welcome our international colleagues present with us in Chicago into the MMA. These individuals have distinguished themselves with their exemplary contributions to our conference, and at the same time hold the promise for the continued growth and relevance of the Marketing Management Association.

The future is here, and it's right there next to you in every one of our sessions in Chicago's magnificent and storied Drake Hotel.

It is a special privilege for me to announce that this year's keynote address will be delivered by the MMA's **2008-2009 Career Award Winner for Innovative Contributions to Marketing, Michael D'Amico**. Mike is Professor of Marketing at the University of Akron, and is one of the indisputably seminal figures in the Marketing Management Association. I can promise you that Mike will maintain your interest with his wit and perspectives on marketing, marketing education and its direction. And you'll get some great material to take back to your classes!

The success of this year's conference is a result of the tireless efforts of many people. First, I want to thank the each and every one of track chairs for their diligence, leadership, and tireless efforts to attract quality papers, reviewers, discussants and session chairs: Russell Casey, Catharine Curran, Carrie Trimble, John Fraedrich, Lou Pelton, Peter Gordon, Karen James, Connie Bateman, Suzanne Nasco, Tulay Girard, Dawn Deeter-Schmelz, Karen Kennedy, Pamela Kennett-Hensel, Michael Messina, and Timothy Graeff. Your efforts are greatly appreciated by me and all the conference attendees. This year's conference is outstanding because of you!

Also, our long-standing tradition of excellence is secure because of the dedication of our many manuscript reviewers, whose contributions are acknowledged in the Proceedings for the conference. These gatekeepers of quality have volunteered countless hours that we may all feel pride in the collective achievement of the spring 2009 MMA conference.

This conference would not be successful without the help of so many current and former officers. **I would especially like to thank outgoing MMA President Robin Luke**, web-wizard Karen James, proceedings-czar Don Roy, and my invaluable colleagues Judy Wiles and Peter Gordon. Their leadership and vision for what this conference could provide has set the bar quite high for those who follow. I would also like to thank those who have helped to shape the MMA in recent years: Michelle Kunz, Melissa Moore, Rob Moore, Raj Devasagayam, Linda Ferrell, O. C. Ferrell, Brian Engelland, Bob Erffmeyer, Mandeep Singh, Tim Aurand, Jerry Field, Rama Yelkur, Charlie Pettijohn, Gene Wunder, Eleanor Maliche, Fred Hoyt, Ron Taylor, John Summey, and Julie Toner... and I am sure there are many more I have forgotten.

I extend a tremendous amount of appreciation and undying gratitude to the proceedings editor, Don Roy. Don's quick follow-up, problem solving, creativity and numerous efforts to ensure the quality of the proceedings are unparalleled. His attention to detail and sincere desire to bring so many people's work together harmoniously, is a great talent and shows throughout these proceedings.

And it's *indisputably true* that no one individual has worked harder to manage and overcome the innumerable challenges of sustaining and maintaining the Marketing Management Association than our tireless advocate, **Marie Steinhoff**.

I would also like to recognize the generous support of Hormel Foods Corporation and their continued commitment to education and their partnership with MMA; this year's conference features the **7<sup>th</sup> Annual Hormel Foods Corporation Master Teaching Competition**. Under the astute leadership of past winner Timothy Graeff, along with his committee, MMA continued the tradition of soliciting the most innovative, insightful and ingenious group of educators to be honored for their educational prowess.

Finally, let me give special thanks to Robin Luke, current President of MMA for his support, *decisive leadership*, and guidance throughout this entire process. Robin's quick response to any concern, helpful reminders, and willingness to help when and wherever needed is invaluable.

We hope you will enjoy the conference, and America's jewel, the great city of Chicago (which we like to call the White House West Wing), the MBAA, and the beautiful Drake Hotel. Thanks so much for your participation! I wish each and every one of you the very best as you wrap up your professional activities this year.

We encourage you to become involved in future conferences if you are interested in doing so. The secret to this conference being so enjoyable is due in large part to new ideas, new participants and new officers.

*I hope you'll agree with me that the Marketing Management Association is the #1 outlet for your professional development and your scholarly contributions, and the very best value for your professional development resources. And don't forget to mark your calendars for the 2009 MMA Fall Educators' conference in St. Louis in September, 2009. You'll be hearing from us.*

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

***John Cherry,  
Southeast Missouri State University***



## **About the MMA**

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

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

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

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

Current information about the organization can be found at its website: [www.mmaglobal.org](http://www.mmaglobal.org).

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

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

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The Marketing Management Association presents a special award to someone who is worthy of special recognition for his or her efforts to advance MMA. It is our pleasure to recognize those who have given a great deal of themselves to make MMA a better organization.

### **Marketing Excellence Award Recipients**

Marie Steinhoff, Southeast Missouri State University (2009)

Judy Wiles, Southeast Missouri State University (2008)

Robin Luke, Missouri State University (1999)



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The Marketing Management Association  
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**“How Do US and UK Salespeople Compare on the Dimensions of Emotional Intelligence, Positive and Negative Affect, and Customer Orientation Levels?”**

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Elizabeth Rozell, Missouri State University

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**“21st Century Social Class Theory as it Applies to Marketing “**

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### **Award for Outstanding Paper in Product Strategy**

**“The General Motors Employee Price Incentive: an Empirical Investigation”**

Russell Wade, ACIPCO, Inc.

Thomas Powers, University of Alabama at Birmingham

### **Award for Outstanding Paper in Entrepreneurship**

**“Understanding Customer Choices in Entrepreneurial Real Estate Ventures”**

Brian Hanlon, North Central College

Gary Ernst, North Central College

Rohit Verma, Cornell University

### **Award for Outstanding Paper in Integrated Marketing Communications**

**“Creativity and Relevance: Separating the Involvement Construct”**

Kevin Lehnert, St. Louis University

### **Award for Outstanding Paper in Sales/Sales Management**

**“Rationale for a Sales Minor”**

William J. Cobian, University of Wisconsin – Stout

### **Award for Outstanding Paper in Global Marketing**

**“Dimensions of Perceptual Psychic Distance in Exporter-Importer Relationships”**

Irene Vida, University of Ljubljana

Claude Obadia, Advancia-Negocia

Nathalie Prime, European School of Management

Michelle Kunz, Morehead State University

### **Donald Shawver Award for Outstanding Paper in Marketing Education**

**“Teaching Brand Strategy: Using NASCAR as an Example of a Well-Branded Organization”**

Tim Aurand, Northern Illinois University

Kimberly Judson, Illinois State University

**Award for Outstanding Paper in Services Marketing**

**“Bank Personnel’s Perception of Banking Services and Implications for Service Quality: A Study of Turkish Banks”**

Musa Pinar, Valparaiso University

Zeliha Eser, Baskent University

Sandy Strasser, Valparaiso University

**Award for Outstanding Paper in Sports & Event Marketing**

**“The Impact of Congruence in Cause Marketing Campaigns for Professional Sports Leagues”**

Don Roy, Middle Tennessee State University

Benjamin Goss, Missouri State University

**Award for Outstanding Paper in Marketing Research**

**“Studying the Consumer Food Acculturation Process: a PLS Approach”**

Raghu Kurthakoti, Southern Illinois University at Carbondale

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# CAN GLOBAL BRANDS HELP CONSUMERS TO RECONCILE CULTURAL DILEMMAS?

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## ABSTRACT

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*This paper aims at demonstrating that expatriates represent a specific target for companies as they tend to consume global brands during their stay abroad in order to avoid cultural shock. The literature review articulates global brands with cultural shock, explained on the basis of Trompenaars and Hampden-Turner's dilemmas' theory. The qualitative method used in this research was 25 in-depth interviews. Results demonstrated that expatriates rely on well-known brands to adapt to new environments when abroad. Expatriates are a specific consumer target and should be addressed with specific communication.*

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## INTRODUCTION

Previous research has given substantial attention to comparative measures of cultural gaps and their influence in brand strategy. Most part of research about global brands has been conducted with the purpose of measuring their ability to satisfy **different** consumers from **different** cultures. Yet, few researches about the role of global brands in satisfying the **same** consumers in **different** cultures have been carried out.

Indeed, one of the reasons for global convergence in consumer tastes arose primarily from increased cross-border population mobility (Quelch, 1999). Surprisingly, researchers and companies seem to have forgotten this mobile target and focused on each local cohort of consumers separately although the number of expatriates increases every year. Therefore, the aim of the research presented in this paper was to demonstrate how global brands can have an influence in the expatriate's consumer behaviour by reducing cultural shock.

## Literature Review and Conceptual Framework

One of the main issues concerning expatriates is the crisis or depression. Indeed, homesickness is one of the main reasons for failure in the host country and premature re-entry. However, when consumers go abroad and can find the brands they were used to buy at home, they feel reassured. We can thus expect that

global brands play an important role in successful expatriation.

Cultural shock is experienced when the individual enters a culture different from the home culture. It involves frustration of not understanding local communication patterns. It is known that in some cultures communication relies more on non verbal communication whereas in others it is much more verbal (Samovar and Potter (2004) in: Martin and Chaney, 2005). It is indeed very disturbing not to be able to decode languages. In addition, the customs, the values and the consumption patterns might be different and that will also be a disrupting factor for new comers. The sources of mental programs lie within the social environment in which one grew up and collected one's life experiences. Thus culture is always a collective phenomenon because it is shared with people who live within the same social context. As culture is not innate, it derives from one's social environment rather than from one's genes (Hofstede and Hofstede, 2005). According to the same authors, culture is "the collective programming of the mind that distinguishes the members of one group or category of people from others"

As Martin and Chaney (2006) underline, we like things we are accustomed to having them. The individual has a set of values established for several years, when suddenly he/she must accept a different one. This psychological instability can have disastrous consequences both for the individual and his/her company, as the expatriate will be unproductive and look for an earlier re-entry. According to Lewis

(2006), “our precious values and unshakeable core beliefs take a battering when we venture abroad”. We can thereby assume that the environment might be new but if the brands are known, the acculturation process will be easier.

### **Global brands**

Thanks to globalization, it was argued that cultural gaps would disappear and that every consumer in this world would behave the same way as they would search for the same products and brands. This growth of global consumer segments pushed companies to seek to strengthen their brand's equity in an increasingly competitive marketplace (Aaker, 1991). In this ever-moving world, products disappear but brands continue to exist and provide consumers with the needed stability. When people buy a product they are not simply buying its functional features but also acquiring certain symbolic features that are incorporated in the brand (Aaker, 1996).

Global brand can be defined as the world-wide use of a name, term, sign, symbol, design or combination thereof intended to identify goods and services of one seller and to differentiate them from those of competitors (Cateora and Ghauri, 1999). Although sometimes products are locally adapted, companies struggle to use their brands globally. As brands are one of the most easily standardized items in the product offering, they may allow further standardization of other marketing elements such as promotion (Czinkota and Ronkainen, 2001). We could argue that consumers from different countries do not care if the products they use have different names in other countries. But the expatriates do: when they are in the host country, they look for the brands they are used to buy at home. Kapferer (2005), argues that the fact of seeing the same brands everywhere, even billboards in airports when landing creates a negative attitude about globalisation, but not for expatriates. Unlike temporary visitors, expatriates are more concerned with familiarity which is strongly associated with esteem (Johansson and Ronkainen, 2005). This is reassuring for expatriates that will rely on well known brands during specific periods of the expatriation.

Barron and Hollingshead (2004) define global brand as the one that expresses the same values in all of its markets and owns a similar position vis à vis its competitors around the world. The construct Global Consumer Culture Positioning created by Alden, Steenkamp and Batra (1999), assumes that global brands are associated to a set of symbols believed to constitute emerging global consumer culture. Among all the features a global brand should present, Quelch (1999) underlines the consumer needs worldwide and the consistent positioning of the brand.

Brands are complex systems of meaning and thereby bridges that link products with users. As simply names, they form a language. Good branding resolves dilemmas by offering consumer solutions as they are very closely related to values. The symbolic representation of a brand should fit in the emotional side of the culture. A set of reasons underlie a customer decision about a specific brand. The brands carry on a lot of emotion and so does culture. The value added by a global brand is its emotionally involving attachment to the consumer (Quelch, 1999). The globalization of the world markets implies a research focus on global or international brands spanning countries and cultures. The first element that consumers use in global image evaluation is domestic preference (Pecotich and Ward, 2007). Although the theoretical foundation for domestic preference is based on ethnocentrism, it seems fair to state that in the specific case of expatriates, domestic preference can be either their country of origin brands and brands they were used to consume in their home country.

### **Defining culture**

Hofstede and Hofstede (2005) define culture as a mental programming because every person carries within him or herself patterns of thinking, feeling and potential acting that were learned throughout their lifetime. In order to acculturate, people should unlearn those patterns in order to acquire new ones. That is why cultural adaptation is a real concern as it is harder to unlearn than to learn. The emotional experience of expatriation can be traumatic if expatriates are not well prepared to live in a different environment. However, the training activities have limited reach when

consumers will be facing situations that were not predicted during the training sessions. Consumers should cope with the new environment alone. If they fail in adjustment, they will go back home earlier and the experience will be very traumatic to all the people, company or university involved. Therefore, expatriates should improve and develop cultural intelligence and find some help in this meaning transfer process (McCracken, 1993) in global brands.

According to Erdem, Swait and Valenzuela (2006), consumers prefer credible brands because they reinforce their belongingness to one specific group. In this particular case, this group would not be the local one, but the home country's one. This happens because individuals need to consume symbols that reflect their own identity.

Culture was defined by Schein (1985) (in: Trompenaars and Hampden-Turner, 1998) as the way which group of people solves problems and reconciles dilemmas. On that basis, Trompenaars and Hampden-Turner (1998) stated that cultural dilemmas need to be reconciled in a process of understanding the advantages of each cultural preference. This reconciliation would be a solution for the conflict between what each of us wants as an individual and the interests of the group we belong to. Although the authors defined seven dimensions to be reconciled as dilemmas, we focused on only two of them for this initial stage of our research.

It seemed to us that Individualism versus Communitarianism and Neutral versus High Emotional dimensions were more nearly linked to situations experienced by expatriates when they are abroad. According to the authors, **individualism** has been described as a prime orientation to the self and **communitarianism** as a prime orientation to common goals and objectives. Those dimensions are complementary, not opposing and thus individuals can cope with both. Prior to Trompenaars and Hampden-Turner, Hofstede's (1980, 1991) collectivism and individualism dimensions as well as Hall's (1989) contextualism (in: Jun and Lee, 2007) were representative theories for understanding cultural differences.

Trompenaars and Hampden-Turner acknowledge that members of cultures that

are **affectively neutral** do not telegraph their feelings but keep them carefully controlled and subdued, while in cultures high on **affectivity** people show their feelings plainly by laughing, smiling, grimacing and gesturing; they attempt to find immediate outlets for their feelings. The amount of emotion we show is often the result of convention. As it was highlighted by Quelch, 1999, both cultural attachment and brand attachment are emotional.

## Objectives

The main purpose of the present paper is to demonstrate that expatriates have a different perception of global brands. More than well-known names, they are a link with the home country and help them to bypass the cultural shock. They play a key role as mediators in the process of dilemmas' reconciliation. Our research aims to demonstrate that global brand managers should design advertising on the basis of dilemmas' reconciliation focusing on those two dimensions when targeting expatriates. Indeed, as one of the fundamental social processes in every culture, marketing communication has been used to exert a strong impact on consumer attitudes and behaviours (Watson et al., 2002). Without focusing on specific cultures, the research here presented aims to highlighting the importance of adopting and "international" communication able to run in both individualistic and communitarian cultures, as well as in neutral and emotional ones.

## RESEARCH DESIGN

The most critical stage of expatriation is the crisis. During this period, expatriates should be able to reach successful dilemma's reconciliation in order to feel comfortable and continue to live in the host country. Communication plays thus a key role in both preparing and helping consumers to achieve reconciliation by showing them how to cope with all dimensions without strongly shaking their deepest beliefs. The method chosen to conduct this research was an exploratory in-depth script applied to a convenience sample (Malhotra and Birks, 2005, Thompson and Tambyah, 1999) of 35 French individuals that had experienced expatriation for more than one year. The chosen method was

useful to gather specific answers to narrow questions without searching for a wide variety of data, as recommended by Czinkota and Ronkainen (2001). Data collection had place when expatriates were back to their home country. The sample was composed of 18 males and 17 females. The countries of expatriation were Poland, United Kingdom, United States, Australia, Germany, Mexico, Finland, India and China. Interviewees were first asked to tell about their own feelings about each one of the two dimensions, then tell about the brands they had bought abroad for 5 product categories and finally describing advertisements they considered having been useful for them for the reconciliation. At the end of the interviews, they were asked to give directions for global brands advertising addressing expatriates.

### **Research Propositions**

We assumed that advertisements that feature examples of situations of reconciliation of dilemmas would help expatriates to easier, quicker and better adapt to the new environment. Approaching both extremities of a same dimension in a communication addressing them would show them they do not live in an opposing but a complementary context than theirs. This type of communication would be reassuring and helpful for them, providing ideas and tips to better cope with new values.

### **Reconciliation of dilemmas**

Thereby, we proposed some advertisement contents to the interviewees that used both extremities of each dimension and some that could be placed in the middle of the continuum. For example, for the Individualistic extremity, we used "I" in all situations, whereas for the other extremity we always used "We". Then for the mixed approach for this dimension, the advertisement showed the close relationship "I" could have with "We".

## **RESULTS**

All individuals agreed that finding well known brands abroad is reassuring and it is better when those brands are those they are

used to consume in their home country. They used brands to keep the link with their cultural environment and to compensate the lack of daily contact with family and friends. It seems to be clear for them that brands carry a lot of emotions and souvenirs and they used them to reproduce home country situations and environment. French culture is more communitarianistic than individualistic and more affective than neutral. Thus French interviewees agreed that it would be very useful for them to relay on a daily communication that could help them to better understand their new surroundings and give them tips to better handle new life.

Indeed, they were sometimes shocked by the distance (individualistic behaviour). This was true for respondents coming back from the USA, UK, Germany, Finland, Australia and Poland. On the other hand, respondents coming from Mexico, China and India were astonished by their close and human contact and sometimes felt invaded by the group. Nevertheless, they were expecting local to be more expressive, but were surprised by their self control for not showing emotions openly. Those results are consistent with Trompenaars and Hampden-Turner's findings. Respondents also agreed that finding well-known brands when arriving in a new market was really reassuring, because they knew they could trust their quality.

### **Managerial implications**

Adequately communicating with expatriates should be of concern for international marketers. Marketing implications of the results presented in this paper relay on the fact that international companies should address expatriates as a very specific target and thus, with a specific brand communication strategy. Communication should not be limited to spare advertisements, but should broaden the scope of situations expatriates would be likely to face by using whole campaigns. Moreover, companies can help expatriates to acculturate by showing advertisements based on situations where home and host countries are linked by the consumption of brands. Consumers should perceive global brands as a way of getting in touch with home at the same time that those same brands can help them to integrate new groups in the host

country by sharing common values with them.

This can also be a situation where brands can acquire new consumers and search for brand loyalty when back home. Consumers often switch to other brands when abroad, as Buzzell (1968) argues; global image is a powerful means of increasing sales. Finally, results obtained in this research provide managers with strategic direction in multinational marketplace by demonstrating that companies should consider addressing different messages to this target. Although prior research had advised to culturally adapt advertising, when using Trompenaars and Hampden-Turners' dimensions (Jun and Lee, 2007), our findings suggests that when addressing universal targets as are the expatriates, communication should be as universal as possible by demonstrating complementary and not opposing position of consumers in the continuum of each dimension. Moreover, we consistently with Johansson and Roikanen, (2005), we support the idea that companies should not hide globality when addressing expatriates. The media chosen for that could be in-flight magazines as well as the ones diffused in embassies, consulates, chambers of commerce and the companies' internal journals.

## DISCUSSION

In addition to the advantages mentioned in the literature, using global brands to target expatriates seems to be relevant. Although this research is still in its exploratory stage, evidence demonstrated that global brands play a specific role in expatriates' adaptation to a new culture. Indeed, global brands already consumed in the home country continue to be part of expatriates consideration set in the host country.

Expatriates experienced a confusing feeling regarding brands during their stay abroad. They wanted to buy only known brands whereas they understood that doing that was not a way of adapting to the new environment. They were bothered by being attached to their old habits at the same time that they were supposed to adjust to the new environment.

## Limitations and Future Research Directions

The main limitations of this research are the restricted sample and its exploratory approach. Moreover, the sample was exclusively composed by French individuals that were interviewed when they were back at home. Though, it would be interesting to conduct a longitudinal research in order to follow expatriates during their stay abroad; this would provide us with more reliable information about consumption of both global and local brands through the different stages of the adjustment cycle. In addition, different nationalities of expatriates should be analyzed. Furthermore, it would be interesting to cross-analyze the possible relationship between expatriates and global brand community concept if expatriates could represent a sub-culture (Cova, Pace and Park, 2007).

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This paper was presented at the 2008 MMA Spring conference but omitted from the Proceedings. It is published here to correct that omission.

# KNOWLEDGE PROCESS OUTSOURCING (KPO) FOR MARKETING RESEARCH SERVICES

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## *ABSTRACT*

This research focuses on Offshore Marketing Research Outsourcing (OMRO) which is a specific form of Knowledge Process Outsourcing (KPO). Business Process Outsourcing (BPO) has gained much importance in today's world with an increasing need for reduced operational costs, improved time efficiency and enhanced possibilities for innovation. While the strategic value of BPO is still being discussed in many business circles, KPO has recently evolved with similar perceived success as that of BPO.

Outsourcing is generally the process through which a company transfers a part of its work to another unit--either within the country or off-shore. A popular form of this outsourcing is the Business Process Outsourcing (BPO), a strategic decision of subcontracting a process to a third party company. This is beneficial to both the outsourcing vendors and the outsourcers by reducing costs and increasing quality, particularly in the non-core areas of the former's business. Despite the rapid growth and popularity of the BPO market, there has been continuous recommendation that BPO should deal with more complex tasks that require a range of knowledge and more advanced skills. Offshore marketing research outsourcing (OMRO) is described as a special form of KPO conducted offshore. We focus on marketing research vendors and their marketing research activities which can be outsourced. According to some sources, a variety of OMRO activities are currently outsourced; these range from tasks requiring basic skills (e.g., data entry, recruiting) to highly advanced skills involving higher order market research analytics, customer analysis, and business research. The purpose of this research investigation is to explore and understand the strategic value of OMRO by examining current outsourcing practices and perceptions of research agencies. Survey results from our study indicate that current OMRO users obtain competitive advantage not only from cost savings but also from value added activities. The authors conclude with a discussion of the empirical findings and provide suggestions for future research.

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# OPPORTUNITY, LOCATION AND HARMONIOUS RELATIONSHIPS: MANAGING GLOBAL MARKETING IN CHINA

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## ABSTRACT

*Based on the Chinese business culture, this article discusses the importance of three elements (opportunity, location and harmonious relationships) in the success of marketing management in China. Specifically, this article analyzes some cases which may provide an insight into marketing management of global marketers in China.*

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## INTRODUCTION

Chinese scholars and practitioners often use a Chinese old saying “Opportunity, location and good relationships” to stress the importance of external factors in the success of marketing. The westerners however, believe that the success of marketing in China mainly depends on three internal factors: knowledge or information about the target market, good products/services and marketing programs.

Before we discuss the Chinese viewpoints, let us look at the western perspectives. Lack of knowledge about China has been considered number one reason why foreign companies failed there (Kurlantzick 2002). According to Kurlantzick (2002), many global marketers are not familiar with China and not eager to learn about the market. They sit at Starbucks reading the Wall Street Journal, but did not know that the government still has its hands in many businesses and situations in China. Ryan (2001) suggested that some U.S. Telecom companies failed in China because they made business decisions based on the inaccurate information provided by some Hong Kong consultants who misunderstood Mainland China policy. Similarly, Studewell (2003) pointed out that most westerners “remain blissfully unaware” of many important things in China.

Some global marketers have unrealistic goals and impractical marketing programs. They come to China “without a coherent business plan” (Kurlantzick 2002). Some marketers are very reluctant to change their homemade strategies to adapt to new environment (Yan 1998).

Many global marketers attributed their failures to the harsh business environment of China, the unfriendly, unsupportive conditions in which the political system, legal system, social development, and cultural uniqueness were not always in favor of international business operations. Also, local protectionism and government favoritism to homegrown firms put foreign marketers in an unfavorable condition (Kurlantzick 2002; Studewell 2003).

The above mentioned factors sound familiar to every global marketer, but may not be the true reasons in the eyes of a Chinese, because they overlook cultural elements that shape beliefs and attitudes and determine behaviors of people in China. There are some cultural factors that dictate the fate of a global marketer in China which an outsider may find it hard to understand. This article focuses on three cultural concepts---opportunity, location, and relationships ---which have dominated the Chinese business culture for thousands of years.

## MANAGING MARKETING OPPORTUNITIES

Chinese use “heaven opportunities” to describe the importance of an opportunity in business success. “Heaven” means that a good opportunity is rare but controlled by some supernatural force rather than by human efforts. “Heaven” also implies good luck or fortune in life. If a company misses a heaven opportunity, it may never have it again. Thus, business success is always related to the ability of a business leader in seeing and making the best of some heaven opportunity; a failure is frequently

attributed to the lack of or missing some heaven opportunity. Take Fuji, a Japanese company and Kodak, an American company, for example. Fuji and its competitor Kodak were the top two film makers that entered China about the same time. Before 1998, Fuji was much more successful than Kodak and had over 70% of the market share. In 1998, Chinese central government tried to revitalize its domestic film industry by establishing some joint ventures between a domestic film maker and a foreign company. This was a “once in a blue moon” heaven opportunity for both Fuji and Kodak because they could take the opportunity to expand its business in China and win full support of the Chinese government. Fuji was selected for its superior performance and brand image. Unexpectedly, Fuji declined the invitation from the Chinese government. When Kodak was made the offer it took the opportunity and signed an agreement with the Chinese government, which lent a great unique competitive edge to the company. Within a few years after the joint venture was established, Kodak replaced Fuji as number one film maker in the country whereas Fuji lost its hard-earned market share and was marginalized in its competition with Kodak.

Fuji was not alone among the foreign marketers that paid prices for missing a heaven opportunity. Whirlpool was another example. It entered China in February 1995 through establishing a joint venture with a local Chinese company. As a multinational company, Whirlpool’s competitive advantage lied in its advanced technology, management, capital, and experience with global marketing. When it entered the Chinese market, it had already possessed some advanced technology in making Non-fluorine refrigerators (fluorine is harmful to environment and thus banned for use in productions of refrigerators and air-conditioners in many countries), but it did not want to use it yet because it did not think it necessary to introduce the new product. Not long however, its Chinese competitors developed their own Non-fluorine refrigerators and began to sell the new products in the market and succeeded magnificently. Shocked at the great success of its competitors, Whirlpool hurried to import a production line to make the similar new products, which took it 18 months before samples were made. When Whirlpool was ready to mass-produce, the market was already monopolized by its competitors. In the following two years, Whirlpool produced only 63,000 refrigerators, which did not sell well. In 1997,

Whirlpool had to withdraw from the refrigerator market and lost approximately 34 million U.S. dollars.

## **MANAGING MARKETING LOCATIONS**

Success in China also depends on where you produce and market your products. Experienced marketers always take advantage of favorable locations or environments. A favorable location should be a marketplace that is close to your customers and has access to necessary resources. This requires a global marketer to fully understand local consumers’ needs and wants, purchasing habits, and product use habits. Parmalat is an Italian company famous for its milk products. It chose the largest city Shanghai as its target market and landed there in 1999. It targeted the upper-middle white-collars in Shanghai and two neighboring provinces: Jiangsu and Zhejiang. Since its products were positioned as expensive and luxurious, Parmalat chose local supermarkets as the only outlet which was good at the beginning of its operation. However, what Parmalat did not know was that majority of local consumers did not buy milk from supermarkets in 1990’s and there were not many supermarkets in Shanghai at the time. Furthermore, most consumers did not like the milk made from milk recipe while Parmalat was not able to get fresh milk from local suppliers because the supply of fresh milk had been controlled by its local competitors. To promote its products, Parmalat lowered prices to attract low-end consumers. This strategy proved ineffective because only a few low-end consumers were happy to buy the heavily discounted Parmalat milk. The high-end consumers stopped to buy Parmalat milk. Soon, Parmalat withdrew from the Chinese market.

## **MANAGING RELATIONSHIPS**

Good relationships are essential to the success of marketing in China. Chinese culture avoids confrontation but stresses harmony because harmonious relationships lead to cooperation and a win-win situation. To be successful in China, a global marketer must maintain good relationships with its customers, local partners, and competitors, general public, and governments. Many foreign marketers got stuck in some relationships when they entered China and they do not see success until they make greater progress in building relationships.

The following examples demonstrate why relationships matter in China.

Wall's is a British company that entered China in early 1990's. At the time, Wall's ice-cream was much more expensive than the local brands and most retailers did not want to carry Wall's ice-cream. To attract local retailers and provide better ice-cream products to local consumers, Wall's offered free iceboxes to those who would carry its ice-cream. The strategy was so successful that almost overnight in 1994, people in Shanghai saw beautiful iceboxes in all supermarkets and grocery stores with Wall's logo on them. Since the Wall's local competitors could not afford the iceboxes, many of them lost their market share to Wall's. Soon, Wall's products were very popular with retailers and consumers for its fresh taste and global reputation and its market share grew rapidly.

But this did not last long. Wall's consumer base was still limited because of its higher price. In fact, Wall's iceboxes were half-empty during the summer. Due to the space restraints in most grocery stores, many stores asked Wall's for permission to use the free space of Wall's icebox to store ice cream by other producers. That would help increase sales and improve store square-profit ratio if Wall's agreed. But their request was refused by Wall's and it threatened to take back its iceboxes if any store would share the iceboxes with its competitors. However, stores were very unhappy with Wall's refusal. Some stores went ahead to use Wall's iceboxes for other ice cream brands. Wall's took away their iceboxes. At the same time, Wall's decided to drop its wholesalers who had made tremendous efforts in expanding Wall's market and tried to take orders directly from supermarkets, grocery stores, and some chain stores. This strategy destroyed the good relationships between Wall's and its wholesalers who had a great deal of power over retailers and had good relationships with the local governments. Thus, the Wall's competitors took this opportunity to unite with those wholesalers to fight against Wall's. In the competition, Wall's failed because it had lost both its wholesalers and retailers.

As a newcomer in China, what Wall's needed most was the relational resources of its local partners. Losing a good local partner means losing a public communicator, a supporter, a relationship builder, and a problem solver. If Wall's could be more flexible in its policies over the use of its iceboxes, its retailers would not be upset while Wall's could also reduce its cost by

charging those who wanted to share its iceboxes. If Wall's did not drop its wholesalers, it would have maintained its competitive relationship advantage in competition.

As a foreign retailer, the role of local supplier is critical in its success in China. The French retailer Carrefour has over 200 stores in China. On its way of expansion, Carrefour learned the importance of relationships in business success. Carrefour had a great number of suppliers in China and its entry fee policy made its relationship with its local Chinese partners tense (Zeng 2005). Carrefour charged 18 types of entry fees to anyone who wanted to become its supplier. Fees include French holiday fees, Chinese holiday fees, special promotion fees, and shelf fees. According to statistics, various fees accounted for 36% of Carrefour's revenues in China. Carrefour invented this fee strategy which was soon copied by other chain stores (Carrefour was fined one million dollars by Korean Fair Trade Commission in 2003 for charging entry fees in South Korea according to Zeng 2005). The fees became a huge burden for local suppliers, but China did not have any law to regulate this kind of business practice.

Because of the increasing dissatisfaction among Carrefour's suppliers, relationships between Carrefour and its suppliers worsened. From June 2003, suppliers began to unite to group negotiate with Carrefour. The eleven suppliers organized the "Federation of Fried Goods" and tried to negotiate with Carrefour, but were refused. The eleven suppliers decided to withdraw from the supply chain. Then, Carrefour's paper suppliers rebelled claiming that 50% of their revenue was used to pay many kinds of fees and many of them were in debt. The media took the side of suppliers. Carrefour eventually adjusted its entry fee policy and mended its relationships with its partners.

### **Concluding Remarks**

The success of a global marketing management in the Chinese market depends on many factors. Sufficient knowledge of the market, advanced technologies, and sound marketing strategies are necessary tools to gain entry into the Chinese market, but not sufficient to succeed and sustain. To survive the cultural barriers, to succeed and sustain in China as they have done in other markets, the global marketers must learn how to identify heaven opportunities and seize them; to locate the most favorable environment; and to build and maintain

harmonious relationships with everyone in that relationship network.

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# MARKETING TO CHINA'S DIFFERENT GENERATIONS: ISSUES TO CONSIDER

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## ABSTRACT

*China has seen incredible change in the past fifty years. Consequently, the different generations share vastly different lifestyles, worldviews, and consumption practices. This paper explains the five contemporary generations in China, as conceptualized by Calder, and provides examples of how marketers are addressing the consumption interests of these different generations.*

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## INTRODUCTION

China has undergone cataclysmic change in the second half of the twentieth century. While older generations of the Chinese population grew up under the Mao regime, quite familiar with poverty and a lack of basic necessities, the younger generations have lifestyles and freedoms never imagined by the older populace.

It is these younger Chinese that are shaping of thinking of marketers today. But, opportunity is not restricted to the young alone. While older Chinese face challenges due to the dismantling of the old societal order, many are also benefiting from China's evolving market economy (Andhra.net, 2006).

Social Technology, a research and consulting firm based in Washington, D. C., has conducted an extensive study of five contemporary Chinese generations (Calder, 2006) This paper describes these five generations and how their life experiences have influenced, and perhaps continue to influence, their outlooks on life and what this means for companies doing business in China. These five generations are called: Little Emperors, Linglei, Reformed, Boomers and Seniors.

## FIVE CHINESE GENERATIONS AND MARKETING

### Little Emperors

Today there are about 279 million children under the age of fifteen in China who are, by and large, only-children (Calder, 2006). The Chinese government's "One Child Policy", instigated in the late 1970s, heavily discriminates against families with more than one child, in both urban and rural areas (O'Leary, 2007). Hence much of a family's attention goes to this

"one child", the so-called "Little Emperor". These pampered only-children are considered "precious resources" by these parents and are highly consumption-oriented as so much money is available to spend on this child by the four grandparents and two parents (Calder, 2006). Indeed, in today's urban China, it is the Little Emperors who are guiding their parent's decision-making process. These "Little Emperors" have a large influence on the way the family's disposable income is spent, because, after all, they are so pampered and eager to be satisfied by their families through the purchase of all kinds of goods that interest the child (NSW Business Chamber, 2007).

An example of a firm successfully marketing to this group is global toymaker, Mattel. When Chinese parents shop for toys for their children they tend to select foreign brands, such as Mattel, over domestic brands because of quality and safety concerns. Especially in families where parents of these children earn well, the more they worry about safety and quality issues. These gatekeeper parents feel that only the "best" is to be bought for their children. Thus, one lesson for future marketers in China is that quality is of paramount concern when it comes to addressing this marketplace (Baumik and Banik, 2007).

Educational products and services are also of major interest to the families of the "Little Emperors." A family's main goal is to get their child into the University. Parents exert considerable pressure on their children to excel in school. After all, these "Little Emperors" are the sole perpetuator of a family's legacy (Pleskacheuskaya, 2005).

### Linglei

The Linglei generation represents 300 million Chinese in their late teens and early twenties. This group also represents many of the obvious changes in

China's lifestyle. They have a very high disposable income, are voracious consumers, and are quick to adopt new ideas, technologies and products (NSW Business Chamber, 2007). They are very internet savvy, for example. This group consists largely of upwardly mobile urbanites found in the China's large population centers such as Beijing and Shanghai. These urbanites are the drivers and chief beneficiaries of the country's current boom (Calder, 2006). According to a recent survey by Credit Suisse First Boston, the incomes of those in their twenties grew by thirty four percent in the past three years, by far the biggest jump of any age group (Simon, 2006). According to the McKinsey Quarterly Report on "Understanding China's Teens", you can find these young adult urban Chinese today drinking Starbucks, wearing Nikes and blogging obsessively (St-Maurice and Wu, 2006).

The McKinsey Quarterly Report also revealed that beverages ranked as the number one product category in which teens were able to affect their parents' buying decisions the most. Food and clothing were close behind (St-Maurice and Wu, 2006). In the past year, Coca Cola has been airing a major marketing campaign on the Internet by allowing teens to play popular online games like "World of Warcraft" through its' website. Products from Mengniu Dairy, China's second largest dairy, have also become very popular because they promote feelings of modernity in its promotional campaigns and advertisements. Sales of its sour yogurt drink soared when promoted heavily on the "Super Girl" television show, a Chinese version of the "American Idol" show in the United States (St-Maurice and Wu, 2006).

According to a New York Times article, "The New Radical", the Linglei term literally means hooligan, but the phrase has taken on a positive meaning with China's youth, and now stands for cool and alternative, even a bit rebellious (Beech, Hua and Xingping, 2004). Being Linglei means prioritizing self-expression and enhancing individual identities. These young adults are looking for more ways to express their individualism through fashion, media, technology, and art (Roberts, 2006).

Linglei consumers make the Internet a key part of their lives. Roughly seventy percent of the Internet users in China are under age of thirty, compared to seventy percent of the Internet users in the U.S. who are over the age of thirty (Will, 2007). Using the Internet as an advertising media gives brands more "street" credibility compared to more traditional television advertising (Roberts, 2006). Nike has become a symbol of success in China's. Indeed, Nike says China is on course to become its second-largest market in the world by 2009 (Skidmore and McDonald, 2007). In China, Nike focused its

marketing strategy on allowing its young target market to be "creative" with the brand. For example, the company has held contests across China to find young artists to work on their own marketing campaign for Nike. The winners of this contest had their poster art used in Nike shops, online and on outdoor billboards. Many of these ads reflected an urban hip-hop culture (Mintz, 2008). This approach proved very appealing to the iconoclastic and innovation-mindedness of the Linglei generation.

With a strong interest in cutting-edge gadgets, this generation is also a key market for electronics good manufacturers. Beijing Golden Global View Company makes the following point: "Unlike other electronics companies that have a celebrity praising a product, we have decided to sell our products by using cool, individualistic young people (Time.com, 2004).

H&M is another trendy company that young Linglei's clearly favor. In 2007, H&M collaborated with both Madonna and the Australian pop star Kylie Minogue to help launch the company into China. These efforts proved highly successful as it struck a very responsive chord from the young Linglei buyers (Capell, 2006).

## **Reformed**

There are roughly 342 million people in China that are considered members of the Reformed Generation. These people are in their thirties and early forties. They lived through a series of profound economic, social, and cultural upheavals. The Reformed are determined to do everything they can to ensure that their children's lives will be better, and more comfortable, than their own (Calder, 2006).

The Reformed have generally experienced much economic progress and have witnessed yearly improvements in their quality of life. China's Reformed tend to put money into their homes, cars and vacations. They are also major consumers of beer, mobile phones, TVs, cosmetics and travel, products that make their lives more comfortable, pleasant and healthy. Indeed, many Reformed are looking to purchase products that provide health benefits and that will continue to improve their (and their children's) overall lot in life. Local green tea drink producers, for example, competed successfully against Coca-Cola in some provinces of China because so many of these consumers seek products that tout health benefits (Rein, 2006). Buick, too, has enjoyed particular success in China, as it seems to understand the Reformed generation so well. Buick appreciates that this is an achievement-minded group, people who seek the so-called "good life". Buick's advertisements, therefore, emphasize comfort, style and class, as well as Buick's

history of being an auto for China's elite. Buick dealerships are known to provide "white glove" service to its customers including greeting customers at its front doors and escorting them into the showrooms with umbrellas when it rains (Rein, 2007).

### **Boomers**

China's 230 million baby boomers are in their late forties and fifties. They survived famine, political turmoil, and economic hardship in the late 1950s and 1960s (Calder, 2006). This generation is also known as the "Lost Generation", a generation that was forced to play a role in a failed political experiment. Thus, as adults, Boomers, like many in the Reformed Generation, have dedicated their lives to the betterment of themselves and their own children. But they are frequently struggling with the conflicting goals of everyday family expenses and the need to save for retirement. This is a major concern for Boomers today. Many will retire without a meaningful state pension, relying instead on their savings or in being dependent on their children's future income (St-Maurice and Wu, 2006).

Despite retirement concerns, these Boomers have grown into indulgent, purchase-oriented middle-aged parents or grandparents, eager to spare their children the nightmares of their past (Cody, 2004). Boomers have suffered much early-on and are often free spenders at this stage of their life, especially on their children, even though they know their futures may be at risk. Boomers find a store like hypermarket retailer, Carrefour's, particularly appealing. Carrefour's caters to these Boomers by providing them a chance to exercise their spending muscle, without placing themselves under undue financial strain. While many foreign companies tend to concentrate on the "premium" markets, Carrefour's aimed straight at these Boomers, consumers with largely middle-class incomes. Carrefour's understood clearly this market's taste for goods that are neither expensive nor unfamiliar (Chen and Penhirin, 2004). Their store formats, locations and product offerings are all customized according to local preferences of the Boomer generation while store managers are empowered to run their stores according to local requirements (Concordia University, 2007).

Boomers also spend money on wellness, travel (mostly domestic) and entertainment. As an example, they purchase a major share of the digital cameras sold today to take pictures of their travels and/or children/grandchildren (Cook, 2006).

### **Seniors**

China's Seniors consist of more than 130 million people now in their sixties and older who have lived through the Chinese Revolution and struggled to find their place late in life in the new market economy of China. Now they face uncertainty, no longer assured of the safety net promised by the government (Calder, 2006). Security and safety are major concerns. Hence they are major consumers of insurance services, health-related products and even house alarms. But the wealthiest of this group are beginning to "experiment" with new senior lifestyle options like, international travel. Still, they tend to save a much larger than average percent of their incomes (Peng, 2006).

According to a recent report by the World Bank, the percentage of people in China aged 65 or older will more than double by 2050, and will come to represent twenty five percent of the country's total population vs. today's current population of twelve percent (Frankenhoff, 2007). According to the McKinsey Quarterly (2004) this older generation will impact many business decisions. And like their American counterparts, China's seniors will offer marketing opportunities in sectors such as financial services and health care, including senior living arrangements.

The challenge for many foreign companies is that older Chinese, who were in their twenties and thirties when Mao was in power, tend to be more reluctant to spend on foreign brands. They just do not trust them. Traditional brands in China more easily attract older consumers than younger consumers. For example, the famous Beijing bakery, Daoxiangcun, has long queues in the store most of the time, but the customers are generally in their 50s or 60s. The younger generation is more frequently seen in KFC or Pizza Hut" (Kalish, 2005). Companies like Motorola, Nokia, Shiseido and Danone have begun focusing their efforts on developing products for this the silver-haired market. Specifically, Motorola and Nokia have developed phones to target China's older market. Both companies have begun to design mobile phones that cater to this group by developing phones that are low cost and very basic and functional (Einhorn, 2008).

Companies like Shiseido are also now developing skin care products that are aimed at China's aging population. Shiseido Co., Japan's biggest cosmetics maker, is introducing a new brand, targeting women in their 60s, expected to be on shelves in the Fall of 2008. Danone (Dannon in the U.S.) is also trying to aim several of its products toward the Seniors. Danone recently acquired Numico (a Dairy manufacturing plant in China) in 2007 to create a presence in the medical nutrition (nutraceutical) market in China. Danone's new products are aimed at the elderly who have special

nutritional needs that cannot be met by traditional adult food products. According to Danone, medical nutrition has emerged as the most attractive segment in the food industry in China (Kumakura, 2008).

## CONCLUSION

In China today, marketers are developing products and strategies for several different generational groups. While there are many time-honored ways to segment the Chinese marketplace, this study suggests that age is a factor that must be considered, perhaps above all. It appears that the social, economic and cultural environment that each age group has experienced in their formative years has helped to shape their current purchasing patterns. Especially in China, marketers may need to truly understand these age groups/generations in order to reach and influence their target markets.

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# **SUPER BOWL ADVERTISERS' STOCK PRICE PERFORMANCE: DO AD LIKABILITY, PAST EXPERIENCE, AND INDUSTRY TYPE MATTER?**

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## **ABSTRACT**

In this study, we code stock prices of those companies that had in-game advertisements during the Super Bowl during our period of study (i.e. 1996-2008). We identified these advertisers using USA Today's Ad Meter to see which brands were advertised within the actual Super Bowl telecast. Only companies that were publicly held and traded on U.S. stock exchanges were used in the study. We identified changes in Super Bowl advertisers' stock prices over two time periods surrounding the game: (1) a one day period that includes the Friday Before to the Monday After the game, and (2) a ten day period that includes the Monday Before through the Friday After the game. We developed and tested three hypotheses.

H1: Ad Likability will be positively related to stock price performance surrounding the Super Bowl for those firms that run in-game ads.

H2: Advertisers new to the Super Bowl will experience a higher stock price increase surrounding the game than advertisers that have previous experience with the game.

H3: Stock price performance for Super Bowl advertisers will vary depending on industry category of the firms.

There was no significant difference in the stock price changes between advertisers with high ad likability scores and those with low ad likability scores. "New" advertisers experienced a higher stock price bump over the ten day period surrounding the game than did experienced advertisers but not during the one day period. Significant difference in stock price changes were found for advertisers in the ten different industry categories classified by the authors over the one day period surrounding the game but not during the ten day period.

Investors are always looking for stocks with a high return on investment and a low risk of decreasing. This study shows which industries are the most likely to show stock improvements, and which are the most likely to show losses the day after the game. It also shows that companies who are new to advertising to the super bowl will show perform better on the stock market in the two weeks surrounding the game than those who advertised the year before. This study is important to both new advertisers, as well as for firms who have advertised during the Super Bowl in the past.

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# BUILDING BRANDS THROUGH DIGITAL ASSET MANAGEMENT: IMPLICATIONS AND POSSIBILITIES

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## ABSTRACT

*In a marketing climate that demands brand differentiation as a sustainable competitive advantage, brand managers are held responsible to drive the top line in firms. Branding that relies on sources outside the marketing organization often suffers from poor execution, confused personality, and fragmented message content that ultimately lead to erosion in brand equity. This research suggests Digital Asset Management strategies that yield the control of a brand management back in the hands of the marketing manager responsible to drive profitability through integrated marketing communications. This paper discusses the availability of digital asset management tools, their implications for marketing, the benefits offered by such strategies, and points to potential research avenues in the area.*

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## INTRODUCTION

The importance of a consistent and strong branding strategy has gained significance in the marketing arena through recognizable brands with positive images that are coveted and cherished (Monga and Lau-Gesk 2007, Mitchell 2002). A brand is often defined as a “name, term, sign, symbol, or design, or a combination of them, is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” (American Marketing Association definition, Keller, 2003, 3). Building a strong brand is arduous and requires commitment of resources, yet is fragile enough to be destroyed by a minor setback.

A strong brand has been found to contribute to bottom lines through substantial and sustainable differentiation, improved customer retention and brand loyalty, premium pricing opportunities, higher margins, synergistic new product introductions, as well as enhanced efficiencies in customer decision criteria (Davis 2000, Keller 2003, Thompson, Rindfleisch, and Arsel 2006). “The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and so on become linked to the brand” (Keller, 2003, pg. 59). Brands such as Harley Davidson and Jeep have gone so far as to establish brand communities within which customers are enmeshed in a network of relationships with the brand and fellow customers, as opposed to the traditional brand loyalty (McAlexander, Schouten, and Koenig 2002,

Devasagayam and Buff 2005, Devasagayam and Buff 2008).

The aforementioned branding tools are effective only if used with prudence, consistency, and efficiency via a strategic integrated marketing communications program (Hatch and Schultz 2001). The need to seek such consistency in branding often leads to reluctance in customizing the brand for specific target segments. However, it is possible to use technology to customize the brand image to specific target segments without sacrificing the brand personality or branding consistency.

The digital age provides for customization of branding tools to meet the specific needs of a (single) potential customer – in fact the net savvy customer expects and almost demands such customization. In light of possible differentiation through digital customization of value offerings, more and more companies are moving to digital branding tools (Gray 2008, Hingley 2008, Reese 2007) that are best managed as invaluable *assets* of a company.

This paper examines the role of Digital Asset Management in maintenance and retrieval of digital branding tools in order to facilitate such customization of the branding strategy in an efficient and effective manner. Cutting edge technology in digital imaging (video and still) has now made it possible for a salesperson to create and present a value proposition with supporting promotional literature within hours (minutes) of a customer request. The challenge then is to have the branding tools available in a format that are easy to deploy without compromising the overall integrity of branding strategy as the salesperson customizes the value proposition – Digital Asset

Management (DAM) might provide solutions heretofore not available.

While the DAM industry has grown by leaps and bounds in the last few years, there is a paucity of scholarly research on the impact and contribution of DAM to branding strategies (Rowley 2008, Schriever 2007). This research is an effort to fill this gap. In the following sections we review the literature on branding, devote ink to the scope and size of DAM resources, suggest strategic uses of the technology, and provide insights and implications for appropriate use of the advances in DAM.

### **CHALLENGES OF CREATIVITY VERSUS STRATEGY IN BRANDING**

With products being reduced to undifferentiated commodities, brand managers are faced with the challenge of using branding as a differentiator. Branding strategies could be used not only to differentiate products but bestow a sense of relevance and esteem upon the product (Aaker 2003, Ind 1997, 2001). Cost considerations make it impossible for products to be relaunched and redefined with additional attributes at the rapid pace that a customer might demand at prices that the customer is willing to pay. However, using branding as a differentiator may yield renewed customer interest and commitment at low costs. In fact, research has shown (Carpenter, Glazer, Nakamoto 1994, Desai and Keller 2002, Aaker 2003) that customers might be willing to pay a premium for a branded differentiator (think Harley Davidson apparel and On Star systems).

Increased competitive activity, shrinking margins, and tighter customer purse strings are driving the need for improved branding techniques. Some scholars are even questioning the rationale and merit of brand management strategies. In his recent book "Branding only works on Cattle," Jonathan S. Baskin makes the case for the notion that current definitions and practices of branding are outdated and irrelevant and should be abandoned completely! His argument largely relies on the fact that customers have ample information on the WWW to be able to compare product attributes rather than buy into brand persona. Additionally, he points to the folly of allowing outside agencies to manage branding decisions based purely on creative and artistic inspirations rather than clearly guided strategic considerations. Boon (2000), D'Innocenzo 2002, Aurand, Gorchels, and Bishop (2005) tout the benefits of internal branding efforts that are handled by the organization itself. And, Duboff (2001), LePla and Parker (1999), and McCarthy (2005) point to the ad agencies playing pivotal role in branding strategies. While outsourcing creative execution of branding might be a specialized solution that adds value to the

brand, the outsourcing of strategic management of a brand should not be handed over to entities outside the realm of the brand sponsor. Digital Asset Management technology provides alternative options to brand managers that can actually build on the Web 2.0 capabilities in awarding the control and execution of brand strategies in the hands of the marketing decision makers, where it should belong.

### **DIGITAL ASSET MANAGEMENT AS A SOLUTION**

DAM is a catch-all phrase that encompasses an alphabet soup of digital solutions: Rich Asset Management (RAM), Media Asset Management (MAM), Digital Media Management Software (DMMS), Brand Resource Management (BRM), and Enterprise Content Management (ECM). Digital Asset Management may be defined as the centralization, maintenance, and distribution of digitized files and their accompanying metadata allowing permission-based, self-service access to internal and external resources. Put simply, DAM is a set of software solutions that allows for accessible storage and efficient retrieval of digital media and the descriptive information that it tagged to it. The software solutions could be either hosted and serviced by a vendor or provided as client server based solution. According to some experts the DAM revenues worldwide reached approximately one-third of a billion in 2007 ([www.frost.com](http://www.frost.com)) with approximately 70 vendors worldwide with no one vendor capturing more than a single digit percentage of the market share.

DAM has found successful applications in variety of settings. Since the digital media could be static or dynamic, still images, video, audio, graphics, CAD, print layouts, text files, presentations, or spreadsheets, the applications of DAM are not restricted to branding and marketing alone. DAM provides an efficient tool to catalog and organize files as a method of identifying what digital media currently exists. The organized digital database may then be available as a searchable digital library to eliminate duplication of files and redundancy of work. Various arms of the marketing organization –salespeople and channel members alike – can then access the library for specific branding needs through self-service interfaces. One might use DAM for effective distribution of files to other individuals upon request with restrictions placed on use and duplication of said files. DAM allows for a brand manager to retain centralized control and administration of metadata, users, and the digital media in the library.

## TECHNOLOGICAL OPTIONS IN DAM

There are two basic options for delivering DAM: installed software on the client infrastructure or using software-as-a-service vendors. The decisions to deploy either option or the conditions that warrant such as choice have not received scholarly attention. In practice, the distinct advantages offered by each method tend to lead a company to opt for one mode over another.

Software-as-a-service model is managed by a vendor without consuming internal resources and therefore free up scarce resources for other strategic tasks. In this system, upgrades are frequent (every 3-4 months), which is important in order to keep pace with evolving technology. This option eliminates the need to install software within internal infrastructure which eliminates the need for routine maintenance and associated staff. In the software-as-a-service model, prioritization of the DAM project is not dependent on internal technical resources and therefore can be deployed without the threat of being bumped from implementation because of high-priority business applications (such as finance, resource planning). There are economies built into costs sharing across multiple customers. Availability and scalability is not a concern with the right provider using cloud computing resources, which reduces processing time and makes delivery of information upon request.

Usually the software-as-a-service option enables the vendor to control all services within the process, which results in integrated software upgrades, implementation, interface, security, data center, and help desk. This results in considerable cost savings that could then allow the marketing organization to focus on their primary task of strategic branding rather than be concerned about the enabling technology.

No matter which option is preferred, the process of implementing and maintaining a DAM system has some cautionary items that cannot be ignored. The process of locating the historical archive of marketing and branding files has a set of challenges. This may involve going back to current or previous suppliers that have handled your digital files to include agencies, premedia organizations, or printing service firms. These organizations will charge you for locating and sending these files to you but integrating them in the process going forward means you never incur this charge again. It is the recommendation of most providers to start with your current digital assets and move forward to realize a quick implementation and ROI from the process adjusted by DAM and backfill with the historical archive as needed.

Metadata is also a challenging task related to a DAM project. Metadata is typically the textual data that describes the asset and may include fields such as

description, keyword, and brand. Metadata may be located in other systems, embedded in the file, spreadsheets, catalogs, or not at all. Migrating metadata is easy when it exists in one central location, but if no central metadata source exists the DAM system can take on this responsibility but it becomes time consuming to enter this information. This time consumption is not typically something a DAM vendor can impact because this is detailed information about the client products and services and requires a level of expertise in that field. Therefore, administration may be heavy at times and needs to take place frequently or the system will not perform as desired. DAM vendors can provide a method of reading the properties of files and posting that information as metadata or importing a spreadsheet of metadata to help streamline the process. Overall, lack of metadata leads to the inability of the user community quickly finding and downloading what they need, one of the main objectives of a DAM solution. The ongoing administration is tedious at times but is necessary to a successful experience.

## CONCLUDING REMARKS

The state of the DAM industry is detailed in a report from the research firm Frost & Sullivan and summarized here. For the entire DAM market including both the software-as-a-service and installed software models, the total market size in 2007 was over one-third of a one billion in revenue. The market is expected to grow at a percentage in the upper twenties reaching nearly two billion in 2013. Isolating the software-as-a-service market alone, the market revenue in 2007 was less than 5% of the total market and is expected to grow at an annual compounded rate of over 30% each year until occupying over 10% of the total market revenue.

The key drivers of growth in the DAM industry include an increase in the creation of digital media to support digital marketing strategies. The popularity of more complicated and higher impact formats such as video require special file management attention because of their sheer size and distribution challenges. Another driver of growth is the adoption of other applications requiring the use of enabling technologies such as DAM. The overall adoption of communication technologies like wireless and personal devices also drive growth as the demand for digital image and video messaging continues to rise. Restrictions to the DAM market growth include applications that are custom built by a non-DAM vendor that is meant to provide DAM functionality. These custom built applications serve the original purpose but do not benefit from the advancement from the overall market.

In the foreseeable future a significant demand shift is underway toward software-as-a-service technologies

as a result of internal I.T. teams being consumed by other projects and the sizeable cost advantage. The explosion of digital media and the popularity of complicated digital media types like video indicate the rising and massive need for digital asset storage, retrieval, and distribution. DAM is and will continue to evolve as a platform to deploying other applications. DAM needs to be deployed prior to other technologies to enable these other technologies to reference the DAM whenever a digital asset is required. The foreseeable future also taps the power of cloud computing to scale infinitely to meet digital asset demand at peak times.

The literature in branding is woefully behind the technology being employed by advertising agencies that have had primary branding responsibilities. Most ad agencies have successfully adapted the DAM resources seamlessly yet have managed to keep the technology shrouded from brand managers. As we have demonstrated, the technology lends itself to being effectively used by marketing professionals with limited technological proficiencies. A quick understanding of the DAM possibilities and potential, yield creative and strategic control of a brand back in the hands of the brand managers, where it belongs. This is not to suggest that DAM companies and agencies have outlived their effectiveness, it is more to indicate how synergies in the area can yield better results for all parties. Marketing would benefit from a study of relationships that are based on shared technology, such as DAM.

The issues of trust and satisfaction in such technology-based interorganizational relationship is worthy of our time and attention. Further, the conditions under which the degree of creative and strategic control is maintained with participants in the relationship will also enrich our understanding of interorganizational relationships in general. This research is undertaken as a first step to alert marketers to potential research avenues that would lead to effective and efficient branding strategies.

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# CREATIVITY AND RELEVANCE: SEPARATING THE INVOLVEMENT CONSTRUCT

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## *ABSTRACT*

Creativity in advertising has been subject of much debate in recent times. Specifically, creativity is theorized as containing two components: divergence and relevance. The author attempts to separate out these two components. Divergence is properly a sole construct of the creative component of the ad itself. Relevance on the other hand is a component of ad creation and effectiveness of the ad. Propositions are presented that explicitly assess the relationship between relevance and creativity.

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# DO BUSINESS PROFESSORS TEACH THE SAME WAY THEY PREFER TO LEARN?

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## ABSTRACT

The Index of Learning Styles (ILS) was sent to 500 business professors who attended selected marketing conferences in 2008. Of the 500 surveys 145 were returned for a 29% return rate. The purpose of this exploratory research is to examine the learning style preferences of professors and compare those preferences to their overall teaching style. Frequency distributions, paired samples t-test and correlation coefficients are used to analyze the data. Both the paired samples t-test and Pearson's correlation coefficients show statistical significance at the .01 level.

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# AACSB – INTERNATIONAL MEMBER SCHOOL PERFORMANCE EXCELLENCE AND MARKET ORIENTATION TOWARD FUTURE EMPLOYERS OF GRADUATES

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## ABSTRACT

The impact on overall performance of market orientation toward employers of graduates on overall performance is examined within AACSB member schools. Rewording Narver and Slater's (1990) "market orientation" scale and Jaworski and Kohli's (1993) "overall performance" and "top management emphasis" scales for use within the higher education context, we employ univariate analysis of variance, then t-tests to identify significant differences between performance levels for the market orientation components (customer orientation, competitor orientation, coordination).

An extension of previous research (Hammond, Webster, and Harmon 2006) that indicated a correlation between market orientation toward employers and overall performance in university business schools, this research examines the possible causal impact on overall performance of the level of market orientation toward employers specifically at AACSB-affiliated university business schools. We employ a national survey of business school deans, and validate the reworded scales prior to analysis. Results indicate that the behaviors and actions indicative of higher levels of market orientation toward employers do indeed lead to higher levels of overall business school performance. The best performers exhibit the highest levels of market orientation for each of the three components; the worst performers exhibit the lowest levels.

We also report the mean levels of overall market orientation toward employers for each component and overall, mean levels of top management emphasis on market orientation toward employers, and faculty/student ratios for each of the performance levels and in total. Limitations and suggestions for future research are provided.

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# CAREER AND EMPLOYMENT FACTORS: AN INVESTIGATIVE STUDY WITH MARKETING STUDENTS

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## ABSTRACT

*Findings indicated career factors such as the desire for a secure job with an opportunity for advancement can be used to recruit marketing students. Marketing students are looking for employers with a good reputation and positive organizational climate which allow for job security and advancement. Some gender differences were noted.*

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## INTRODUCTION

Marketing educators have an explicit and implicit obligation to periodically assess marketing programs for relevancy. Business programs along with marketing curriculums need to evolve to adequately match outcome expectations. An additional challenge is the need to recruit a sufficient number of appropriate students. All educators seek students with both the academic preparation and personal commitment to succeed in a course of study. Thus, marketing programs should endeavor to match committed students with academic experiences which correspond with their needs and interests.

This paper will investigate the concept of commitment and identity importance of marketing students to their major along with factors perceived important for career and employer choice. The goal is to gain insights so that marketing programs can be designed which attract and retain the most desirable students as well as preparing these students for their careers in marketing. This knowledge will allow marketing educators to develop marketing curriculum and student activities that aid students in their career paths.

## COMMITMENT

By selecting a major a student chooses to be identified with that discipline. The more committed the student is to that major and the more the student identifies with the major the more that student will enact behaviors leading to success in that role. The more effectively a student identifies with his/her major the better the outcomes for the student (Kleine 2002). Students' self-concepts should be partially defined by their affiliation with their major.

Work in vocational identity notes that self-concepts are impacted by preferred activities, interests, competencies and values that are established in childhood and adolescence and subsequently produce personality types which impact career choices (Vondracek 1992). The concept of self-image congruency is not a new one in marketing literature (ie: Sirgy, Grewal, Mangleburg and Park 1997, Jamal and Goode 2001). Therefore, the notion of applying a well-researched consumer behavior concept to student development is not without merit. Ascertaining and nurturing students' commitment and identification with their major provides valuable input to educators and their attempts to recruit and develop students into future marketing professionals.

There is a natural tendency to pursue with more intensity those roles we believe we do well in (Kleine, Kleine and Kernan 1993), thus, it may be presumed that students will gravitate to the major and field of study that best matches their interests and goals. Identity importance is partly based on perceptions of how successful one is in that role (Hoelter 1983). In order for a student to place their role as a marketing major as relatively important he/she must value that role. Student who highly rank their identity with the marketing major will have a greater sense of commitment to the major resulting in a greater likelihood of satisfaction with the major (Burke and Reitzes 1991). Thus, identity importance is key to understanding a students' commitment to the discipline.

Once a student becomes involved in a major they learn more about career options available in that field. At this time they are introduced into a more accurate depiction of the career options available to them. Ideally, the student's identity and self-concept will match the career options available to them. Research has found that normative sources of social influence

have a significant effect on employer choice, more so than informational influence (Higgins 2001). Therefore, students would benefit from identifying with and associating with other marketing students and with marketing professionals.

### **CAREER FACTORS**

When investigating job choice, job/career relevance and job satisfaction for college students, research has found a positive correlation between job satisfaction and career relevance. Consequently it is important that employment choice be determined for career-oriented reasons (Larkin, LaPort and Pines 2007). In addition, work values, or what a person wants out of work in general and also which components of a job are important to work satisfaction, are critical factors of consideration in career counseling with college students (Duffy and Sedlacek 2007). A career-orientation would make an understanding of what it means to pursue that career, or an identification with the career and others in that career, necessary.

When it comes to career decisions, students deciding among several potential employers must weigh the various job factors offered (Ng, Burke and Fiksenbaum 2008). In the long run, students will be more satisfied with their jobs if their employer provides them with benefits they value (Phillips and Phillips 1998). In general there has been little research on what prospective employees are looking for in an employer (Szamosi 2006), particularly tomorrow's employees. It has been noted that this cohort group of students appears to be different than previous ones and an understanding of their needs is necessary in order to attract and maintain the best possible student and employee (Szamosi 2006).

Research has shown that college students often do not know how to establish a professional career and subsequently enter the workforce poorly informed about potential careers and ill prepared for career advancement (Laker and Laker 2007). College educators have an obligation to help students develop the skills necessary to be successful and satisfied in their future careers, including skills related to career exploration and professional development (Lyon and Kirby 2000). Marketing educators can help students by providing them with the knowledge and tools they need to focus on their future and the career choices that will result in job satisfaction.

### **STUDY OBJECTIVES**

Given the need to recruit and retain a significant number of qualified marketing students, a variety of variables needed to be considered. The nature of

students' relationship with their major was considered instrumental. Also, students often complain about the lack of career guidance they receive both while considering career options and while pursuing a degree. With a desire to ascertain how to nurture both successful marketing students and future career marketers a number of research objectives were pursued.

Specific study objectives included the following:

- 1) What level of commitment do marketing majors have to their major? Does this level vary between different majors among students in marketing courses?
- 2) What career factors and potential employer factors are considered most important by marketing students?
- 3) Does level of commitment to major impact career factors?
- 4) Does gender impact career factors?
- 5) How can these insights be used to improve marketing programs?

### **METHODOLOGY**

In order to measure level of commitment among marketing students two scales were included in the study. Identity importance with major was measured using a 9-item scale developed previously with a reported alpha of .89 (Kleine 2002). A 7-point Likert-type scale where 1 = strongly disagree and 7= strongly agree was utilized.

Commitment to major was measured using a modified scale originally developed to measure a consumer's identification with and loyalty to a specified organization (Kelley and Davis 1994). The original scale had a reported alpha of .86. The modified scale contained 9 items which asked respondent to respond with their level of agreement on a 7-point scale to questions such as, "I talk up this major to my friends as a great major" and "I feel very little loyalty to this major (reverse coded)".

Two additional sections measured career-related factors. Fourteen career-choice factors (PR Newswire 2000) were measured for level of importance when considering careers on a 7-point importance scale. In terms of employer choice 22 factors were measured for importance on a 7-point scale when deciding among prospective employers (Phillips and Phillips 1998). The career-choice factors were derived from a study involving teens and the employer-choice factors were derived from a study involving MBA students. The results from these studies were considered relevant. The teens in 2000 were in the cohort group of this study and MBA students should represent an aspirational group for the respondents

Students currently enrolled in marketing electives were surveyed. A total of 117 students participated in the study. Since all the courses sampled for the study

were elective marketing courses, the respondents included marketing majors, marketing minors or students interested in marketing. The sample contained 60 (51%) males and 57 (49%) females. Seventy-six (64%) of the respondents were marketing majors and the remaining 36% were either marketing minors (a significant number were advertising or communications majors from Liberal Arts) or students interested in marketing. A principles of marketing course is a pre-requisite for all courses sampled. The sampling methodology resulted on a sample containing 83% seniors and 15% juniors.

### FINDINGS

The two scales measuring commitment to major and identity importance to major, both containing nine items demonstrated similar results. The mean score for commitment was 49 and the mean score for identity importance was 47. There was no significant difference between marketing majors and other majors on either score. There was no reason to anticipate a difference since upper level students, as those measured in this study, should have gravitated to a major that is compelling to them. In addition, this study found no gender difference in the two measures.

Overall, the commitment and identity importance scores were high considering the maximum possible score for the two scales was 63. In addition, there was a high level of correlation between the two variables (Sig. at .01 level, or less/Pearson Correlation). This would seem to indicate that students do feel that their major is an important component of their self-image. This connection, or bond, might be a good indicator of the enrollment in the selected classes.

When asked what factors were important to them when choosing a career, presumably corresponding with their college major, the results were varied. The results, listed in order of importance in Table 1, indicate that a secure, steady job with an opportunity for advancement is most important to the respondents. Working in a growing field with people they like is also important to the respondents.

A comparison of the current study's results with the previous study of teens in 2000 resulted in some interesting insights. Ironically, the teens in 2000 ranked 'making a lot of money' as their number one factor for career choice, yet the 117 college juniors and seniors ranked that factor relatively low as the tenth out of fourteen factors. The teens ranked a secure and steady job as sixth and opportunity for advancement thirteenth versus the current study's number one and two ranking respectively.

The two samples also differed on having a chance to travel (teens #3/current #13) and staying in their

home town (teens #5/current #14). These findings seem to indicate a more mature perspective on the part of the college respondents. The college respondents not only recognized the economic advantages of a secure job, but also valued benefits (teens #10/current #5) and being recognized as an individual (teens #12/current #6) as an attractive factor for a career choice.

**Table 1. Career Choice Factors**

<b>Factor</b>	<i>Mean</i>	<i>Mode</i>
Having a secure, steady job	6.40	7
Advancement opportunity	6.34	7
Working with people I like	6.27	7
Being in a growing field	6.20	7
Benefits	6.17	7
Gaining Recognition as an individual	5.72	6
Opportunity to be creative	5.66	6
Convenient working hours	5.62	6
Contribution that could be made to society	5.55	6
Making a lot of money	5.51	5
Doing challenging work	5.45	5
Opportunity for further education	5.27	5
Having a chance to travel	5.12	5
Able to stay in home town	4.05	4

The 22 prospective employer factors are listed in order of importance to the respondents in Table 2. The current marketing students consider company reputation to be the most important factor when choosing a prospective employer. As with career choice, job security and opportunity for advancement are also very important considerations for the respondents. The concept of travel again comes in on the bottom. A positive climate and good benefits, of various types, come in very high in their lists of priorities.

When compared to the results from the 1998 study (Phillips and Phillips 1998) involving 173 MBA students (115 males/58 females), some interesting contrasts were noted. In the original study ten years previous company reputation ranked twelfth (mean scores 6.58 vs 5.26) as contrasted to the current study's #1 rating. Perhaps because of the nature of the degree, the MBA students rated opportunity for advancement as their number one factor for employer choice. Also, MBA's rated job autonomy #9 whereas the current study's undergraduate students rated it significantly lower at #18, perhaps indicating a desire for more mentoring and nurturing from their employers than their more advanced MBA counterparts. The MBA's ranked a challenging or interesting work as #2 and good training program as #5 and the undergraduates ranked them as #8 and #10, respectfully indicating different priorities.

The era in which the studies were undertaken may partially explain another noted difference in priority listings. The predominantly male sample in 1998 rated the ability of spouse/significant other to find job nearby as relatively unimportant at #16 and the current gender-equal sample rated it higher at #11. Similarly, paid sick days were ranked in 1998 as #10 and in 2008 as #16.

**Table 2. Prospective Employer Factors**

<b>Factor</b>	<i>Mean</i>	<i>Mode</i>
Company reputation	6.58	6
Job security	6.45	7
Opportunity for advancement	6.33	7
Positive organizational climate	6.28	7
Good health insurance	6.24	7
Good retirement plan	6.23	7
Good pay	6.23	7
Challenging or interesting work	6.02	6
Good life insurance	6.01	7
Good training program	6.00	6
Ability of spouse/sig other to find job nearby	5.77	6
Flexible work schedule	5.67	6
Paid personal leave days	5.64	7
Good dental plan	5.63	7
Region or city where job is located	5.52	6
Paid sick leave	5.47	5
Company pays for future education	5.47	5
Job autonomy	5.27	5
Stock options or ownership program	5.25	5
Health or workout facilities	4.73	4
Day care provided	3.86	4
No travel	3.10	4

Career factors among respondents high or low in identity importance with major and gender were analyzed. Since commitment to major scores and identity importance scores were so similar, identity importance was chosen for further analysis. The results are presented in Table 3. Utilizing means scores, respondents were segmented into two segments with 'high' (n = 57) representing those with above mean scores for identity importance and 'low' (n = 61) representing those with below mean score.

Those respondents with the highest levels of identity importance with their major indicated a significantly higher level of importance for ten of the fourteen career choice factors. This would seem to indicate that those who identify with their degree choice were also more conscientious when considering career options.

The only career factor that males consider more important than females was opportunity for further

education and the difference was not significant. (See Table Three) However, five career choice factors were considered significantly more important for females (n = 57) than males (n = 60). Those factors included; advancement opportunities, working with people I like, gaining recognition as an individual, contribution that could be made to society and doing challenging work.

Prospective employer factors were also analyzed along with identity importance and gender. The results are presented in Table 4. Eleven factors produced significantly different (.05 level, or below) mean score for high and low identity importance respondents and an additional two factors were moderately different (.10 level). The wide dispersion of responses for the highest factor, company reputation with a mean score of 6.58, yet a mode of 6, might explain why it was not significantly different between the two groups. However, job security, opportunity for advancement and positive organizational climate were significantly different, among other factors. The large number of prospective employer factors that were significantly higher for those with higher levels of identity importance with major might seem to indicate again a higher overall level of interest, concern and involvement with major and career/work options.

Six prospective employer factors were significantly more important to females than male respondents, including various benefits and challenging or interesting work. Five additional factors were moderately significantly different, including opportunity for advancement and ability of spouse/significantly other to find job nearby and day care provided. The last two factors have stereotypical gender implications.

## IMPLICATIONS

The intent of this study was to gain insights to better recruit, nurture and retain marketing students. Clearly commitment and identity with marketing as a major is an important consideration. Majors can be seen as a path to a desired career and employment opportunity. Therefore, the results of this study should be pertinent for marketing educators.

Fundamentally, the results substantiate previous research advocating the importance of role identity and major. This bond or commitment is beneficial for academic success and satisfaction. Recruiting students who can identify with marketing should be a goal. Potential students need to be informed about marketing and exposed to current marketing students and those you have graduated and have pursued marketing professionally. The results also indicated that career

**Table 3. Career Choice Factors with Identity Importance and Gender**

<b>Factor</b>	<i>low</i>	<i>high</i>	<i>sig. level</i>	<i>male</i>	<i>female</i>	<i>sig. level</i>
Having a secure, steady job	6.23	6.58	*0.021	6.40	6.40	0.982
Advancement opportunity	6.08	6.61	*0.003	6.17	6.53	*0.046
Working with people I like	6.02	6.54	*0.001	6.05	6.51	*0.006
Being in a growing field	5.92	6.51	*0.002	6.10	6.30	0.322
Benefits	6.08	6.26	0.314	6.07	6.28	0.238
Gaining recognition as an individual	5.26	6.21	*0.000	5.45	6.02	*0.018
Opportunity to be creative	5.34	6.00	*0.005	5.60	5.74	0.565
Convenient working hours	5.41	5.84	*0.040	5.60	5.65	0.819
Contribution that could be made to society	5.28	5.84	*0.010	5.32	5.77	*0.400
Making a lot of money	5.30	5.74	*0.050	5.45	5.58	0.581
Doing challenging work	5.03	5.89	*0.000	5.23	5.68	*0.024
Opportunity for further education	5.18	5.37	0.450	5.30	5.24	0.829
Having a chance to travel	4.98	5.26	0.290	5.00	5.24	0.356
Able to stay in home town	4.03	4.07	0.908	3.98	4.07	0.789

\*significant at 0.05 level, or less/t-test

**Table 4. Prospective Employer Factors with Identity Importance/Major and Gender**

<b>Factor</b>	<i>low</i>	<i>high</i>	<i>sig. level</i>	<i>male</i>	<i>female</i>	<i>sig. level</i>
Company reputation	5.73	7.49	0.151	6.90	6.27	0.607
Job security	6.18	6.74	*0.000	6.33	6.56	0.135
Opportunity for advancement	6.03	6.65	*0.000	6.18	6.49	**0.087
Positive organizational climate	5.97	6.61	*0.000	6.15	6.42	0.114
Good health insurance	6.10	6.39	**0.097	6.03	6.44	*0.019
Good retirement plan	6.00	6.47	*0.016	6.07	6.39	0.109
Good pay	6.03	6.44	*0.026	6.13	6.33	0.279
Challenging or interesting work	5.69	6.37	*0.000	5.82	6.23	*0.027
Good life insurance	5.70	6.33	*0.008	5.72	6.30	*0.014
Good training program	5.95	6.05	0.584	5.75	6.26	*0.005
Ability of spouse/sig other to find job nearby	5.57	5.98	0.105	5.55	5.98	**0.088
Flexible work schedule	5.31	6.05	*0.001	5.6	5.75	0.495
Paid personal leave days	5.48	5.82	0.139	5.33	5.95	*0.009
Good dental plan	5.41	5.85	**0.063	5.50	5.74	0.331
Region or city where job is located	5.33	5.72	0.114	5.30	5.72	**0.092
Paid sick leave	5.43	5.51	0.718	5.23	5.70	*0.040
Company pays for future education	5.33	5.61	0.0275	5.23	5.70	**0.075
Job autonomy	5.00	5.56	*0.006	5.13	5.40	0.195
Stock option or ownership program	4.98	5.54	*0.025	5.25	5.22	0.981
Health or workout facilities	4.36	5.12	*0.008	4.68	4.75	0.808
Day care provided	3.93	3.79	0.657	3.57	4.16	**0.070
No travel	3.20	3.00	0.502	3.15	3.02	0.652

\*significant at 0.05 level, or less/t-test

\*\*significant at 0.10 level, or less/t-test

and employment factors deviate and should be measured periodically and at different stages of academic development.

Recruiting and retention efforts would benefit from pointed career guidance. Students should be

asked what they are looking for in a career as well as what they are looking for from an employer.

Communication to potential students should highlight career opportunities in marketing with an emphasis on the advancement opportunities and job

security of these types of jobs. Potential students should be informed that careers in the field of marketing involve working with like-minded people in growing fields where you can use your creativity and be recognized for your individual endeavors.

Additionally, students should be delighted to know that their marketing degree, or marketing background, can help them attract employment offers from companies with good reputations that offer job security and opportunity advancement. They should be able to choose among employers those which offer the best organizational climate and benefits.

Female students, although they exhibit no higher level of identity importance, or commitment to major, can be recruited by stressing that careers in marketing offer an opportunity for advancement where they can also be doing challenging work with people they like. Females also valued making contributions to society and being recognized as an individual. Marketing programs can potentially recruit more female students by advocating the potential for using their marketing skills for their individual and community betterment.

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# INTEGRATING COLLEGE STUDENTS, PRACTITIONERS, AND PROFESSORS IN THE CLASSROOM: A CASE ANALYSIS FOR IMPROVING “REAL-WORLD” CLASS PROJECTS

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## ABSTRACT

*Based on interviews with 14 business people who participated in a “client-financed” class project, we found: 1) All 14 clients would recommend participating in a client-financed project; (2) clients received a high value for their investment; (3) clients indicated the recommendations they implemented improved their business and (4) clients wanted recommendations with cost figures supported by relevant information.*

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## INTRODUCTION

The purpose of this paper is to present the results of a study designed to determine the attitudes of managers or business owners, referred to as “clients,” who worked with college students on a “real-world” class project. Our objective was to better understand the clients’ attitudes towards the efforts of student-consulting teams. Our paper describes how “client-financed” class projects are conducted at the authors’ university. Additionally, the information collected from previous “clients” is used to make recommendations designed to improve the students’ learning experience and the clients’ satisfaction with the students’ efforts.

## LITERATURE REVIEW

Numerous academicians have recognized the value of experiential learning as a pedagogical style (Elam and Spotts 2004; Daly 2001; Petkus 2000; Wright, Bitner and Zeithaml 1994; Brown and Neilson 1993; Ganesh 1992; Garner and Siegel 1991; Jolliffe 1991; Goldfinch and Raeside 1990; and Humphreys 1981).

Additionally, numerous graduate business programs have implemented experiential learning by using “real-world” class projects that are typically integrated into their MBA curricula: Stanford University, University of Michigan, University of Chicago, Columbia University, University of Texas, University of Notre Dame, and Georgetown University.

Proponents of experiential learning can use the results from the present research to improve how they conduct their “real-world” class projects.

Prior research on experiential-learning has focused on describing how the author(s) has conducted the “real-world” projects they have had their students participate in (Skilton, Forsyth and White 2008; Elam and Spotts 2004; Lopez and Lee 2005; Wee, Kek and Kelley 2003; Kennedy, Lawton and Walker 2001; Daly 2001; Petkus 2000; Seigel 2000; Lollar and Leigh 1995; Peltier, Schibrowsky and Kleimenhagen 1995; Ruyter and Crask 1994; Brown and Neilson 1993; Weinstein 1990; Kiesner 1987; Frear and Metcalf 1988; Humphreys 1981; and Browne 1979).

Only three of the articles cited above mentioned that the author(s) surveyed the business people about their attitudes towards the students’ efforts. Weinstein (1990) surveyed 87 business people who received marketing assistance from students from June 1985 to June 1989 from the Small Business Institute (SBI). Of the 87 business people surveyed by telephone, 58 completed the interview for a response rate of 66.7%. Weinstein used a pre-notification letter, multiple callbacks, a reminder letter and when necessary the survey was translated into Spanish.

Frear and Metcalf (1988) surveyed 16 former sponsors of their students’ workshops and all 16 responded to the mail survey. Their survey, which contained 11 questions, was conducted over the first two years of the workshop’s existence.

Kiesner (1987) surveyed 190 SBI clients who worked with one of 13 universities located in the

Southern California region. Of the 190 business people surveyed, 146 returned the mail survey for a response rate of 76.8%. Kiesner's survey was conducted throughout the 1985-1986 academic year.

### **CLIENT-FINANCED PROJECTS DEFINED**

For the "*real-world client-financed projects*" conducted at the authors' university, the client, a business person from the local area, provided financial support to the students. The money given to the students by the client was controlled by the university's Controller's Office to cover five categories of expenses: (1) supplies, notebooks, photocopies, index dividers, etc.; (2) food consumed at strategic planning sessions; (3) research costs (e.g., stamps, envelopes, printing, etc.); (4) expenses incurred by the student consultants; and (5) indirect expenses incurred by the College of Business and Management. The student-consulting teams conducted research studies, made recommendations and suggested strategies to solve problems faced by the client's organization. Since 1991, 69 different organizations have awarded grants totaling \$164,000.00 to the classes that have worked on a client-financed project.

### **HOW CLIENT-FINANCED PROJECTS ARE CONDUCTED**

The client-financed projects conducted at the authors' university, which are described next, are different than any experiential learning examples found in the literature on "real-world" projects. The students who have participated in these projects were juniors or seniors and were enrolled in such classes as Marketing Principles 331, Consumer Behavior 434, Marketing Research 435, Industrial Marketing 337 and Executive Strategies and Policies 429.

The issue that there was a delay between the students' consulting efforts and the data collection needs to be addressed. With only minor variations, the student-consulting teams followed the same procedures throughout the time period studied.

#### *Tasks to be Completed before the Class Meets*

1. The client is required to complete a "Client Background Questionnaire" before the professor agrees to work with the client on a class project.
2. The client must give the professor a "Letter of Authorization" that discusses the budget for the class and what the client wants from the Student-Consulting Teams (SCTs). The "Letter of Authorization" is needed before the university will open an account for the professor's class.

3. A signed contract between the client and the professor is needed before the university will assign the instructor an account number for the project. The funds received from the client are used to cover the expenses incurred by the Student-Consulting Teams.

#### *Activities Done During the Semester*

On the first day of class, the client talks to the students about their organization, what the client would like the students to do and what questions the client would like the students to answer.

1. After the client addresses the class, the students email a set of questions to the client. These questions ask the client about their organization and deal with the eight functional areas of a business: 1) Human Resources; 2) Information Systems; 3) Production; 4) Operations; 5) Finance; 6) Accounting; 7) Research and Development; and 8) Marketing (HIPOFARM).
2. Each project class is divided into distinct SCTs that contain 5-7 team members. The professor determines the composition of each team and when possible forms cross-functional teams.
3. Each SCT must elect one member to be the team's President. The team President is the team's "Manager" and is expected to perform the four basic functions of management: 1) Control; 2) Lead; 3) Organize; and 4) Plan (CLOP).
4. Class Participation Points (CPPs) constitute 20 % of the student's course grade. CPPs are earned by becoming a member of a CPP subteam and completing a task or research effort and giving the information to the other consulting teams in the class. Students who want to earn CPPs volunteer to serve on CPPs subteams. The CPP subteam members are assigned to the team by the professor and may contain 2-6 students who may be from different Student-Consulting Teams within the class.
5. CPP Subteams are responsible for completing several tasks where the client's organization is compared to the competition in the following areas: 1) website content and design; 2) use of Yellow Page advertising; 3) width and depth of product line and assortment; 4) prices charged for goods and services; 5) use and frequency of newspaper advertising; 6) promotional material used by competitors such as flyers, brochures, pamphlets, etc.; and 7) types of fundraising events (for not-for-

profit clients). Subteams have also collected data by completing the following tasks: 1) conduct mail surveys and analyze the data collected; 2) do mystery shopper studies; 3) report the results from mystery caller studies; 4) conduct telephone surveys; 5) develop a questionnaire to collect information about the client's organization and what the client wants from the SCTs; and 6) complete a SWOT analysis on the clients' organization (Strengths, Weaknesses, Opportunities and Threats).

6. Peer Evaluations (PEs) are used to determine each student's level of contribution to the completion of their teams' report.
  - a. Before PEs are completed, each student must provide each teammate with a "Hero Sheet". The "Hero Sheet" describes the student's contributions to the team's written report.
  - b. The PE form contains nine dimensions and uses an itemized rating scale.
  - c. The PE grade assigned by the team's President is weighted by a factor of three.
  - d. Peer evaluations are done at the midterm (10% of the student's course grade) and after the written report is given to the client and the professor (20% of the student's course grade).
7. All the SCTs work with the same client and each team submits a written report to the client. Also, the students orally present their team's major findings and recommendations to the client and the professor at the end of the semester.

#### *After the Project is Completed*

1. A questionnaire is included in each team's report that is designed to measure the client's satisfaction with the student's efforts. A pre-addressed envelope is included to make it easy for the client to return his or her completed questionnaire.

## **METHODOLOGY**

The data for the present study were collected in May 2008 by conducting in-depth, face-to-face interviews with 14 clients who participated in a client-financed student project. Each client was asked to respond to 19 open-ended questions. The interviewers were instructed to write down as close to verbatim as possible exactly how each question was answered by the interviewee. The interviewees' responses were content analyzed and the recommendations presented

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in this paper were based on the results of the content analysis.

A total of 391 students who were all juniors or seniors were enrolled in the 17 classes which worked with the former clients who were interviewed. For three of the clients, projects were done in two different semesters. The 17 different projects spanned a time period covering 12 years, Fall 1995 to Winter 2007. Even after 12 years the client who was interviewed was able to recall several details about the students' reports written in 1995.

## **RESULTS**

The primary goal of our research was to improve the design and implementation of client-financed projects. The majority of participants in client-financed projects experienced positive outcomes after their involvement. Our report discusses the suggestions made by clients to improve client-financed class projects. Overall, these results can be categorized based on the clients' general perceptions of financed class projects, the business-related benefits they received, and the clients' critical feedback and recommendations to improve "real-world" projects.

### **Perceptions of Client-Financed Class Projects**

Based on a content analysis of 14 clients' responses to 11 open-ended questions, the clients' overall perceptions were positive and the respondents indicated that client-financed projects should be included in business classes. The clients emphasized that the following positive aspects were associated with working on real-world projects with students: 1) students provided clear strategic recommendations; 2) students generated valuable business information; 3) clients perceived a high value for their investment and 4) clients were very impressed with the students' professional attitude and appearance. All 14 clients stated that they would recommend participating in a client-financed student project.

### **Perception of Benefits Received from Client-Financed Class Projects**

Four questions were used to determine the benefits clients received from participating in a client-financed project. In particular, we asked the respondents to indicate which specific chapters and recommendations were the least and most beneficial provided by the Student-Consulting Teams. Additionally, we asked how many recommendations the clients actually implemented and if the recommendations improved the quality and revenue of their business. The questions

were designed to provide feedback which could be translated into pedagogical improvements.

The clients found the following sections of the students' reports to be most useful: 1) the price-analysis research; 2) the research studies conducted by the class; 3) the business plan prepared by the students; 4) the strengths, weaknesses, opportunities, and threats analysis (SWOT); 5) the executive summary written by each team; and 6) the recommendations developed by the students. Some of the clients indicated that the recommendations would be beneficial, but their organization lacked the financial resources to implement the recommendations.

The literature review section was perceived as both the most and least beneficial section in the reports. The literature review section contained summaries of articles with information that could be used by the client to improve the client's business. The students listed the key elements in the article and then discussed how the client could use the information presented in the article.

Overall, 12 of the 14 clients indicated that the recommendations they implemented improved the quality and/or revenue of their business. For example, one respondent, when asked, "What was the most valuable recommendation," told the interviewer "The change in location to State Street, and the customers input regarding the change in location. At the time, this project was conducted, the [Parent Company] wanted the organization to move to Bay Rd. in [City], but the management of the organization did not feel it would be in the best interest. With the results of this project, they [the client] felt they were justifiable in going to the [Parent Company], and telling them that they were in 'error'." The "[Parent Company]" is a major automobile manufacturer.

Another respondent noted, "The most useful recommendation was to change the name of the organization and change internal policy (at the time, the organization was decentralized with little or no control over such areas as janitorial or food service). The students' research results and recommendations helped to reinforce the concerns that were presented to the administration of the university."

#### **CLIENTS' SUGGESTIONS FOR IMPROVING CLIENT-FINANCED CLASS PROJECTS**

Four questions were asked to obtain feedback about how to improve client-financed class projects. Clients were asked to indicate what students should have done differently to better serve their organization and provide recommendations to improve specific areas of the project.

The clients' responses indicated the project could be improved in the following ways: 1) the clients wanted to meet with the students more frequently during class time; 2) the clients wanted detailed recommendations with cost figures that were supported by relevant information; 3) the clients wanted the reports presented to them in written and electronic format; and 4) more than one client wanted a glossary of the business terms used in the student's reports. One former client stated "Dr. [teacher] did a great job. We were confused about the business terms that were being used in the project. For example, SWOT, YAM, WAM, and PAM analysis"; and 5) a few clients indicated the teacher should continually emphasize the importance of the project and provide more direction for the Student-Consulting Teams.

Overall, the feedback provided by the clients stressed that: 1) students should focus on the project objectives and not on their own personal goals; 2) the students should thoroughly research the recommendations before putting them into their reports; and 3) the students should spend more time at the clients' organization to better understand how the business operates.

#### **RECOMMENDATIONS TO IMPROVE CLIENT-FINANCED CLASS PROJECTS**

##### *Before the Project Begins*

1. Clients should be required to complete a "Client Background Questionnaire" that will provide the students with information about the organization. The type of information collected from the "Client Background Questionnaire" is listed in the Appendix.
2. The client should be given a previous report to provide them with an example of the type of report they will be receiving.
3. The client must provide a "Letter of Authorization" that answers the following questions:
  - a. What is the purpose of the project?
  - b. Why does the client want the project done?
  - c. What tasks does the client want the students to complete?
  - d. What are the objectives of the project?
  - e. How much financial funding is the client going to provide?
4. There should be a contract signed between the client and the university that specifies the client's responsibilities and how the client's funds will be spent.

5. The client should be told verbally and in writing that they are welcome to attend class as often as they want over the course of the semester.

*During the Project*

1. Any correspondence sent to the client must also be sent to the professor. Also, for correspondence from the client to the student, the student must forward that correspondence to the professor.
2. A class roster should be given to the client that contains each student's email address and telephone numbers.
3. An email should be sent to the client to remind them to attend project-related activities.
4. The client should attend all class periods when any questionnaire or cover letter is being developed for a research study.
5. The client must approve the final draft of the questionnaire by signing and dating the document.
6. The client needs to be given a document that lists which students are working on what specific Subteams.
7. Each Subteam must provide the client with a description of the work they are performing and answer the following questions about the project:
  - a. What is the purpose of the research?
  - b. Why is this research being conducted?
  - c. What information is going to be collected?
  - d. How can the client use the information collected?
  - e. How is the research going to be conducted?
  - f. Who is on the Subteam and how can these students be contacted?
  - g. When can the students meet with the client to plan how the research will be conducted?
8. Clients need to participate in determining which competitors will be analyzed by the students.
9. Approximately half-way through the semester, the students should give the client an oral progress report. The purpose of the progress report is to allow the client to tell the students whether they are on the right track or need to go in a different direction.
10. At the midterm, the students must present their recommendations to the client so the

client can determine if the recommendations merit further development.

11. Clients should be asked in advance to provide the topics they want discussed during the students' oral presentations at the midterm and at the end of the semester.
12. Be sure to allow sufficient time for the clients to meet with each consulting team when the students present the summary of their reports.
13. The written reports from each consulting team should be given to the client seven days before the students are scheduled to give their oral presentation.
14. A number of Subteams need to be formed to complete tasks such as: 1) analyzing competitors' offerings and prices; 2) analyzing competitors' websites and Yellow Page advertisements and 3) analyzing any promotional material distributed by competitors.
15. Each teams' report must contain a glossary of the business terms used throughout the students' reports.

*After the Project is Completed*

1. Each client should be given a copy of each teams' report in a PDF electronic format.
2. Several of the documents prepared by the students such as form letters, application forms, promotional flyers, tri-fold brochures, etc, should be sent electronically to the client in non PDF format so that the client may make any changes they feel necessary.

**FUTURE RESEARCH**

Future research could investigate the attitudes of students who participated in a "client-financed" project. One could also conduct research to determine how many AACSB business schools use "client-financed" projects in their curriculum. A third area for future research would be to determine the attitudes of marketing professors towards "client-financed" projects. Finally, future research may want to focus on determining the types of activities that students engage in when their professor supervises a "real-world" project.

**APPENDIX**

1. Personal information: name, title, education, length of time with company and in current position, contact information, best time and way to contact client and alternate contact person with contact information.

2. Company information: name, address, contact information and website, number of employees and turnover rate, revenue for past four years, internal strengths and weaknesses, external opportunities and threats (SWOT) and short and long term objectives.
3. General information: budget for the project, sought similar outside help (if so, results), possible to tour company facilities, questions you want answers to, tasks and activities you want the students to complete.

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# **EXAMINING THE EFFECTIVENESS OF COMPARATIVE ADVERTISING WITH DIFFERENT PRODUCT COGNITIVE INVOLVEMENT LEVEL: THE MODERATING ROLES OF UNCERTAINTY AVOIDANCE AND SELF-CONSTRUAL**

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## ***ABSTRACT***

Comparative advertising (CP), an advertising format that a product or service is explicitly compared with that of a competitor, is commonly employed in the United States. Little research has been done to examine the effect of SC on comparative advertising. Another important individual factor that has been overlooked is uncertainty avoidance (UA). Given the scarcity of comparative advertising research in both areas, this study looks at ways how these individual difference factors (SC and UA) moderate attitudes towards advertising and brand in response to CP versus NC ad. This study also investigates how these moderating effects vary with product involvement levels.

Overall, this research found that comparative advertising is more effective than non-comparative advertising when promoting high-cognitive involvement product. In the case of low-cognitive involvement product, however, the individual factor begins to play an important role in affecting advertising's effectiveness.

This study contributed to existing advertising and consumer theory in several ways. First, This research extended the congruity theory and applied it to the relationship between advertising format and product cognitive-involvement level. This study successfully proved that the comparative advertising effectiveness should be differentiated between products with different cognitive involvement level. Second, this study addressed how individual INDSC level affect advertising format's effectiveness and extended the congruity theory between individual difference and the advertising format. Third, this research initiated the first effort to identify UA as a moderator in affecting the comparative advertising effectiveness.

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# USER-GENERATED ADVERTISEMENTS: DOES DISCLOSURE AFFECT CONSUMER EVALUATIONS OF THE AD AND BRAND?

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## ABSTRACT

This study is the product of the authors' on-going research on user-generated content (UGC) as it relates to marketing and was partially supported through a grant by the Pontikes Center for the Management of Information, College of Business, Southern Illinois University Carbondale. While we acknowledge the existence of many forms of UGC, in this paper we focus on one type of particular relevance to marketing, namely user-generated ads (UGAs). UGAs are a form of user-generated (or consumer-generated) brand communications that have been produced in the format of an advertisement. These forms of marketing communications are increasingly becoming an important tool for marketers and raise a broader policy issue of whether consumers should be informed about the origination of such ads. Thus, this study tests whether disclosing the source of an ad influences consumer attitudes.

The 103 respondents were assigned to one of three disclosure conditions: (1) no disclosure; (2) company disclosure; and (3) user-generated disclosure. Respondents completed an online survey in which they were exposed to three types of ads: (1) professionally-produced ads; (2) UGAs with company approval; and (3) UGAs without company approval for each of three companies (*Dove*, *Doritos*, and *Pepto-Bismol*). Results of a mixed model MANOVA revealed that disclosure of source did not significantly affect attitudes toward the ad or the brand in the ad. Therefore, consumer attitudes toward the ad and brand were unaffected by the presence or absence of a disclosure.

Our study also reveals findings pertinent to the understanding of consumer perceptions of UGAs. First, there was no significant difference in attitudes between company-produced and UGAs with company approval. However, UGAs that were not company-approved resulted in significantly lower attitudes toward the ad and slightly lower attitudes towards the brands. Second, some ad-types received greater ratings depending on the company's brand – the *Doritos* company-approved UGA was rated higher than the company ad and UGA without company approval while the reverse occurred for *Dove* and *Pepto-Bismol*; the company ads were rated higher than the two UGAs. Third, there was no significant difference between the overall credibility of UGAs and the credibility of company-produced ads and this held for disclosure conditions 1 and 3. However, for condition 2, UGAs were rated as significantly more credible than company advertising. Implications and areas for future research are discussed.

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# CONSUMER TIPPING AT QUICK-SERVICE RESTAURANTS

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## ABSTRACT

*The purpose of the summer 2007 student-led study was to determine the average person's tipping behavior at quick-service restaurants. Findings supported hypotheses that patrons with higher levels of income and women would tip more. The hypothesis that younger patrons would tip less than older patrons was partially supported.*

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## INTRODUCTION

The main purpose of this student-led study was to determine the average person's tipping behavior at quick-service restaurants. A quick-service restaurant is defined as a place of business that does not provide table (waiter or waitress) services, though drive-through services may be provided. However, an employee will make or deliver the ordered items of food. Little research specifically on tipping at quick-service restaurants was found. Recently some quick-service restaurants have placed tip jars near the registers, to generate a few tips for the employees (Selvin, 2008).

The researchers chose to focus mainly on Sonic and McAlister's Deli restaurants in the southwest region of a southern state. Neither chain has actual "dine in" restaurants; however, both chains require some degree of service from employees. By surveying customers at both types of restaurants, the researchers hoped to gain a better understanding of customers' general tipping behavior specifically at quick-service restaurants.

## LITERATURE REVIEW

The history of tipping and the actual meaning of the word "tip" are not entirely known and conflicting explanations exist (see Lobb, 2001; Lynn and Latane, 1984; Lynn, Zinkhan, and Harris, 1993; and McCarty, et al., 1990). Lynn and Latane (1984) identified several factors that affected the size of the tip, including group size (the larger the group, the smaller the tip on a per-person basis), gender (men tipped

more), and payment method (bigger tip if paid by credit card) (McCarty, et al., 1990, p. 724). Other research has looked at patronage frequency, customer attire, alcohol consumption and cultural differences (e.g., see Cho, 2005; Dombrowski, Namasivayam, and Bartlett, 2006; Lynn, Zinkhan, and Harris, 1993; and Sanchez, 2002). The state of the U.S.A. economy also affects the tip size (e.g., see Cornwell, 2008).

In a study done by Bodvarsson and Gibson (1994), data was gathered from 700 customers from seven different restaurants. In their research the authors concluded that the majority of tips depended on bill size. And because the bill size and service quality were highly connected, they also implied that the tipping was dependent on service quality. The strength of this relationship has been debated in the literature over the years (e.g., see Bodvarsson and Gibson, 1999; Lynn, 2000; Lynn and McCall, 2000; Bodvarsson, Luksetich, and McDermott, 2003, and Lynn, 2004).

Other studies have explored differences in tipping behavior by race/ethnicity. In the study by Koku (2005) the author suggested that the race of the person had nothing to do with the size of the tip in non-restaurant settings. Thomas-Haysbert (2002, p. 47) found that "race was a significant factor in the frequency of tipping servers, bartenders, luggage handlers, taxi drivers, and parking attendants. However, income and education tended to nullify these results." Lynn (2006) noted that the differences in tipping behavior between Caucasians and African-Americans may be due more to a lack of education about tipping norms among African-American restaurant customers. Such norms are often publicized

in newspapers, especially around the holidays (see, e.g., Kay, 2007 and Powell, 2007).

### HYPOTHESES

The student research team developed the following hypotheses:

H<sub>1</sub> Patrons with higher incomes would tip a higher percentage at quick-service restaurants.

H<sub>2</sub> Younger respondents would tip a lower percentage than older respondents.

H<sub>3</sub> Women will tip a higher percentage than men will.

### METHODOLOGY

The student researchers decided to survey 250 customers at each southern restaurant (McAlister's Deli and Sonic Drive-in). These restaurants were selected because some level of service was provided about what one would receive at, say, Burger King. On the questionnaire that was developed, respondents were asked how often they ate at the particular restaurant (McAlister's Deli or Sonic Drive-in), how much they tipped, and demographic questions (age, income, gender, and ethnicity). After designing the questionnaire, the researchers conducted a pre-test by asking people they knew if the survey was easy to understand and clear in its directions. Due to the pre-test, the students offered the respondent the choice of either circling a tip range (e.g., 1-5%) or writing in the actual amount s/he tipped.

The next challenge for the researchers was to gain the cooperation of the two restaurants to be used in the study by contacting the managers. The researchers originally planned to bring the surveys to the restaurants and allow the patrons to fill them out while dining, and then pick up the surveys later. However, the managers of the restaurants could not be contacted or showed some hesitation in allowing the surveys to be left at their restaurants. As a result, with careful consideration, a convenience sampling method was selected. The questionnaires were dispersed evenly among the six researchers, who then individually asked people of varying ages and races to complete the surveys. In addition, one of the researchers was able to obtain the permission of his father to leave a box of surveys at his father's business office. People were asked to complete the surveys while they were there and to leave them in a separate box for the researchers to pick up later. The students' professor, a co-author, had copies made of the questionnaire at a local FedEx/Kinko's. Questionnaires using Sonic as the example were printed on yellow paper and given to the researchers to hand out; whereas surveys using McAlister's Deli as an example were printed on blue paper and given to the one student to leave at his

father's place of business. Both data collection methods were variations of the traditional self-administered mail survey, in terms of handing out or dropping them off.

Once the surveys were collected by the end of June 2007, they were edited, numbered, coded and entered into the SPSS statistical package (version 13). The data were cleaned and then analyzed using frequencies, descriptive statistics, cross-tabulations and chi-square analysis, Mann-Whitney U tests, and Kruskal-Wallis tests.

### RESULTS

#### Respondent Profile

A total of 369 usable surveys were collected from respondents; 200 (54.2%) of these were collected directly by the researchers in person while the rest came from the father's place of business. Of these respondents there were 211 men (57.5%) and 156 women (42.5%); two chose not to indicate their gender. We also had 256 Caucasian respondents (77.6%), 50 African-Americans (15.2%), and 63 of other different ethnicities (after we combined categories). Of the respondents, 152 (41.3%) were between the ages of 16 and 24, and 103 (28%) were between the ages of 25 and 34. One hundred and forty two (54.4%) of the participants had incomes that were under \$30,000; 67 (25.7%) made between \$30,000 and \$49,999.

Cross-tabulations and chi-square analysis were calculated for the demographic variables. Age and Ethnicity were recoded to reduce cell size problems. Men tended to fill out the surveys at the place of business, whereas women tended to get them from the students directly ( $\chi^2 = 2.756$ ,  $df = 1$ ,  $p = .097$ ). The older the respondent, the higher the income level reported ( $\chi^2 = 191.377$ ,  $df = 12$ ,  $p = .000$ , cell size problem (CSP) = 45%). Caucasians tended to be either younger (16-24) or older (55+) while African-Americans tended to be between the ages of 35 and 54 ( $\chi^2 = 15.572$ ,  $df = 8$ ,  $p = .049$ , CSP = 20%). Caucasian participants tended to earn under \$30,000 or \$75,000 or more, while African-Americans tended to earn between \$50,000 and \$74,999 ( $\chi^2 = 18.595$ ,  $df = 6$ ,  $p = .005$ , CSP = 33.3%). Respondents who completed the surveys at the place of business tended to be between the ages of 25 and 54 ( $\chi^2 = 26.826$ ,  $df = 4$ ,  $p = .000$ ), earned between \$30,000 and \$74,999 ( $\chi^2 = 32.293$ ,  $df = 3$ ,  $p = .000$ ), and tended to be non-Caucasian ( $\chi^2 = 17.305$ ,  $df = 2$ ,  $p = .000$ ).

#### Overview of Tipping Behavior

Over half the respondents (207/369, 56.1%) reported eating out at quick-service restaurants one or

two times a week, while 79 (21.4%) said they did not eat out at quick-service restaurants at all. Approximately 40% (133/332) of those responding indicated that they did not tip any percentage of the bill at quick-service restaurants. Just over 39% (130/332) said that they tipped one to five percent of the bill. Ten people (3%) reported tipping more than 15% of the quick-service food bill. Thirty-six people provided dollar tip amounts instead of indicating a tip percentage. Of these, 17 (47.2%) reported giving \$1 in tips. Nine (25%) reported giving \$2 in tips. The median tip was \$1.75, the mean tip was \$2.26 with a standard deviation of \$1.72, and the range was from \$1 to \$7.

### **Significant Eating Out Behavior Differences**

There were three significant Chi-square differences for the first dependent variable, eating out at quick-service restaurants. Caucasians tended to eat out one or two times a week, whereas African-Americans and other minorities tended to eat out three or more times a week ( $\chi^2 = 25.56$ ,  $df = 6$ ,  $p = .000$ ,  $CSP = 8.3\%$ ). Respondents who completed the “blue” surveys at the place of business tended to not eat out at quick-service restaurants or ate out five or more times a week, while those who got their “yellow” surveys from the student researchers tended to eat out one to four times a week ( $\chi^2 = 14.422$ ,  $df = 3$ ,  $p = .002$ ). An interesting result popped up when percentage of tip was cross-tabbed with eating out behavior: those who tipped higher percentages of the bill (6% or more) tended to eat out three times or more at quick-service restaurants versus those who only tipped 5% or less. Those who didn’t eat out didn’t, of course, tip ( $\chi^2 = 82.403$ ,  $df = 12$ ,  $p = .000$ ,  $CSP = 35\%$ ).

### **Significant Tipping Behavior Differences**

Men tended not to tip whereas women tended to tip between 6% and 15% of the bill at quick-service restaurants ( $\chi^2 = 12.815$ ,  $df = 4$ ,  $p = .012$ ,  $CSP = 10\%$ ), thus supporting Hypothesis 3. Teenagers and young adults (16-24) tended not to tip at all or else tipped 11-15% of the bill. “Gen Xers and Yers” (25-44) tended to tip between one and five percent of the quick-service bill. Younger “Baby Boomers” (45-54) tended to tip between six and 15 percent, while older “Boomers” (55+) tended to tip 0%, 6% to 10%, or over 15% ( $\chi^2 = 73.71$ ,  $df = 16$ ,  $p = .000$ ,  $CSP = 48\%$ ); Hypothesis 2 was partially but not completely supported. As respondents earned more income, they tended to tip a greater percentage of the bill. For example, those making \$75,000 or more tended to tip at least 6%, versus those making under \$30,000, who tended not to tip at all ( $\chi^2 = 45.128$ ,  $df = 12$ ,  $p = .000$ ,  $CSP = 35\%$ );

therefore, Hypothesis 1 was supported. Those who completed the “blue” surveys tended to tip 5% or less or not at all, versus those who completed the “yellow” surveys, who tended to tip 11% or more ( $\chi^2 = 27.012$ ,  $df = 4$ ,  $p = .000$ ,  $CSP = 10\%$ ). Finally, with regard to the small number of respondents who indicated a dollar amount rather than a percentage, one significant difference was identified using the Kruskal-Wallis test. Those earning \$75,000 or more reported giving an average tip of \$4.25, while those earning less than \$30,000 reported only giving an average tip of \$1.86 ( $\chi^2 = 7.814$ ,  $df = 3$ ,  $p = .05$ ), again supporting Hypothesis 1.

### **LIMITATIONS**

Every project has some sort of boundaries and limitations. It is the job of the research team to make the client aware of these limits. These limitations are the events that place certain restrictions on the report. The following are limitations that were experienced by the student research team.

Our limitations became very literal to us when we discovered that the Sonic Drive-In managers around town were not willing to let us conduct our surveys at their restaurants. After some deal of difficulty trying to reach them, they politely let us know that our surveys were not welcome at their restaurants. Also, we were first informed by McAllister’s Deli that we would be able to leave the surveys at the restaurant, only later to be informed that our surveys were not welcome there as well. With both restaurants refusing to let us leave the surveys on site, this limited our sample selection to a convenience sampling of people around town. Also, time pressures were a factor. Having only five weeks to conduct the project, our team had some degree of limitations. Because our time was limited, we could only survey a small pool of people (369 respondents). With this small sample of respondents, our survey is not as extensive as it could have been with more time and more respondents. Another limitation is the lack of generalizability of the data due to it being a convenience sample.

### **CONCLUSIONS**

With all of the research completed and the entire statistical tests completed, we were able to compare the final results of the survey to the hypotheses. Our hypotheses were that a person with a higher income would be more likely to tip at our chosen restaurants. We also thought that younger respondents would be less likely to tip the employees at quick-service restaurants, and also women, being more compassionate, should tip more.

After analyzing the survey results we found that the first hypothesis was in fact true. We found that people with lower incomes (under \$30,000), were more likely to not leave a tip at all. We also found that people with an income of \$50,000 or more were almost two times as likely to leave a tip as those that earning under \$50,000. The amount of income and the percentage of tip are directly related; as the income of the person goes up the percentage of the tip of the bill went up.

Hypothesis 2 was partially supported by the findings. The trend was generally positive as one looked at the cross-tabulations table; i.e., the older the respondent was, the higher the tip percentage reported, in general. However, some older respondents didn't tip at all, while some younger respondents tipped at a higher percentage than expected.

Finally, Hypothesis 3 was supported, as women were more likely to tip at a higher percentage than men were. The reason may be that more women have worked as waitresses and thus understand the importance of tipping as a source of income.

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# CONSUMER CLUSTERS OF LEISURE TIME CONSUMPTION, SHOPPING AND BRAND ATTITUDES

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## ABSTRACT

*Lifestyle research has been conducted relying on a great number of attitudes. The paper intends to explore consumer clusters of leisure time consumption, shopping and brand attitudes. By a series of factor and cluster analyses eight distinctly different attitude groups could be identified. Cluster profiles have been also investigated.*

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## INTRODUCTION

In advanced societies, lifestyle research has been carried out for several decades, pushing conventional approaches focusing on social status into the background. Around the turn of the millennium, lifestyle research appeared in Hungary as well. Part of it was rather momentary, and no follow-up research was based on it. Yet there are certain lifestyle typologies that are continuously created and integrate into other research (e.g. Target Group Index lifestyle research).

Lifestyle research in Hungary has been conducted relying on a great number of attitudes, product categories and brands. In spite of this, value orientation and consumption concept of certain lifestyle groups is not subtle enough. The transitions between the individual lifestyle groups are not known, nor do we know in which areas of consumption the differences between lifestyle groups are the most or the least (or not at all) conspicuous. In our research, we intend to explore consumer clusters of leisure time consumption, shopping and brand attitudes in a Hungarian market setting. This research is supported by the National Scientific Research Fund (Reg. No.: OTKA K 67803).

## THEORETICAL BACKGROUND

The notion of lifestyle in marketing was introduced by William Lazer (1963). Our research adopted the definition by Veal (1993). This defines lifestyle as 'a distinctive pattern of personal and social behavior characteristics of an individual or a group'. In practice, it refers to how 'the people live

and spend their time and money' (Kaynak and Kara 2001). One of the earliest forms of lifestyle measurements is AIO rating which looks at how the people examined spend their working and leisure time (Activities), what they place importance on in their immediate surroundings (Interests), how they view themselves and the world around them (Opinions). Then, some basic characteristics are added, such as stage in life cycle income, and where they live (Plummer 1974, p. 34). These were later completed and replaced by methods that took values into consideration (Schwartz and Bilsky 1990). Values are 'desirable, trans-situational goals, varying in importance, that serve as guiding principles in people's lives' (Vyncke 2002, p.448). Some of the best known value based methods are VALS (Reece 1989), and Kahle's LOV (List of Values) (1983). Speaking of lifestyle-based segmentation methods, we need to mention the Sinus Milieu model which is primarily employed in Germany and Austria (Sinus Milieus 2002). Experience from previous research suggests that in many segments, price fundamentally influences consumer decisions, therefore the determining power of their means may distort or even suppress the effect of lifestyle characteristics on consumption. Principally, research explored the relationship between social status and lifestyle. This alone raises the question what explanatory force lifestyle typologies have on leisure time activities, shopping and brand attitudes.

## EMPIRICAL INVESTIGATION

Considering the above antecedents and circumstances, we have set the following research objectives: to investigate leisure time activities,

shopping, brand attitudes and to identify consumer clusters based on these three dimensions. Concerning the research methodology after exploring the phenomenon by focus group discussions we conducted a face-to-face survey. Respondents were asked to judge 19 statements on their leisure time structure and 37 mixed statements on shopping and brand preferences. In the questionnaire a 5-point Likert scale was applied.

### Sampling

In the survey, our population included residents of the town of Szeged in Southern Hungary, aged between 18-75. The sample was selected from a mailing list using a randomized method. During the survey, 2,690 people were interviewed. The sample composition could be characterized as follows: 58 per cent of our respondents were female and 42% male. In terms of education, the members of the sample are representative of the composition of Szeged's inhabitants: 10% had elementary school education (upper or primary level), about 20% had vocational school education. The proportion of people with secondary school education was above 30%, as was the case with people possessing a degree from higher education. Education and the classification of respondents into social classes was slightly controversial, because more than half of the respondents classified themselves as middle class, almost a third to lower middle class, and only 5% consider themselves as belonging to upper middle class or the upper class. Considering their family status, slightly more than half of the respondents were married. It must be noted, however, that every fifth person was single, and about 10% divorced and living alone.

### Opinions and attitudes surveyed

The following opinions and attitudes on leisure time were measured in the first research module:

- Work versus leisure time
- Holiday
  - Holiday abroad
  - Holidays in Hungary and at home
- Light entertainment
  - Going to the cinema
  - Reading crime stories
- Consumption of high culture
  - Going to the theatre
  - Classical music

- Other leisure time activities
  - Eating out
  - Sports, physical exercise

We conducted a factor analysis on opinions about leisure time to determine, what opinion structures can be found. We identified three typical attitudes which together explain 59 percent of variance: the *sit-at-home*, the *outgoing* and the *high culture* factor.

For *shopping attitudes*, we found 6 factors that jointly explain 55% of variance:

*Brand-focused factor* – (explained variance 12 %)

Attitude	factor weight
I think that well-known brands are worth buying	.755
I think that only branded products are worth buying	.717
I tend to stick to the brands I have become fond of	.661
Some brands suit me better than others	.588

*Thrifty factor* – (explained variance 11 %)

Attitude	factor weight
I hunt for bargains and discounts	.750
In my purchases, I seek the lowest possible price	.678
I wish to economize when shopping	.602
I always notice special offers	.590

*Information-gathering factor* – (explained variance 10 %)

Attitude	factor weight
Some people ask me for advice before they buy new things	.792
I usually ask for advice, before I buy new things	.744
I like trying out various brands, even of the same product	.510

*Careless factor* – (explained variance 9 %)

Attitude	factor weight
Sometimes I buy things I do not really need	.724
I buy a product I like very much, even if it might not be the best quality	.723
I really enjoy shopping for clothes	.389

Within this attitude structure, economizing is absolutely not typical.

*Non-fashion-oriented factor* – (explained variance 7%)

	factor weight
Attitude	
I prefer buying comfortable clothes instead of fashionable ones	.771

*'I don't like shopping' factor* – (explained variance 6%)

	factor weight
Attitude	
I find shopping for food boring	.683
I think the quality of Hungarian products is not good enough	.506

For *brand attitudes*, we found 4 factors that jointly explain 59% of variance:

*Prestige-oriented factor* – (explained variance 22 %)

	factor weight
Attitude	
It tells a lot about me what brands I choose	.772
A brand that a person consumes tells a lot about him/her	.760
There are brands whose ownership truly reflects how I think of success	.703
A brand tag on a piece of clothing enhances an individual's image	.666
People who consume the same brands think in a similar way	.601
The brands I am loyal to suit my personality	.481

*Exhibitionistic factor* – (explained variance 15 %)

	factor weight
Attitude	
I would like to keep up with fashion	.797
I spend a lot of money on toiletries and cosmetics	.760
I find it important to appear well-dressed	.614
The brands I am loyal to suit my personality	.388

*Quality-oriented factor* – (explained variance 14 %)

	factor weight
Attitude	
I think it is worth paying more for quality products	.749
Buying a branded product is more economical, because even if it is more expensive, its quality justifies its price	.703

The brands I am loyal to suit my personality .322

*Brand-switching factor* – (explained variance 8 %)

	factor weight
Attitude	
I am usually not attached to any brand	.945

### Consumer clusters

The typical attitude structures explored tell nothing about what consumer clusters can be distinguished. To identify them, we conducted cluster analysis which took all measured attitudes – leisure time; shopping; brand attitudes – into consideration. Based on this cluster analysis, 8 significantly different attitude groups can be identified.

*Cluster No. 1: Sit-at-home and balanced.*

They prefer relaxing and recreation in their free time. Typically, they give preference to spending the evenings at home in peace and quiet to going out. They do not go to the cinema regularly and they usually do not eat out in restaurants. As for their shopping habits, they prefer shopping for comfortable clothes. They stick to the brands they have become fond of. They are willing to save up when they want to buy something new, but they are not ready to give up a part of everyday products. They like having good quality products around them. However, they do not wish to keep up with fashion and spend little money on toiletries and cosmetics. They do not believe that brand tags can enhance an individual's image. They do not appreciate brands very much and they do not think that some brands suit them better than others. They see no relationship between their personality and the brands they use. Typically, they do not care what brands their friends and acquaintances buy. They do not seek to buy branded products. Usually, they do not try out various brands and wish to avoid buying the most expensive products. They take not much interest in special offers.

*Cluster No. 2: Successful.* In their leisure time, they need recreation and fun, which in part means an interest in high culture. They like going to the theatre. They love spending their free time doing things they can learn from: arts. They like going on holiday to far-away, interesting and exotic places. They enjoy having things of good quality. Above all, they buy clothes that are comfortable but they also find it important to appear well-dressed. They stick to the brands they have become fond of. They know that it is worth

spending more on good quality. Whenever they want to buy something, they are willing to save up. They disagree with the idea that brands are symbolic of a person. They do not agree that

- a brand tag enhances an individual's image
- brands reflect how people think
- brands tell a lot about an individual's personality
- people who buy the same brands think in a similar way.

They do not seek to buy the brands that their acquaintances do.

*Cluster No. 3: Moderate and particular.* They are particular about what products they buy and like having things of good quality. Also, they are willing to pay more for better quality. However, they are ready to save up when they want to buy something, but they currently cannot afford to buy it. They prefer to buy rather comfortable than fashionable clothes. They think carefully how much they spend on a particular thing. They do not buy expensive toiletries or cosmetics. They are brand loyal and stick to the brands they have become fond of. Typically, they do not care what brands their friends and acquaintances buy. Their leisure time is mostly taken up by relaxing and recreation. They like spending the evenings at home in peace and quiet. They prefer to use their free time doing things that make them think or they can learn from, namely arts. This, however, does not prevent them from attending events or programmes they are interested in. They usually spend their holidays in Hungary. They do not like going to far-away, interesting and exotic places. Neither do they go to the cinema regularly, or surf on the Internet very often.

*Cluster No. 4: Thrifty and adapted.* Relaxing and recreation are most important to them in their free time. Thus, mostly, they spend their evenings at home in peace and quiet. They do not travel abroad for their holidays. They only work for money and are not particularly interested in their jobs. As a rule, they do not eat out in a restaurant. They do not go to the cinema regularly, or browse the Internet intensively. They enjoy having things of good quality. At the same time, they try to economize as much as they can and seek the lowest possible prices. They take advantage of bargains and discounts. Very often they save up money to buy something. In their clothes purchases, they give a preference to comfort over fashion. They do not necessarily want to buy branded products. They do not think that certain brands would suit them better. They do not agree

that brands are symbolic or representative of an individual's qualities or values.

*Cluster No. 5: Hedonistic and ambitious.* They love doing sports in their free time. They often go out to have a meal. They like going on holiday to far-away, interesting and exotic places. Spending a holiday at home is not their thing. They like buying new products. They try to keep up with fashion. Whenever possible, they buy good quality things. It is important to them to look well-dressed. They are aware that good quality costs more. They are willing to save to be able to buy certain products. They especially enjoy shopping for clothes. They prefer to buy well-known brands. They stick to the brands they have become fond of. There are brands that particularly suit their personality. Besides, they attach great importance to the relationship between a brand and personality.

*Cluster No. 6: Quality-oriented and moderate.* They find relaxing and recreation important. Typically, they attend events that they are interested in, but they also like things that they can learn from and which have to do with arts. They like travelling abroad. They enjoy having things of good quality. In their purchases of clothes, they give a preference to comfort over fashion. They find it important to appear well-dressed. They are aware that good quality costs more. They prefer buying high quality brands. They stick to the brands they have become fond of.

*Cluster No. 7: Quality-oriented and successful.* They are happy to stay at home in the evenings, but they like dealing with things in their free time that they can learn something from, such as arts. They do not go to the cinema or surf on the Internet very much. They are highly quality-focused. They are especially fond of good quality and are ready to pay more for it. If necessary, they save up to buy a desired product. In their purchases of clothes, they look for comfortable rather than fashionable clothes. Yet they find it important to appear well-dressed. For them, branded clothes clearly enhance a person's image. They prefer well-known brands. They tend to stick to the brands they have become fond of. They think that buying branded products is more economical, because good quality justifies the higher price. Therefore, they only buy branded products, because the brand they purchase tells a lot about them.

*Cluster No. 8: Poorish.* They prefer spending their evenings at home in peace and quiet. Also, they stay in their homeland for their holidays. They think it is not so important to go abroad. They are not keen on the Internet; they do not go

out to restaurants or to a cinema or to do sports. They always budget and in their clothes purchases, they give a preference to comfort over fashion. When shopping, they always try to find the lowest possible price. They are typical bargain hunters. They try not to buy useless things. They are convinced that branded products are not better quality, but we have to pay more for them because of their brand name. For them, brands are no prestige-factors. This is why they never consider what brands their acquaintances buy. They reject the relationship between brands and an individual's personality.

### Cluster profiles

In the Table 1 the over-representation of certain segments in the clusters are figured.

## CONCLUSIONS AND FURTHER RESEARCH

From the basic data, we may conclude that the majority of respondents no longer spend their free time working, and although the theatre, the cinema and doing sports are not too attractive forms of recreation, many people still choose to spend their spare time on programmes they are interest in. As

for buying habits and consumer characteristics, basic data show that the subjects in the sample are price sensitive and rational consumers. However, results are contradictory. Although this study does not make it definitely possible to show interrelationships, it is now apparent that attitudes to brands are complexly interrelated.

Data on consumer attitudes require further in-depth analyses, as merely from basic data, apparently, no far-reaching conclusions can be drawn. Both qualitative and quantitative research findings suggest that further data analysis and, probably, further research is necessary to answer the questions of our lifestyle-based segmentation research.

From managerial point of view it is of crucial importance whether the marketing strategy can identify and target the different life-style segments. The management dilemma is the same as always in marketing decisions: standardization or adaptation? Undifferentiated approach or customization? The lifestyle-based segmentation as an emerging area in the marketing practice will indisputably undergo a painful development process similarly to such areas like - for example - customer loyalty management or brand equity management.

**Table 1. Cluster profiles**

	1	2	3	4	5	6	7	8
gender	-	F	F	-	F	M	-	-
social class	middle	middle & upper middle	lower middle	lower & lower middle	middle & upper middle	middle & upper middle	upper	lower & lower middle
ESOMAR status	C	A & C	-	D & E	A & B	C	D	E
volume of family	-	-	1	6	3	4	2	2
education	sec. & univ.	college & univ.	-	elementary, voc. & secondary	sec. & college	-	vocational	elementary & vocational
age	-	-	45-49 60-64	45-49	15-29	15-29 35-39	50-79	55-59 65-79
sphere of activity	public	public	public	comp.	comp.	comp.	public	civil

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# MARKETING/SALES STUDENTS' UNDERSTANDING OF WHAT COUNTS AS SALES

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## **ABSTRACT**

*The rules governing what counts as a sale and what does not are far more complex than salespersons and students suspect. In fact, revenue recognition (sales) has become one of the hottest areas of investigation by the Securities and Exchange Commission. Based upon a review of literature from the fields of accounting and marketing, this article explains the common business practices that can alter whether a transaction is, indeed, legally a sale.*

*Marketing and accounting students were asked to determine whether 13 different business transactions should or should not be reported as a sale. Marketing students, on average, classified 6.46 of the 13 scenarios correctly, while accounting students, on average, classified 8.06 of the 13 correctly. This is a statistically significant difference.*

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# RETIREEES RETURN TO THE LABOR FORCE: WHAT'S THE CATCH?

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## *ABSTRACT*

Many marketing and sales professionals belong to the baby boom generation and represent an aging and retiring segment of the workforce. With their exodus comes the threat of a labor shortage and brain drain. Luring these workers back into the workforce is popular among sitting managers taxed with ambitious marketing goals. The present research, using information elicited through in-depth interviews and surveys, will answer the questions: Does the retired marketing professional have unique needs that must be met by management in order to make returning to work attractive? Is marketing management willing or able to tailor their efforts to meet these unique needs? How does marketing management view the older worker? How do co-workers view them? Once re-introduced, how does this 'new' employee perceive the workplace and their role in it? Marketing managers and organizational development professionals will find the results timely and helpful when determining how to manage under these new conditions. Additionally, researchers in these fields can build from these findings to determine methods for managing the identified challenges.

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# HOW DO US AND UK SALESPEOPLE COMPARE ON THE DIMENSIONS OF EMOTIONAL INTELLIGENCE, POSITIVE AND NEGATIVE AFFECT, AND CUSTOMER ORIENTATION LEVELS?

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## ABSTRACT

*Identification of the variables that affect the performance of sales professionals has been an endeavor that has lasted for decades. Specification of individual variables that not only influence performance, but are amenable to both measurement and change has proven to be elusive. The purpose of this research is to assess two aspects of individual behavior which are measurable and may have profound impacts on training and development programs and selection considerations. The constructs of emotional intelligence and dispositional affect were hypothesized as being positively related to sales force performance. This study provides the empirical results of analyses designed to evaluate whether salesperson performance is significantly and positively related to the salesperson's level of emotional intelligence and his/her dispositional affect. Based on these findings, implications, conclusions and suggestions for future research are provided.*

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## INTRODUCTION

Personal selling in the United States (US) is increasingly becoming more highly regarded as a profession. As such, it seems that personal selling is a subject which is included in many university courses on many college campuses (Michaels and Marshall 2002). However, in the United Kingdom (UK) it appears that personal selling receives relatively less attention and focus (Honeycutt, et al 1999; Lysonski and Durvasula 1998).

Yet, while it seems that differences exist regarding the importance of personal selling as either a legitimate academic endeavor or as a career, differences in salesperson attitudes and perceptions have not been explicitly assessed. The primary purpose of this research is to empirically compare specific dimensions of salesperson perceptions and attitudes based on the salesperson's country of origin. Exploring these issues from an international perspective may be important for a variety of reasons. One of these reasons might be attributable to the fact that different countries perceive the relative importance and prestige of sales positions in different ways (Honeycutt, Ford and Kurtzman 1996). For example, the sales profession is held in comparatively low esteem in Europe. In fact, it has been argued that recruiters in the U.K. have difficulties

recruiting good sales personnel due to attitudes toward sales (Ellis 2000).

In an analysis of the importance of specific skills, attitudes and behaviors, a multinational perspective may be important because in some nations skills, attitudes and behaviors that relate to closing are regarded as being offensive (Honeycutt, Ford and Kurtzman 1996). Further, internationally, selling is often regarded as a profession that is low in status, requires manipulation, and does not contribute to societal goals (Lysonski and Durvasula 1998). Many authors note that international attitudes toward personal selling and sales as a career are far more deleterious than are attitudes found in the U.S. (which admittedly are generally not very positive) (Amin, Hayajneh and Nwakanma 1995; Hill and Birdseye 1989; Johansson 1997; Terpstra and Sarathy 1997).

Ellis (2000) contends that recruiters in the U.K. have difficulties recruiting good salespeople. Internationally, difficulties recruiting sales personnel from universities are recognized by others who note international students do not have positive attitudes toward personal selling as a career (Amin, Hayajneh and Nwakanma 1995; Lysonski and Durvasula 1998). Ellis (2000) sums up attitudes toward selling by stating "many European customers view salespeople like North Americans used to view used-car salespeople." These points indicate that the recruiting of international

sales personnel may be a far more formidable task than is recruiting of domestic (U.S.) salespeople.

A study comparing attitudes toward sales held by students in Singapore, New Zealand, India and the U.S. found that Singapore and New Zealand had significantly more negative thoughts about selling than did U.S. students. India, however, had the most positive perceptions of the four nations analyzed. Except for India, all three nations' students felt that salespeople are pushy, aggressive and have low reputations. Salespeople are viewed as being low in professionalism, sales jobs are perceived as lacking intellectual challenge, and as not contributing to society (Lysonski and Durvasula 1998). Similar findings occurred in a study reported one year later. In this study the attitudes of students from New Zealand, the Philippines, and the U.S. were compared. The findings indicated that sales careers are perceived negatively by students from each of the three nations.

It is interesting to note that some research has assessed attitudes toward sales careers held by university students in countries such as the Philippines, New Zealand, India, etc. However, no study was discovered which examined attitudinal and psychological differences between salespeople in two nations. Culturally and historically, one could reasonably argue that the U.S. and U.K. have strong ties politically and economically. It seems surprising to note that none of the research uncovered has explicitly compared attitudes and predispositions of salespeople in these two nations. The purpose of this research is to correct this deficiency.

## HYPOTHESIS

Based on the review of the literature, the central hypothesis of this study is that U.K. salesperson predispositions and psychological attributes will be significantly more negative than will be those possessed by U.S. salespeople. This hypothesis is largely based on research indicating that international attitudes toward sales are generally negative (c.f. Amin, Hayajneh and Nwakanma 1995; Hill and Birdseye 1989; Johansson 1997; Terpstra and Sarathy 1997). Furthermore, Ellis (2000) contends that sales in the U.K. is held in lower esteem than it is in the U.S. Based on these findings, the following is the central focus of the study:

Salespeople in the U.K. will have significantly lower levels of emotional intelligence, positive affect and customer orientation than will U.S. salespeople. Correspondingly, U.K. salespeople will have significantly higher levels of negative affect than will U.S. salespeople.

## METHODOLOGY

The purpose of this research is to comparatively assess differences existing between levels of salesperson customer-orientation, emotional intelligence, positive affect and negative affect. The basic premise of the research was developed based on the perception that greater insights into salesperson characteristics may be garnered by comparing salespeople based on their countries of origin (U.S. and U.K.). Based on these considerations, the first step of the research process required the selection samples that would facilitate the comparison of salespeople without the mitigating effects of potentially confounding variables. Following the selection of an appropriate sample, the second step entailed the development of a data collection instrument.

Based on the fact that the research was designed to compare salesperson predispositions and psychological attitudes, it was decided that salespeople should be employed in similar industries. Consequently, the sample consisted of salespeople employed in the healthcare industry. In the U.S. the sample consisted of 245 salespeople and in the U.K., the sample consisted of 107 salespeople employed in the healthcare industry. Following the specification of the sample, a survey was developed to accomplish the research objectives. The survey consisted of the following components:

### Emotional intelligence

The current study uses the instrument developed by Schutte et al. (1998). The scale is a self-report measure that has been subjected to significant validity testing (Schutte, et al 1998). Strong conceptual grounding was used in the scale's development, as the model presented by Salovey and Mayer (1990) was used as the theoretical basis. The scale was subjected to correlations with theoretically related constructs, internal consistency replication, test-retest reliability, predictive validity, and discriminate validity with strong results for each analysis (Schutte, et al 1998). Although the instrument has been criticized for its self-report approach (Mayer and Salovey 2000), the instrument's validity appears to be robust. The scale is a 33-item self-report measure that includes items such as "By looking at their facial expression, I recognize the emotions people are experiencing," and "I easily recognize my emotions as I experience them." Respondents use a 5-point scale, on which a "1" represents "strongly disagree" and a "5" represents "strongly agree," to indicate to what extent each item describes them.

### Dispositional affectivity

Positive and negative affect were measured using the Positive and Negative Affect Schedule (PANAS)

developed by Watson, Clark, and Tellegen (1988). The PANAS includes a list of 20 mood-relevant adjectives,

**Table 1. Characteristics Of The Sample**

Characteristic	Total Percent (n)	U.S. Percent (n)	U.K. Percent (n)
<b>Education:</b>			
College Degree	82.5 (155)	79.5 (87)	88.1 (69)
Graduate Degree	11.1 (25)	18.8 (21)	6.0 (4)
Other	3.4 (6)	1.8 (2)	6.0 (4)
<b>Position:</b>			
Management	9.0 (16)	1.8 (2)	21.6 (14)
Sales	91.0 (161)	98.2 (110)	78.4 (51)
<b>Compensation:</b>			
Salary	12.4 (22)	0	33.3 (22)
Salary and Commission	87.6 (156)	100.0 (112)	66.6 (44)
<b>Income:</b>			
< 40,000	1.1 (2)	0	3.2 (2)
\$40,001-60,000	8.0 (14)	0	22.2 (14)
\$60,001-80,000	14.4 (25)	0	40.0 (25)
> \$80,000	76.4 (133)	100.0 (100)	34.9 (22)
<b>Gender:</b>			
Male	72.8 (123)	80.4 (90)	64.2 (43)
Female	27.2 (46)	19.6 (22)	35.8 (24)
<b>Marital Status:</b>			
Single	14.0 (25)	10.5 (12)	19.4 (13)
Married	76.5 (137)	83.0 (93)	65.7 (44)
Divorced	9.5 (17)	6.3 (7)	14.9 (10)
	<b>Mean (sd)</b>	<b>Mean (sd)</b>	<b>Mean (sd)</b>
Age	36.6 (6.2)	35.9 (5.1)	37.8 (7.6)
<b>Employment (years):</b>			
With Present Company:	5.3 (4.3)	4.2 (3.7)	7.1 (5.0)
In current role:	5.0 (4.4)	4.2 (4.2)	6.4 (5.0)

of which 10 indicate positive (e.g., active, enthusiastic) and 10 indicate negative (e.g., angry, afraid) mood states. Respondents are instructed to “indicate to what extent you generally feel this way, that is, how you feel on the average.” Extensive validity evidence is provided by Watson, Clark, and Tellegen et al. (1988), Watson, Clark, and Carey (1988), and Watson (1988a and b).

### Customer-orientation

The key component of the survey entailed the measurement of customer-orientation. As noted, the concept of customer-orientation was operationalized by Saxe and Weitz (1982). Saxe and Weitz developed a 24 item scale which has been used in many studies of salesperson customer orientation (Brown, Widing and Coulter 1991; Dunlap, Dotson and Chambers 1988; Rozell, Pettijohn and Parker 2004; Thomas, Souter and

Ryan 2001; Periatt, LeMay, and Chakrabarty 2004). It has been described as a valid measure of one’s

customer-orientation levels (Periatt, LeMay and Chakrabarty 2004). Based on these factors, the SOCO scale developed by Saxe and Weitz (1982) was used in this research. This scale consists of 24 items using a seven point Likert-type scale (7 = strongly agree and 1 = strongly disagree).

## FINDINGS

As stated in the introduction, the purpose of this research entailed a comparative analysis of the levels of emotional intelligence, customer orientation, selling orientation, and positive and negative affect of healthcare salespeople working in the U.K. with those working in the U.S. The study’s purposes were based

on the desire to determine, empirically, whether differences exist based on the respondents' locales. As indicated in Table 1, the sample consisted of 112 U.S. salespeople, for a response rate of 46%; and 77 U.K.

salespeople, for a response rate of 72%. As shown in the table, demographically, the salespeople were similar. Salespeople in both countries had college

**TABLE 2. Comparative Responses on Scales**

ITEM:	U.S. mean (s.d.)	U.K. mean (s.d.)	t-value (p)
Emotional Intelligence	107.5 (9.0)	105.8 (11.5)	1.3 (.19)
SOCO	173.8 (14.8)	172.4 (12.7)	.5 (.60)
Customer Orientation	105.1 (8.8)	98.9 (8.5)	4.6 (.0001)
Selling Orientation	62.7 (8.7)	73.6 (13.0)	2.9 (.004)
Positive Affect	31.6 (3.4)	34.2 (5.1)	4.1 (.0001)
Negative Affect	16.6 (3.3)	12.7 (4.3)	7.0 (.0001)

degrees, the majority of salespeople sampled were male, married, between 35 and 40 years of age, and were compensated by a combination of salary and commission. A few differences that should be noted included the fact that salespeople in the U.K. were more likely to describe themselves as managers, and were paid less (in U.S. dollars) than were their U.S. counterparts. Based on the literature, the study might be divided into five primary research questions. The findings, as they relate to these research questions are presented in Table 2. The first research question was related to emotional intelligence levels of the two groups. The findings indicate that no differences exist in the emotional intelligence scores of US and UK salespeople. Thus, it appears that emotional intelligence may be a relatively stable construct, unaffected by cultural factors, as no significant differences were found in emotional intelligence scores for the salespeople sampled.

The second research question focused on the degree to which customer orientation levels might differ between US and UK salespeople. It was anticipated that US salespeople, by virtue of the culturally-mediated perception that sales positions are accepted ones, that customer-orientation levels would be higher. As indicated in the table, US salespeople were found to be significantly higher in their levels of customer orientation than were their UK counterparts. Research question three was designed to assess the degree to which US and UK salespeople were oriented toward making the sale, regardless of the buyers' needs. Since the questions were reverse scored, low scores would be indicative of higher levels of sales orientations, or a desire to make the sale regardless of the customers' desires. Conversely, high scores were indicative of lower levels of a sales orientation, or a recognition that the sale should not be made unless the customer's needs were satisfied. It was anticipated that UK salespeople would be less

oriented toward making the sale, given that the research reviewed indicated that salespeople are not perceived positively in their culture. The findings agree with this perception, based on the fact that selling orientation levels are significantly lower (as noted in the reverse scoring) for UK salespeople compared with US salespeople.

Research questions four and five were based on US cultural stereotypes. Many in the US perceive that their 'cousins across the pond' are more negative in their attitudes and attributions. Based on this gross stereotype, it was anticipated that respondents in the UK would have lower positive affect scores and higher negative affect scores than would US salespeople. However, the findings indicate the stereotype is not valid for this group of respondents, as positive affect scores are significantly higher for UK salespeople than they are for US salespeople. Consistently, UK salespeople have significantly lower negative affect scores than do the US salespeople.

## CONCLUSION AND IMPLICATIONS

The results suggest some significant differences with regard to sales person attitudes and predispositions based on their home countries. As noted, salespeople in the U.K. were significantly less customer-oriented and selling-oriented than were their U.S. counterparts. This finding suggests that U.K. salespeople are more likely to be apathetic with regard to either their customers' satisfaction levels or to their customers' purchase decisions. Such a finding would seem to be quite negative, as it suggests U.K. sales representatives are inferior to their U.S. counterparts with regard to customer satisfaction and with regard to sales.

On the other hand, U.K. salespeople tend to be more positive in their outlooks toward work than do

their U.S. counterparts. This finding suggests that perhaps U.K. salespeople are more likely to have positive attributions than are U.S. salespeople. Correspondingly, U.S. salespeople are likely to score higher on negative affect than are U.K. salespeople, leading to the conclusion that U.S. salespeople are more likely to possess negative attitudes toward their jobs.

The final implication entails the recognition that emotional intelligence is a common trait of both U.S. and U.K. salespeople. Thus, it suggests that U.S. and U.K. sales forces alike might be assessed and trained in the area of emotional intelligence. Such a finding indicates emotional intelligence seems to be a characteristic which is not culturally determined.

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# AN EMPIRICAL STUDY OF CAUSAL LINKAGES EXISTING IN A SUPPLY CHAIN ENVIRONMENT: THE INDIAN STORY

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## ABSTRACT

Supply chain management has become a critical strategic management tool and hence it plays a critical role in firm performance. Firm performance is reflected in a firm's presence in the market place and its profit generation over time. Flexible and integrated supply chains invariably have the ability to bear bad business cycles better than non-integrated firms since they are better informed of their capabilities and anticipating the market changes or uncertainties. Supply chain integration is the extent to which the various activities inside firms and activities connecting the firm to its trading partners are cohesive in blending the different organizations into one unit. Supply chain flexibility is the capacity of the organization to respond to any change concerning its trading partners and their expectations.

To have a flexible supply chain system, it is important to have a strategic collaboration not only between the internal functional groups of the firm but also with its suppliers to ensure an effective firm performance. Strategic supplier partnership is long term cooperation between the firm and its suppliers aimed at achieving increased productivity and efficiency that emphasize joint planning and problem solving. Information quality is the highlight of integrated supply chains. As the quality of information improves, the firms tend to build trust with one another, leading to better integration of the firms.

This study researches the causal linkages between the supplier partnership, information quality, supply chain integration and supply chain flexibility on organizational performance. We hypothesize that supply chain flexibility and supply chain integration have a direct positive relationship with organizational performance. Strategic supplier partnership and information quality are expected to play a critical role in improving supply chain flexibility and supply chain integration.

Based upon the hypotheses we came up with a study model. Study sample consisted of owners of 75 small scale manufacturing firms in Coimbatore, India. We tested the hypothesized model by using Partial least squares method. Study results indicate that for any firm to improve performance, it must first augment its supplier partnerships and information quality; once this is done, it will become more flexible, integrated and will automatically perform better. Future research should test the same causal linkages across different industries in both developing and developed countries to compare the supply chain gap that might exist and needs to be addressed in this dynamic economy and market.

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# THE INTEGRATION OF “WISDOM” IN SUPPLY CHAIN MANAGEMENT: AN EMERGING CONCEPT IN SUPPLY CHAIN DECISIONS MAKING

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## ABSTRACT

*This paper discusses supply-chain management and how the concept of “Wisdom” may enhance “systems-wide thinking” to provide the basis for better decision making from supply chain managers. These decisions will improve the performance for their individual organization while simultaneously focusing on the common good for all members within the supply-chain.*

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## INTRODUCTION

Many globalized B2B businesses are focusing their competitive decision making efforts on developing lean internal operations and efficient distribution practices to speed up the flow of materials and services, along with integrating value-added activities of the supply chain while simultaneously developing advanced communication systems. Real time information will facilitate a fast, accurate, and ongoing flow of information electronically between suppliers, producers, and customers (Schroeder, 2004). By eliminating or reducing material movement, information time lags and enhancing relationships with external customers and suppliers through better decision making, these managerial efforts can significantly improve overall supply chain performance. Finally, these improvements can secure a competitive advantage for an individual organization in a competitive global environment.

Supply chain management (SCM) decision-making relies heavily on the notion of cooperation and coordination both within and across numerous firms in a competitive network. This provides a focus on the application of cross functional coordination and “systems-wide thinking” (Schroeder, 2004). These important SCM concepts require all managers and executives to understand how internal decisions extend outside their organization to effect outcomes of other firms within the supply chain network. Systems-wide thinking extends the boundaries of decision-making beyond a single business’s realm and considers effects throughout the supply chain (Finch, 2006). The dual purpose of SCM and systems-wide thinking is to maximize the performance and secure a competitive

advantage for an individual organization and enhance the performance of the entire supply chain (LI, Ragu-Nathan, Rao; 2006; Schroeder, 2004) through a better understanding of the effects decisions have on other businesses in the network (Finch, 2006).

## SUPPLY CHAIN MANAGEMENT PRACTICES: BENEFITS AND LIMITATIONS

Research within the SCM field has focused on how to enhance an individual firm’s competitive advantage and the performance of the entire supply chain by identifying several SCM practices. The implementation of these practices enables firms to develop better working relationships with customers and suppliers to facilitate the flow of material and information throughout the system. Li, Ragu-Nathan, and Rao (2006) empirically investigated five dimensions of SCM practices and found that higher levels of strategic supplier partnership, customer relationship, information sharing, quality of information, and postponement lead to a competitive advantage for the firm and significantly improved performance. In addition, Gowen and Tallon (2003) found that a firm’s competitive advantage is enhanced by implementing supply chain management practices. These practices include: (1) supplier quality evaluation, (2) supplier partnerships, (3) customer satisfaction evaluation, (4) competitive benchmarking, and (5) continuous improvement teams.

Although on the surface, the preceding SCM practices are implemented from a systems-wide perspective with the intension of improving decision making and maximizing the performance of the entire supply chain, there are still many environmental

pressures and situational conflicts that force executives and managers to place internal decisions at a priority above all other participants of the supply chain (Finch, 2006). Supply chain executives and managers maybe indiscriminately and improperly implementing SCM practices and making short-term focused decisions to maximize individual firm performance without considering the negative implications throughout the network.

Some organizations appear to have ignored the negative implications of their narrowly focused material and information flow decisions and SCM practices on the performance and profitability of all other firms in the network. As helpful as system thinking and SCM research has been, many supply chain executives and managers are still unaware the effects of decisions and practices are not limited to the business that made them, but extend to suppliers and customers as well. Organizations focusing entirely on their profit maximization goals can overrule system wide performance and competitiveness when it comes time to make supply chain related decisions. A manager's underlying, natural intuition or lack of supply chain system knowledge will often overpower their good intentions and inhibit them from executing appropriate supply chain related decisions for the best of the entire network. To enhance supply chain executives and managers awareness of systems thinking and facilitate their ability to make superior supply chain decisions that maximize network performance, this critical analysis presents the concept of "Wisdom".

Our analysis argues that developing supply chain wisdom may enhance a manager's perspective of systems thinking. Also, "Wisdom" may improve material and information flow decision-making which positively impacts performance for all network businesses. Optimizing the performance and competitiveness of all supply chain firms requires a "Wisdom" based decision-making perspective and the recognizing the impact of short-term decisions on long-term performance consequences.

## **WISDOM**

The integration of wise decision making within the context of global SCM can be seen in the overlap between the notion of systems-wide thinking (Schroeder, 2004) and Sternberg's description of "Wisdom". Sternberg (2003) conceptualizes Wisdom as, "seeking good ends for oneself, but also seeking the common good outcomes for others (Sternberg, 2003)." The concept of systems thinking provides the foundation for supply chain managers and executives to possess wisdom when making decisions. Equally important is understanding the impact those decisions

have on supply chain processes, activities, and performance for all other firms in the network. The supply chain is a highly interactive system and the decisions made by each firm affect all other participants. This analysis highlights the fact that there is a distinct difference between just making "systems-wide decisions" in the supply chain and making "*Wise systems-wide decisions*". Sternberg's supporting belief is that "wisdom is not just about maximizing one's own or someone else's self-interest, but about balancing various self-interests with the interests of others and of other aspects of the context in which one exists (Sternberg, 2003)."

## **Wisdom Defined**

Sternberg (2003) defines wisdom as the application of successful intelligence that is mediated by values to balance goals, responses and interests. An individual applies successful intelligence toward the achievement of a goal for the common good through a balance among: (a) intrapersonal, (b) interpersonal, and (c) extrapersonal interests, over (a) short and (b) long terms, in order to achieve a balance among (a) adaptation to existing environments, (b) shaping of existing environments, and (c) selection of new environments. Thus, superior judgments regarding how to achieve a common good inevitably involves the infusion of values into the decision making process to maximize various forms of personal interest over the short and long term in various environmental conditions.

Wisdom can be applied toward the achievement of ends that are perceived as yielding a common good by processing information to achieve a balance of interests and formulating a judgment that makes effective use of the information. In short, "Wisdom seeks out a good through a balance of interests (Sternberg, 2003)." For the purposes of this analysis, wisdom is present when the end is a competitive advantage and maximized organizational performance for all organizations with a particular supply chain network.

## **DEFINING WISDOM FOR SUPPLY CHAIN MANAGEMENT DECISION MAKING**

The concept of wisdom can be defined through a "systems-wide thinking" perspective of SCM by grounding the notion of wisdom on a supply chain manager's ability to apply successful intelligence when making short and long term firm specific decisions. Managers must thoroughly understand the consequences of these decisions under indistinguishable circumstances and make them for the common good of all participants in the network. A wise supply chain manager will incorporate systems-

wide thinking values to continuously make good decisions over an extended period of time for the good of every participant in the network. Wise supply chain managers will also knowingly possess the expert knowledge, intelligence, and creativity to make such decisions and judgments through the balance of (a) intrapersonal, (b) interpersonal, and (c) extrapersonal interests.

Intrapersonal interests might include the supply chain manager's desire to obtain and sustain a competitive advantage, increase the profitability for their firm, and improve the well being of their employees. Interpersonal interests could be quite similar, except as they apply to other organizations and extend to all shareholders in the supply chain. Extrapersonal interests might include contributing to the welfare of society and the global economy by providing superior customer value, increasing the standard of living, or being more environmentally conscious. A failure to balance these interests can have devastating effects for all organizations and stakeholders in the supply chain.

Wisdom also involves balancing not only all three interests, but also the three possible courses of action in responses to this balancing: (a) adaptation to existing environments, (b) shaping of existing environments, and (c) selection of new environments. Adaptation can be seen as how the organization becomes accustomed to the existing supply chain environment. In adaptation, supply chain managers seek to discover new ways to conform to the existing competitive circumstances that form their relationship context. Shaping can be defined as how the organization tries to change the environment for the good of themselves and the supply-chain as a whole. In shaping, supply chain managers will seek to alter how information and materials flow throughout the supply chain so all participants benefit. Although adaptation may be the best course of action under a given situation, a supply chain manager may attempt to balance adaptation and shaping when they realize that a fit to a particular competitive environment exists. The balancing between adaptation and shaping changes how decisions are made, but also, the circumstances under which those decisions are made as well. Selection of a new environment takes place when an organization decides to exit the current supply chain or replace other participants with similar values. In selection, supply chain managers decide to select a new supply chain, remove, or add other firms when they find it impossible to fit to a particular competitive environment and make decisions for the good of all organizations.

## **INTEGRATING WISDOM AND SUPPLY CHAIN MANAGEMENT**

Supply chain managers must make wise decisions to maximize value and performance for all firms within a supply chain network, not just their own. Wisdom is more important than ever in supply chains as firms reach into more sensitive business areas and are required to sell their value. Supply chain wisdom should be recognized as an important intangible management skill because SCM decisions encompass areas that are more subjective and where personal judgment is required. The wise supply chain manager is a relationship builder, a skillful salesperson and a credible, ethical professional who takes overall systems performance into consideration for the entire network. These types of managers understand that wisdom is an intangible skill that involves incremental steps that eventually lead suppliers, producers and customers to appreciate the value associated with a well-coordinated supply chain. Supply chain wisdom requires the understanding of coordination across organizational boundaries and recognition of systems interaction. Organizations can combine and apply wisdom across the supply chain decision-making spectrum along with their performance goals without sacrificing other firms' performance.

In a wisdom based supply chain, businesses and managers will need to take a more active role in the decision making process. The application of "Wisdom" in the supply chain decision-making process is beneficial because the judgments wisdom yields can maximize performance and competitiveness for all members of the network and enhance value for the end consumer.

There are several reasons why managers should seriously consider developing wisdom related skills in their supply chain decision-making process. First, knowledge is insufficient for wisdom and certainly does not guarantee enhanced performance or competitiveness for all supply chain firms. Wisdom appears to be a better medium for the attainment of these goals. Second, wisdom represents an avenue to developing a better, more harmonious and systemic supply chain where all firms benefit. Finally, organizations may later become members of other supply chains – always being part of a greater supply chain community and hence will benefit from learning to make decisions correctly, soundly, and justly on behalf of their entire network.

## **FIVE PRINCIPLES OF WISDOM FOR SUPERIOR SUPPLY CHAIN DECISION- MAKING**

1. Managers must understand that the means by which the end is obtained matters, not just the end outcome.
2. Managers must understand interest and ideas from multiple points of view within the supply chain network further trying to reach the common good where all businesses win.
3. Managers should monitor events and outcomes in their supply chain and how their own decisions impact these events.
4. Managers must understand significant problems from multiple perspectives, how other businesses can legitimately conceive things in a way quite different from their own.
5. Managers should realize that the only way they can develop wisdom through the supply chain network is to serve as role models of wisdom themselves.

## **CONCLUSION**

Competition is evolving from between individual organizations to between supply chains and SCM is rapidly becoming a complex task. The best supply chains will emphasize wisdom related decision making skills as a means for all organizations within the network to remain competitive and maximize performance. As supply chains expand with increasing numbers of firms and greater complexities, developing and incorporating supply chain wisdom into the decision making process will make the difference between supply chains that will be better prepared for future uncertainty and new developments and those that are not. It is obvious that supply chain managers will need to develop wisdom in order to enhance their abilities to communicate and form good working relationships across various organizational functions and entities. Supply chain managers must understand the usefulness of interdependence wise systems thinking - "a rising tide raises all ships; a falling tide can sink them (Sternberg, 2003)." Organizations must recognize their own interest, those of other businesses, and those of end consumers through the wisdom of their people and the value of making wise SCM decisions.

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# CHINESE CONSUMERS' TRUST IN PHARMACEUTICAL CHANNELS: SWALLOWING A BITTER PILL?

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## ABSTRACT

A great deal of attention has been afforded to consumers' trust in products manufactured in China. Following the Olympics in Beijing, global perceptions of Chinese-made products showed a small increase in positive attributions toward Chinese brands. However, the halo effect was short-lived. The "Made in China" label continues to beget low trust scores among American consumers. American consumers' trust in Chinese-made products continued on a downward spiral with the increased media attention afforded to tainted food and drug products from China. For example, high-profile scandals related to contaminated batches of heparin manufactured in Changzhou, People's Republic of China have significantly reduced U.S. imports and spawned unprecedented quality oversight by the U.S. Food and Drug Administration (FDA). Yet, Chinese consumers appear to have a great deal of trust in domestic brands. Chinese-made consumer products still rank at the top of Chinese consumers' brand loyalty. As the world's largest market for pharmaceutical products in the world, the present research addresses Chinese consumers' trust in alternative pharmaceutical channels. This research examined three primary channels for consumers' procurement of domestic pharmaceutical products in China: public hospitals/clinics; retail pharmacies; and online pharmacies.

A self-administered questionnaire was distributed to 457 consumers in Beijing, Shanghai and Shenzhen, People's Republic of China, yielding 326 usable respondents (71.3% response rate). The data was subjected to a principal components factor analysis using varimax rotation to assess factor loadings, Cronbach's alpha ( $\alpha$ ) and other scale properties. Additional analytics included a multiple discriminant analysis to identify the significant factors that discriminated across consumers' with high and low trust in each of the respective channels for domestic pharmaceuticals. The results indicated that retail pharmacies were trusted more than hospitals and clinics relative to pharmaceutical dispensation, and ensuing analysis suggested that pharmacists in retail outlets were trusted more than doctors in these hospitals/clinics. The results glean important implications for marketers of pharmaceutical products.

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# MARKETING ENTREPRENEURSHIP FROM WITHIN: A “CITY-TYPE” STRATEGY FOR ECONOMIC DEVELOPMENT

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## ABSTRACT

*Too often city officials seek external expertise in advancing economic development initiatives when significant economic opportunities may exist internally. This research examines the relationship between “city-type” and entrepreneurial aspirations of its residents. A “START-UP” strategy that combines internal and external initiatives for the marketing of economic development is provided.*

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## INTRODUCTION

There is increasing pressure on city officials to improve their economic situation. Often these officials rely on site selectors and relocation consultants to help them attract business into their communities in order to promote economic development. Their primary goal is often to shift the tax burden from local residents to the new corporation, and to do so as quickly as possible. How does the serious, well-intentioned city official achieve this goal? The answer is to hire an economic consultant.

### Economic Consultants

LeRoy (2005; 2006) summarizes the role of an economic consultant as one who exploits the natural fears of community leaders and strongly suggests that cities and communities will be shunned by corporations unless they create an appealing “business climate”. This attractive “business climate” usually includes “incentives” like availability of substantial corporate tax breaks, low-cost financing, and infrastructure assistance. This would be acceptable if it worked, but LeRoy’s research suggests that subsidies are simply crude tools that affect a small percentage of deals, and are in effect, wasted windfalls. Community officials are, in effect, paying corporations to do what they would have done anyway, and rewarding them handsomely for their own actions. Alternatively, some city officials have taken the initiative to jump-start economic development by creating business incubators.

### Business Incubators

Campbell and Allen (1987) noted that the increasing number of small business incubators reflected the growing importance of the small business sector and the emphasis on partnerships between local officials and state representatives. By 2003, Linder’s review of the National Business Incubation Association (NBIA) Survey of Business Incubators indicated that approximately 950 business incubators were operating in the United States, with new incubators opening at the rate of one per week since 1986. In the midst of this frenzied activity surrounding incubator development, Campbell and Allen (1987) ruefully acknowledge that few incubating firms create more than a handful of jobs. Their research suggested that business incubators may be a long-term strategy for economic development, not a short-term quick fix. By 2007, Tamásy’s research indicated that although technology-oriented business incubators are a worldwide phenomenon, they tended not to support entrepreneurship, innovation, and regional development, and therefore did not fulfill their expected role as a policy instrument.

### Entrepreneurship

What are city and community planners to do if the current strategies and techniques employed in economic development are failing to achieve their aspirational goals and objectives? Perhaps a closer examination of entrepreneurship is necessary. According to William Ng, Enterprise Asia president, “entrepreneurship may be the answer to tough times ahead and this makes it more important to promote” (Hamid, 2008). However, the critical issue of

location must be confronted. Since location is universally accepted as one of the most important components of any company's success, is there a less patently obvious relationship with entrepreneurship?

De Meirleir (2008) provides a comprehensive reference on industrial location analysis, complete with practical anecdotes that emphasize the critical importance of site selection. What is often neglected, however, is the interaction of personality typologies and specific community locations.

### **Places With "Personality"**

As previously discussed, city planners concerned with regional growth and economic development have focused primarily on the role of firms in cities, particularly on how these firms make location decisions. Richard Florida (2002), in his book **The Rise of the Creative Class**, focuses on diversity and creativity as basic drivers of innovation and regional and national growth. In further research conducted by Florida (2003), agglomeration and cluster theories, social capital perspectives, and human capital theories and their impact on regional economic growth are advanced. This stream of research suggests the need for some conceptual refocusing and broadening of perspective to account for the location decisions of people as opposed to those of firms as sources of regional and national economic growth.

In Florida's (2008) most recent book, he argues that while globalization has vastly expanded economic opportunities in developing regions for readily outsourced functions like manufacturing, it has also created opportunities for higher-level economic activities such as innovation, design, finance, and media to cluster in an ever smaller number of specific, often specialized locations. This has produced what he calls a "spiky world", scattered with nodes of creativity. He further elaborates why place matters and explains how to determine which cities will "encourage people to do more than they otherwise would, such as engage in more creative activities, invent new things, or start new companies".

Florida (2008) also develops a compelling analysis which suggests that personality plays a substantial role in understanding cities, regions, migration and economic growth. And it is the interaction between personality types like "conscientiousness" and "openness to experience" and place that is critical. The three-way interaction between our psychological needs, wants, and what our communities can offer is what he calls "fit". If people feel that the "fit" is not right, they will not be

committed to remain in the community because of psychological, social, or economic reasons. This phenomenon begs an interesting and provocative question — does the population in a given city possess entrepreneurial characteristics that are unique to location? Perhaps personality types represented in cities should be examined in relationship to entrepreneurial proclivities.

### **RESEARCH QUESTIONS AND ATTENDANT HYPOTHESES**

The purpose of this research was to examine the possible relationship between "city-types" and strategies for marketing entrepreneurial and economic development initiatives. Specifically, the research question was: Do "city-types" exhibit a natural tendency to attract unique entrepreneurial endeavors; and if so, what explicit information needs exist prior to the start-up of an entrepreneurial business venture?

Since a paucity of academic research exists in this area, three null hypotheses were examined.

H1: There is no difference between "city-type" and its citizenry's proclivities for starting an entrepreneurial business venture.

H2: There is no difference between "city-type" and the category of business its citizenry desires to start as an entrepreneurial business venture; and

H3: There is no difference between "city-type" and the information requested by its citizenry prior to the start-up of an entrepreneurial business venture.

### **METHODOLOGICAL AND STATISTICAL CONSIDERATIONS**

All research participants resided in one of four "city-types", based on education and income characteristics provided by the U.S. Census Bureau: (1) high education/ high income (HEHI); (2) high education/ low income (HELI); (3) low education/ high income (LEHI); and (4) low education/ low income (LELI). By design, the total sample size was restricted to 400 participants, that is, a maximum of 100 participants per "city-type". The actual number of participants who met the operational definition of

desiring to start an entrepreneurial business venture was 270.

Participants responded to four questions posed by the field researcher: (1) Do you live in “city-type” under investigation?; (2) Have you ever considered starting or running your own business?; (3) What type of business have you considered opening?; and (4) What information, service, or training would you need before deciding to start your business venture?

Personal interviews were conducted “on the street” in the downtown area of each “city-type”. Each participant’s open-ended responses were sorted into discrete categories. For example, if a participant stated that she wished to open a Wendy’s; a bike shop; or lawncare service, the responses were classified into food service/restaurant; retail; and maintenance categories, respectively. Moreover, if a participant stated that he required information on selling techniques; hiring practices; and/or meeting other support professionals, the responses were classified into market research; employee certification; and networking categories, respectively.

H2 examines the relationship between “city-type” and the category of business its citizenry would like to start. H3 examines the relationship between “city-type” and the information its citizenry would need prior to their business start-up. To address these hypotheses, a factor analytic solution was employed. An oblique rotation was performed, given the exploratory nature of the research. Stevens (1996) suggests that exploratory factor analysis can be used to determine the number or the nature of factors that account for the co-variation between variables when the researcher does not have a priori evidence to form a hypothesis about the number of factors underlying the data. “City-type” was used as a marker item and investigated in regard to where the factor loadings occurred. A factor loading of .30 was deemed appropriate, attributable to the exploratory nature of the research, and because “city-type” participants and responses were classified as dichotomous variables, thereby restricting variation. Moreover, a factor loading of .30 or higher is by convention, acceptable (Nunnally, 1978).

### RESEARCH FINDINGS

H1 assesses the relationship between “city-types” and its citizenry’s proclivities for starting an entrepreneurial business venture. Given the operational definition, research design, and the percentage of participants clustered in each “city-type”, one standard deviation above or below the mean was used to determine statistical significance. Given a Mean of 67.5% and Standard Deviation of

6.95, a “city-type” possessing less than 60.55% or more than 74.45% of participants expressing a desire to start a business is statistically significant. Of the four “city-types” examined, the high education/low income (HELI) city exhibited the strongest desire for starting a business and the low education/low income (LELI) city exhibited the weakest desire for starting a business. Specifically, the percentage obtained for each “city-type” was: HEHI = 68%; HELI = 76%; LEHI = 67% and LELI = 59%.

H2 assesses the relationship between “city-type” and the type of business its citizenry desires to start. H3 assesses the relationship between “city-type” and the kind of information required prior to a business start-up. In order to address these hypotheses, a factor analysis was employed. The factor loadings are listed in Table 1, along with the conceptual headings [entrepreneurial area] that reflect the marker items, and resulting “city-type”. The cumulative variance accounted for in the matrix is 62.05%.

**Table 1. Factor Loadings: A Conceptual Breakdown of Marker Items and City-Type**

WHITE COLLAR	PINK COLLAR	GREEN COLLAR	BLUE COLLAR
High Education High Income (HEHI)	High Education Low Income (HELI)	Low Education High Income (LEHI)	Low Education Low Income (LELI)
<b>Entrepreneurial Area</b>	<b>Entrepreneurial Area</b>	<b>Entrepreneurial Area</b>	<b>Entrepreneurial Area</b>
Healthcare .828 Computers .804 Retail .739 Consulting .734 Education .693 Engineering .466	Food Service/ Restaurants .576  Maintenance .572		Piece Mfg. .301
<b>Information Needs</b>	<b>Information Needs</b>	<b>Information Needs</b>	<b>Information Needs</b>
Networking .451	Obtain Patents .641	Obtaining Loans .858	Taxes .747
Pricing .323	Business Plans .636  Incorporating .584	Obtaining Capital .853	Obtaining Licenses/Permits .451  Insurance .386

**Note.** Extraction Method: Principal Component Analysis; Rotation Method: Oblimin with Kaiser Normalization.

**DISCUSSION AND RESEARCH  
IMPLICATIONS**

This research suggests that each “city-type” exhibits its own unique “personality” as well as its own specific information needs. H1 research results suggest that of the four “city-types” represented, the high education/low income (HELI) city exhibited the strongest entrepreneurial desire and the low education/low income (LELI) city exhibited the weakest entrepreneurial desire. What should be stressed, however, is that 67.5% of all participants, irrespective of “city-type”, expressed a desire to start or run their own business. This indicates a “spirited entrepreneurial zeal” that lies dormant among the local citizenry. Perhaps city officials charged with advancing economic development initiatives should look internally before expending inordinate resources externally toward business to relocate to their area.

The high education/high income (HEHI) city, the WHITE COLLAR archetype, exhibits entrepreneurial activities in healthcare, computers, retail, consulting, education, and engineering. Specific information needs are related to networking and pricing. This “city-type” has a tendency toward information-based, professional service ventures. It would not be prudent for an economic development director to encourage industrial development in this “city-type”. However, sponsoring breakfast meetings, roundtables, or evening exchanges would foster networking and intra-city collaboration.

The high education/low income (HELI) city, the PINK COLLAR archetype, exhibits entrepreneurial activities in food service/restaurants, and maintenance areas. Specific information needs are related to patents, business plans, and issues of incorporation. An economic development director should consider the promotion of workshops and educational forums related to direct personal services that focus on business development and planning.

The low education/high income (LEHI) city, the GREEN COLLAR archetype, is exemplified by its pursuit of capital. No specific entrepreneurial interests emerged, suggesting a “city-type” willing to pursue any entrepreneurial venture. Specific information needs are related to obtaining loans or capital. For a city economic development director, there appear to be no natural inclinations toward targeted entrepreneurial endeavors among the citizenry. An economic development director may consider the promotion of available franchising opportunities.

The low education/low income (LELI) city, the BLUE COLLAR archetype, exhibits entrepreneurial activities in piece manufacturing. Specific

information needs are related to taxes, permits, and insurance. A city economic development director may focus on the promotion of industrial parks or business incubators with “fast-track offices” issuing business permits and addressing tax issues.

Upon review and reflection of these research findings, a model of “city-type” entrepreneurship is presented. This model is straight-forward, and can be implemented immediately. The “START-UP” model is illustrated in Table 2.

**Table 2. Start-Up Model of City-Type Entrepreneurship**

- S**egment your city according to type: white; pink; green; or blue collar.
- T**arget industries and information needs of potential entrepreneurs.
- A**udit your current resources that will assist the entrepreneur.
- R**esist the temptation to be something you are not, according to city-type.
- T**each essential entrepreneurial concepts for city-type success.
  
- U**nderstand that entrepreneurship is a long-term strategy and local investment, not a quick fix.
- P**lan to use entrepreneurship in a marketing mix, encouraging from within and attracting from beyond.

**RESEARCH LIMITATIONS AND FUTURE RESEARCH**

This study exhibits all the inherent concerns of examining population samples. All data were derived from one Midwestern regional area, in which four “city –types” were investigated. Each “city-type” was operationally defined in terms of education and income levels, with “cut-off” points established by national census guidelines. Moreover, since participants were encouraged to respond to the researchers’ prompts with open-ended responses, validity estimates of a structured, fixed-response research instrument are not applicable. Obviously, an examination of a larger, more representative sample is warranted in any attempt to generalize research findings and implications.

This research is an early attempt to validate the importance of “fit” in understanding cities, regions, and economic growth. Future research could examine the feasibility of a “city-type” model of entrepreneurship as offered. It may be erroneous to assume that entrepreneurs are aware of specific

business information and should be assessed. Moreover, participants were assumed to possess the same general characteristics of each “city-type”, but this is a research issue that requires additional research.

### CONCLUSION

This research examined specific “city-types” and the potential influence each exerts on possible entrepreneurial activities and information needs of its citizenry. Each “city-type” exhibits its own entrepreneurial spirit or “personality” and requires specific actions by city officials. Although the primary implication is to encourage each unique “city-type” personality, it is not necessary to abandon efforts to rebrand or reposition your city. A strategic initiative that combines development from within and recruiting from beyond can also be effective. However, this research suggests that a long-term strategy for economic development is not to forsake those entrepreneurial types residing down the street from the economic development office.

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# UNDERSTANDING CUSTOMER CHOICES IN ENTREPRENEURIAL REAL ESTATE VENTURES

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## ABSTRACT

Now that the residential real estate market has softened from years of recent past when even novice investors and developers often realized fantastic returns, complex issues regarding consumer lending policies, the glut of new and existing residential home inventories, and real estate marketing practices are moving to the forefront in the real estate field. Entrepreneurial developers face the challenge of creating attractive and marketable residences at a high cost in a risky environment where competition has never been more cutthroat. While some firms have opted for low-cost strategies, this approach has not been met with widespread acceptance by consumers, especially those in the market to purchase condominiums which are increasingly focused on providing luxury lifestyle experiences. Creating these satisfying experiences is becoming significantly more important in winning over and attracting customers, and in today's extremely competitive residential housing market, brought on not only by economic cycles but also by innovative approaches to residential living and convenience, developers must have a clear understanding of how customers (i.e. condo buyers) integrate, value and trade-off different residential attributes, and it is essential that developers consider customer preferences and choices in designing, redeveloping and building residential condominiums.

Incorporating customers' preferences and choices into day-to-day entrepreneurial decision-making is essential for residential condominium developers because consumers often make decisions as to which condominium or other residential offerings to purchase by simultaneously evaluating several criteria. Real estate developers in the residential condominium field need a clear understanding of their customers' needs and preferences. An effective method for ascertaining the key drivers in determining what impacts consumer decisions with respect to purchasing newly constructed condominiums is discrete-choice analysis (DCA). Based on behavioral theory, DCA allows respondents (i.e. customers) to choose among carefully designed bundles of features comprising the 'condo mix' (i.e. various features, amenities). By designing the experiment to control the choices, real estate entrepreneurs can gain the necessary understanding of customers' decision drivers in order to limit risk in creating customer-focused condominium developments. This paper will demonstrate the effectiveness of DCA in modeling buyer behavior.

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# WHAT WILL THE MARKETS OF THE FUTURE BE FOR ONE COMMUNITY? INNOVATIVE LEARNING FOR A COMPLEX WORLD

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## ABSTRACT

*Socially Conscious Innovation was a team-taught course focusing on interdisciplinary teaching and integrative learning in an intense four-week summer semester. Students spent large portions of the course in the community to explore markets for innovation in the realms of sustainability, globalization, and active aging. This paper focuses on active aging.*

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## WHY SOCIALLY CONSCIOUS INNOVATION?

A regional campus at a midsized Midwestern university dedicated to using innovative teaching methods in order to meet the needs of nontraditional students supported a unique pedagogical venture during the summer semester 2008 – a course titled Socially Conscious Innovation. The course, developed and co-taught by faculty in Business and Engineering, sought to employ alternative formats and pedagogy in order to address community needs in an interdisciplinary fashion. Socially Conscious Innovation asked the questions: what will the city look like in 10 years, what will the city be as a market and what will the markets be for this manufacturing center? After a module focused on the processes and tools for innovation, students explored these questions through the consideration of three topics: independence in an aging population, issues in sustainability, and impacts of globalization. Students engaged with these topics through independent reading projects, lecture and discussion, site visits with business, industry and nonprofit organizations in the local community, and developing individual sourcebooks to assist in the development of an innovative and feasible solution accompanied by a business plan designed to address the needs identified throughout the course.

Socially Conscious Innovation was a unique course for several reasons. The course was designed in an accelerated format in order to meet the unique needs of the nontraditional student, but also to provide ample time to engage with the community. The intensive format was designed to create an

environment that allowed for what Scott (2003) refers to as “focused learning.” The class met twice a week, each meeting lasting six hours, for four weeks. This unique structure, along with the commitment to responding to the needs of one community really set the course apart from other offerings at the university. It is important to note that although, interdisciplinary faculty, team teaching, use of Blackboard for course assignments and documents, and the truly interdisciplinary topic are not overly common at this university, they were not considered as experimental when designing and approaching this course.

## Interdisciplinary faculty with some spice

The original faculty included a professor of Engineering seasoned with the experience of working across disciplines, particularly in the areas of entrepreneurship and international teaching and a faculty member from the College of Business known for savoring the liberal arts, new product development, and entrepreneurship. A third faculty member from Biology committed to unique pedagogies, joined the duo out of curiosity and provided excellent support and reflection which will be discussed in the Reflection component of this presentation.

## The challenges of community involvement

Engaging with the community was central to the course. In many ways, the amount of the intended community time was the most innovative element of the course with all that this implies: assignments, planning, quality coordinated visits and so forth. Half

of the scheduled time allotted for this course was spent out in the community. The time in the community was crucial for the students to generate ideas that could help address the needs of the community. It was also important since this was a two way street, to help the students and faculty to learn and to help the community to know the local university campus better.

Aging was a natural place to start considering that the community in question was one of the top five places to retire in 2006 according to CNN Money (CNN Money, 2006 Best Places to Live). The aging population has many subgroups and so it was determined that the focus of the course would be the early retirement market, the active agers (60-75 and actively doing things some working, volunteering, etc.). Where do you find these people? Not in nursing homes or assisted care, as they are out and about doing their part to make the world a better place. What combination of meeting with the active agers and those who work with them would work best? Once you have the idea of some places you face the second challenge. What is the schedule of the community people who want to be involved? These were the questions that were considered at the onset of course development.

While developing the course, the faculty recognized that four areas must align for each site visit:

1. *The schedules of practitioners and the class.* Given the four week format of the course, it was significant that the practitioners would be able to meet with students during the class time.
2. *The practitioner's specialty and the class topics for the day.* In order to provide students some sense of continuity while working with three separate topics, it was critical that the topic of the class matched with the specialty covered during the practitioner's availability.
3. *The practitioners and the community of focus.* Many practitioners were interested in hosting the class, but they were not part of the community that was being targeted. It was important that the practitioners were a part of the community on which the class was focused.
4. *The geographical logistics/constraints of the class.* Transportation and travel time were factored into the course design.

These elements were identified in the planning process, and attempts were made to align each element; however, three other unique challenges arose throughout the course.

*Flexibility without Ambiguity:* This became the mantra of the course. As with all courses, there was the need for a well-mapped syllabus, but the faculty recognized the need to be flexible because of the uncertainty inherent in working with busy schedules. For example, the organization of faith that was willing to host the class and its guest for lunch with their seniors could not do it on the day of the week that had been planned. This meant changing the schedule around but ended up rewarding the students with lunch with the seniors and a visit with an expert in aging.

*Staying on Schedule:* The longer class schedules were critical in providing flexibility, and yet in many situations the site visits still felt rushed. For example, the students were fascinated with quality of the senior residences. They wanted to see more and more. Several of them were trying to envision grandparents or parents living in such a facility and began to ask more and more detailed questions not only about what was offered but also cost, income levels sought, age requirements etc. It is great when such excitement occurs, but the class needed to get through the building and on to other appointments scheduled for that day.

*Staying on Topic:* The authors knew that staying on schedule would be a problem. It soon became apparent that staying on topic would be equally challenging. During the visitations related with the topic of aging, the need to outline purpose to the students and encourage them to stay on topic became evident. The segment on aging included a visit to a church site visit for a meal with the target seniors. There was no lack of conversation between the students and the seniors. However, it became increasingly apparent that the students needed support in structuring the conversations to ensure that the topics of the course were discussed in addition to all of the interesting pieces of information the seniors could share. The power of shaping and guiding a conversation surfaced in other situations. Now suddenly the correct questions would bring out the information on the topics desired. Providing students with the skills to drive a discussion in the right direction became a key element of the course.

#### **Assignments and site visits**

Each area had one or more assignments performed in the classroom as well as outside of the classroom. All assignments were managed on Blackboard, providing a multitude of options. Due to

the condensed format of this course, Blackboard allowed for all assignments to be readily available to students well in advance. Students were guided to the various assignments six weeks prior to the course beginning and accepted for a week after the course finished. This gave students more time to complete assignments compared to a regular semester class format. Table 1 provides a list of all assignments and exercises related to the class and the topic area in which they occurred.

The segment on active aging began in the classroom where students were put through aging exercises such as losing some sight, dexterity, and hearing. This sensitized students to what they might see and hear when they visited the community locations. Students first visited a senior residential center where healthy seniors chose to live so they can be free to work and travel without the constraints of home and health maintenance. The group looking at the active agers as a market in the community was surprised to find a number of things in this residential center: huge apartments ranging from 700 to 1800 square feet, seven dining rooms with different decors and spectacular views, gym, auditorium (much like the ones available on the university campus), swimming pool, gardens, woodworking shop, craft rooms, small shops, bank teller, library, etc.

Everyone who was on the visit to the residential senior center was amazed at the environment that had been created. The degree to which it was thought out not only impressed the students and the faculty. Here was a major building in their community housing hundreds of people and most of the class and faculty did not understand what it was or the needs of its population.

Students then went to a national award winning Senior Center Community Center that includes activities from band to theater, bowling to swimming, and dining to exercising. The director hosted a tour for the group. Students learned about a wide variety of needs of the senior market being studied: to maintain independence, to form new social groups, and to simply keep active. Students were surprised to

learn that similar to going to college, retiring and moving can leave you starting over in developing social networks.

The final visit in aging was to lunch with a senior group at a local organization of faith. The assignment there was to interview an active senior about some of the things that active agers find inconvenient or difficult. The students were quite successful at engaging the seniors who drop in for lunch on a weekly basis but normally leave in a hurry.

In sum students got exposure to the lives, lifestyles, and available resources to a class of seniors that are very active. The fact that there would be community needs for people beyond more rocking chairs was a new concept to many students and the impact seemed profound. The intentional design to visit a variety of gathering places for seniors exposed students to the variety and levels of activities available. The interviewing assignment allowed students to get a more in-depth view of a senior perspective and the potential of the active senior market.

## REFLECTION

A member of the Biology Department volunteered to join forces with the Socially Conscious Innovation team to participate in the project as an unbiased observer. This faculty member gathered information by attending in-class sessions, accompanying students on site visits, taking field notes, conducting group discussions with participating students, reviewing materials submitted by students and participating in classroom activities such as brainstorming sessions and idea pitches. The following general observations and recommendations pertain to the unique nature of this educational experience, by ways of discussions on aspects such as the architecture of the course, the extensive community outreach opportunities and the dynamics of team teaching that took place.

**Table 1. List of course assignments per content area**

Topic Area	Assignment/Exercises	Central Focus	Pros/Cons
Aging	The aging experience and product design	Ethnographic and experiential research.	Awakens students to what it might be like. Promotes discussion
Aging	Interview an active senior	Learn the problems and desires of active seniors.	Value and experience
Sustainability	Reducing your household ecological foot print	Assess the foot print of your household and devise a plan to reduce	Math and technical illiteracy

		the foot print by 5% a year for three years.	
Sustainability	What is your Carbon Footprint	Learning how individual choices impact the globe.	Great discussion tool. Much interest in trying to understand how the calculator worked.
Globalization	Holland's Competitive Edge	Assess the strengths and weaknesses community as compared with international competition.	Community and Global Awareness.
Globalization	Import Analysis	Surveyed products in Department Store to determine country of manufacture. Located all countries on a globe.	Explicit measure of the global connectivity.
Innovation	Source book	Record the ideas and thoughts linkages of topics.	Students learn to sketch. Learn to capture ideas for later use.
You choose	Read a book on one of the major topics	Providing background for the student and the class.	Great for the student. Faculty did not use this information enough.

### Interdisciplinary

Anthony *et al.* (2003), in a case-study on effectiveness in team-teaching and general education environment, reported that the use of team teaching can doubly aid the achievement of active learning goals and improve students' ability to establish connections. The diversity of instruction styles and the variety of background expertise greatly contributed to the success of Socially Conscious Innovation. A well-rounded team delivered a sound and rigorous performance that was enriching as well as entertaining. Even the most skeptic students quickly embraced the originality and complicity of the team teachers and all reflected positively on the experience. The nature of Socially Conscious Innovation was an ideal setting for team teaching.

### Course structure

All three topics included one in-class six hour day for subject presentations, related activities, discussions and brainstorming sessions and one six hour day in the community doing appropriate site visits. In addition, it was imperative that the course offered long blocks of time to permit the multiple site visits and logistics of transfer between each location. It would be interesting to try dividing the visits into two blocks of three hours followed by time in the classroom to summarize the information received on the sites. This scenario may lead to more processing of the educational experiences and potentially lead to more learning connections and better preparation to the upcoming visits.

**Table 2. List of community site visits per content area**

Topic Area	Community Visits	Central Focus	Pros/Cons
Aging	Active Senior Residence	Investigated lifestyles of residences.	Students learned of issues facing seniors and market opportunities.
Aging	Senior Community Center	What does a non residential senior center do?	Learned of changing activities and services offered.
Aging	Senior Lunch at an Organization of Faith	Learn of the concerns of seniors.	Spent time with seniors.
Aging	Presentation by a local Minister of Visitation	What it is that active seniors want and need.	Powerful, personnel, summation to aging.

Aging	Local big Box retailer similar to a Wal-Mart	How do you do store design with the active seniors in mind?	Learned how basic signage size, height of shelving, and width of aisles are impacted.
Sustainability	LEED Certified Hotel	Learned how “green” is marketed.	Appearance vs. reality
Sustainability	Large Recycling Facility	Learned about the waste stream and recycling.	Understanding the importance of profit or return in a sustainable world.
Sustainability	Community Power Company	Coal to power conversion.	Technical Literacy, and grasping the scope of the problem.
Sustainability	Global Furniture Manufacturer	Greening of Manufacturing.	Where in the world does this stuff go and what are the challenges.
Sustainability	Local grass roots organization focused on the 3 p’s People, Planet and Profit	This visit had a lot to with the people portion of the 3 P’s in the form of Social Equity	A different view of Sustainability.
Globalization	Major Retailer	Import Analysis	Where is the competition?
Globalization	Community Power Company	Impact of international development on the cost of energy.	Learned how dirty electricity is.
Globalization	Global Furniture Manufacturer	Impact of Global completion on manufacturing.	Opportunity abounds.

### Community Involvement

The community aspect was a tremendous success and a key part of this course. The students were engaged, enthusiastic and became more and more “socially conscious” with each visit. The locations chosen for the site visits were all within the immediate community served by the University Campus. Students met with the senior citizens of their town, only to find out that they were not sitting in a rocking chair while knitting but more likely rushing into a bus to go play golf, very busy building furniture in an impeccable woodshop, signing up for an upcoming concert, performing aerobic exercise to the beat of music or even playing Wii bowling. They sat with these same senior citizens to talk about their lives and their everyday joys and struggles. In addition to the variety of site visits, interviews/discussions with active agers that remain in their homes and do not necessarily engage in “typical” senior social network or church activities could be added to the curriculum. This would cover all the different active aging populations. In summary, after witnessing students participate and engage in the community, it is clear that there is no

amount of classroom time that could account for the knowledge that took place in the field.

### SUMMARY

Although the pilot class is over, Socially Conscious Innovation is in some ways really just beginning. The biologist, engineer and business professor are working to improve the course and refocus it. The fourth co-author, an administrator on the campus and adjunct in the Liberal Studies department, is working with the faculty team to create more ideas for more interesting courses that meet the needs of nontraditional students. The authors are actively seeking ways to sustain the momentum that began with Socially Conscious Innovation because they realize that are many innovative pedagogies left to be explored and the community needs are never met. There’s still work to be done.

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# MARKETING, ENTREPRENEURSHIP, DIVERSITY, AND GLOBAL BUSINESS EDUCATION

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## ABSTRACT

The paper proposes a special role for marketing in combination with entrepreneurship, new venture creation, and global diversity. It proposes an integrative learning experience that could serve as a capstone course that connects the learning of the functional areas of business with an experience in researching, planning, and communicating the commercial potential for a regional product, service, or technology in domestic or international markets. It positions marketing centrally in the task of framing the commercial value of an innovation and the research that supports taking it to market. Marketing in this context is presented as the key driver that draws financial, operational, legal, and strategic analyses to the task of visioning the business entity that will take the innovation to market. It asserts marketing's primacy in this learning process. The paper points out how the learning goals so many business schools seek from the experience of their curricula are addressed in the learning.

The proposed integrative experience presents marketing as the medium for achieving an integration of learning that the literature indicates is lacking. It is active experiential learning. It counters the criticism that the learning in business schools is not relevant to the contemporary business world students will work in, Bennis and O'Toole [2005].

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# AMERICANS GO OVERSEAS WHILE FRENCH GO ABROAD. DOES IT REALLY MATTER WHEN THEY DON'T FEAR EXPATRIATION ANYMORE?

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## ABSTRACT

*One of the main obstacles impeding people to experience life in other countries is fear. As far as expatriation will be perceived as an unsure adventure, Study Abroad Offices and teachers will hardly persuade individuals to go to foreign environments. Therefore, the purpose of this paper is to provide a method called UbiExpat, which was tested with American and French students, and consists of two main parts: the first step is persuading targeted individuals about the benefits of expatriation both for themselves and for their careers by using internal marketing tools, and the second one preparing them to face new life in a foreign country.*

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## INTRODUCTION

Because they fear the unknown, students and practitioners hesitate or reject the idea of experiencing life in a new cultural environment. This is a main concern to Study Abroad Offices that should persuade and prepare students to go through an international experience. Although the benefits of studies abroad as creating cross-cultural awareness, developing maturity and self-confidence are known, students can still be reluctant because they do not feel prepared enough to face this kind of "adventure". As far as expatriation will be perceived as an adventure, Study Abroad Offices and teachers will hardly persuade individuals to go to foreign environments. Thus, their role is to demonstrate that unlike an adventure, spending time abroad is about career planning as with the advent of globalisation, the number and extent of people crossing international borders has dramatically increased. Much of the research on expatriation is concerned by expatriates' adaptation to the host culture, but there is a lack of conceptual and practical work at the methodological level of programs designed to prepare for expatriation. Therefore, the purpose of this paper is to provide a new method called UbiExpat which consists of two main parts: the first step is persuading targeted individuals about the benefits of expatriation both for themselves and for their careers. The second step is actually preparing them to face new life in a foreign country. Therefore, we first applied internal marketing techniques to persuade students about expatriation and then prepared them to live abroad.

## EXPATRIATES

Wherever and whenever the term expatriate was originated, the notion has been existing for thousands of years, as it was defined as someone who lived and worked overseas (McCall and

Hollenbeck, 2002). When a person moves to another culture, the problem is not the difficulty inherent to the host culture, but the difficulty linked to the difference between home and host countries. When first examining adjustment among expatriates, researchers focused on obvious aspects such as food, weather and daily customs, but more recently, authors added other related dimensions that are adjustment to the job, interacting with host-country individuals and to the general nonworking environment (Stroh et al, 2005). So far, programs preparing for expatriation have focused on the host country. One or two days seminars introduce the host country to the future expatriate and sometimes to their families. In this short period of time, they receive information about the culture, the day to day life and the business etiquette. It is much more a Do's and Don'ts presentation than a real preparation. By using this type of superficial approach, programs very frequently relay on stereotypes and self experience, because native people are invited to talk about their country, as well as returning expatriates. As a result, future expatriates beliefs about life in the host country are built based on those subjective and personal perceptions. Most of students even don't have any preparation at all. They should search for information by themselves and get ready to go, waiting to know more about the host country during the orientation seminar provided by the host university. Some universities establish tutorial sessions during which situations students will probably be facing abroad are evoked and, here again, no scientific tools are used, the main topic being administrative issues, as visas, passports, insurances, etc.

## INTERNAL MARKETING

Internal marketing can be described as the application of marketing techniques to audiences

within an institution (Palmer, 2001). As conceptualized by Varey and Lewis (1999), internal marketing sells “products” and ideas to internal consumers by using the same set of external marketing techniques. In the particular case of this study, the product was expatriation and the promotion was done within the University. Because expatriation also deals with recruiting, training and rewarding, Study Abroad Offices should first recruit students potentially skilled to cope with a new environment and uncertainty, and also analyze their deep and real motivations to go abroad. Indeed, the existing literature indicates that although cross-cultural adaptability should play a role in the recruitment of expatriates, in practice, insufficient attention is given to this capability (Jacob, 2003). The following stage is preparing them with appropriate methods, UbiExpat being an example of them and rewarding students that accomplish their assignments abroad by, for example, providing additional credits.

### CULTURAL SHOCK

Accordingly, those programs do not really prepare expatriates to face cultural shock. As Martin and Chaney (2006) underline, we like things we are accustomed to having them. The individual has a set of values established for several years, when suddenly he/she must accept a different one. According to Lewis (2006), “our precious values and unshakeable core beliefs take a battering when we venture abroad”. However, the way each individual copes with cultural shock is different. What many researchers have called the U-curve of cross cultural adjustment (Black and Mendenhall, 1991 in: Goldsmith et al, 2003), states four stages, which are hereby illustrated by a French student’s experience in the United States:

Honeymoon stage (excitement with novelty): *When arriving in Lawrence, Kansas, I got excited with all the foreign aspects around me. The campus was so big, and Americans are friendly and relaxed.*

Culture shock stage (uncomfortable feeling): *Classes and teaching methods are so different. There is so much work to do after the classes. Moreover, when we enter the classroom, nobody says “hello”. No teacher or students came to me. During three months I struggled to stand out of the group to have people noticing me.*

Adjustment stage (gradual new culture acceptance): *When final exams arrived, I was less anxious, there were less stress, and I knew where to buy the things I needed. I had understood how important basketball could be there and felt comfortable with people I met frequently.*

Mastery stage (ability to live in the new environment): *When I was really feeling at home, I was sad when classes were over and I felt a kind of nostalgia when I should leave the campus. Then I*

*moved to California and I should start adjusting again, as I figured out that this was still another cultural environment.*

### RESEARCH DESIGN

Based on what was stated above, we conducted a research with American and French expatriates which main purpose was to identify their feelings when experiencing expatriation. According to our research question, we believe that the more expatriates are aware of their own culture and the better they manage cultural decoding tools, the easier they will bypass the cultural shock. Based on the previous discussion we stated research questions as an exploratory step to examine the importance of a scientific procedure in preparation for expatriation programs. Our aim was to understand in which measure tools based on models largely used in scientific research as those stated by Hofstede, Trompenaars and Hampden-Turner, and Hall among others could better prepare students to successful expatriation. Our reading was based on the textual data from verbatim transcripts of depth interviews (Thompson and Tambyah, 1999). Therefore, and based in our own experience as expatriate and as instructor, we created a method called UbiExpat which is a universal, tailored made method used to prepare both students and professionals for expatriation. Unlike the previously evoked types of programs, our goal was not to tell future expatriates what the host culture is like, but to develop their intercultural skills. Hofstede (1991) defined **power distance** as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This author also stated that **individualism** is the degree to which individuals are integrated into groups and **masculinity** as a concept referring to competitive and assertive values, while **uncertainty avoidance** is the tolerance for uncertainty and ambiguity. Trompenaars and Hampden-Turner (2006) defined seven cultural dimensions: **universalism versus particularism**, the first one being the application of the same rules to all individuals and situations; **individualism versus communitarianism**, as a way of expressing if the individual or the group are more important; **neutral versus emotional**, as being the extent in which expressing emotions can be acceptable; **specific and diffuse**, when the whole person is (or is not) involved in business and personal relationship; **achievement versus ascription**, achievement meaning that individuals are judged on what they have accomplished; **attitudes to time** when measuring if the past is more important than the future; **attitudes to the environment** measures if nature is more powerful than individuals. Finally, Hall (1960) suggested the concept of **high and low cultural contexts**, stating

that, in high ones, less information is contained in the verbal part of the message.

### OBJECTIVES AND METHOD

In the particular case of this research, marketing tools applied to students focused on the positioning of the offer which was formulated as being a career development and a way to stand out of the average students and practitioners. The product was a semester in a host university, which was presented as being a valuable life experience and was promoted by using flyers and events addressed to both students and parents, in which videos, photos, food and testimonies were presented. Our research aimed at collecting deep-

rooted answers from participants by using projective techniques in depth interviews. We first collected information by narratives from expatriates who didn't follow UbiExpat preparation before going abroad. We then presented those verbatims to American and French expatriates that were prepared with UbiExpat towards which they should express agreement or disagreement and explain the reasons why they agreed or disagreed with the presented statements. The sample was composed by 17 American students going to France and 17 French students going to the United States for one semester. All participants were interviewed in the host country, during expatriation. Americans and French differ in cultural dimensions as described below:

Cultural Dimensions	Americans	French
<b>Hofstede</b>		
• Power distance	-	+
• Uncertainty avoidance	-	+
• Masculinity	+	-
• Individualism	+	-
<b>Trompenaars and Hampden-Turner</b>		
• Universalism	+	-
• Individualism	+	-
• Affectivity	-	+
• Specific	+	-
• Ascription	-	+
• Long term orientation	-	+
• Nature control	-	+
<b>Hall</b>		
• Cultural context	Lower	Higher

Information in the above table demonstrates that American and French cultures differ in all dimensions. Thereby, we could expect that participants' feelings towards expatriation and contact with other cultures would also differ. Moreover, geographical settings of both countries allow assuming that because French individuals are used to cross borders while Americans are more

used to cross states French expatriates would have more developed cultural sensitivity than Americans.

### RESULTS

Results obtained in this research are presented hereafter. We first display the statements presented to the participants and then present the agreement and disagreement scores of each country with some verbatims that explain their feelings and beliefs.

**Table 1. Positive Feelings**

*When I first arrived in my host country I was so excited. Everything was new. Everybody was unknown. I felt like a child figuring out a whole new world. It was **wonderful!***

Americans				French			
Agree	94%	Disagree	6%	Agree	93%	Disagree	7%
It was a whole new experience.		You need time to adjust.		I like to discover and make my opinion about other cultures.		It can be tricky, because you know that everything won't be wonderful.	
The first few days were exciting.				Arriving in a new country is like an adventure.		I was too tired to enjoy.	
Everything was fun.				I love exploring new places and new cultures.			
I felt well prepared for the different culture.				It is true, cultural shock starts later.			
It is like starting a new beginning.				You're like a star when you just arrive.			
I knew this was going to be the time of my life.							

**Table 2. Negative Feelings**

*When I first arrived in my host country I was anxious. Everything was different. Everybody was unknown. I felt as a lonely child looking for something I was familiar with. It was **awful!***

Americans		French	
<b>Agree</b> 29%	<b>Disagree</b> 71%	<b>Agree</b> 13%	<b>Disagree</b> 87%
I get anxious when I am in unknown situations. I felt like that for few days. I was homesick and worried I wouldn't fit in.	Going to the unknown is exciting. I like to explore new things, without the shelter of my parents. If something is unfamiliar, then I make it my own. I embraced difference.	Not really awful, but you do feel lost and anxious at the beginning. You need time to adapt.	Difference is exciting. I was prepared to experience culture shock when arriving here. I was looking for something new. If you only focus on your fears, you can't feel good. It is like failing your experience abroad.

**Table 3. Enriching Feelings**

*The problem with living abroad is that you never know how to behave. You're always afraid of doing what you should not do. It is an **enriching** experience to always be attentive to what you do.*

Americans		French	
<b>Agree</b> 71%	<b>Disagree</b> 29%	<b>Agree</b> 100%	<b>Disagree</b> -
I have learnt a lot about myself and the way I behave. I learned other ways of living. This experience has really taught me a lot about culture. I felt prepared for differences in culture and I think respect translates no matter what. You can go everywhere if you're polite. I mirror the people around me. It is fun to learn new things.	There are norms that should be followed, but as Americans, we inherently stand out and don't really care that much about it. I am happy to go back home to be me.	You should be aware of the differences and try to adjust yourself. If you show interest in the culture, people will forgive you. With globalisation, there are more chances that you come across people from other cultures. This encourages you to learn more about the local culture and country. Knowing about other cultures is knowing about life. There is a step that takes 2 or 3 months during which you learn how to behave the local way. You should be ready before going and then you just adapt.	

**Table 4. Frustrating Feelings**

*The problem with living abroad is that you never know how to behave. You're always afraid of doing something wrong. Then, you think that you always go wrong and you stop trying to adjust. It is such a **frustrating** experience to always be attentive to what you do.*

Americans		French	
Agree 24%	Disagree 76%	Agree 34%	Disagree 66%
It takes some time to create a routine. I am afraid of making mistakes, but I'll keep trying.	I am the one that should adjust. I don't feel pressured to always do the right thing. I didn't stop trying, but I feel less concerned that at the beginning. Different doesn't mean bad.	If you don't manage your culture shock, you might feel like that. Sometimes you just want to act as you have been always used to.	You may feel like that, but take it as a challenge. You should be concerned of not shocking locals. Accepting to go abroad, means adapting yourself to your new home. You should always be yourself, but respecting the local habits.

**Table 5. Loneliness Feelings**

*The problem was that I couldn't speak the language properly, thus I felt as being rejected as I couldn't understand the jokes or tell what I really wanted. People thought that I was a dull and silly person. I felt like being a **baby** among adults with the difference that those adults didn't care about me.*

Americans		French	
Agree 41%	Disagree 59%	Agree 26%	Disagree 74%
I thought they were making fun of me. When I focus on my own differences as an American I feel more rejected. Then I look for similar values. I spent 45 min in a store looking for something because no one would take the time to help me. They can be very nice and helpful or very rude and make you feel unwanted and dumb.	I don't feel like that. It never happened to me. I ask natives to help me. Even if I don't understand what is said, I can always pick up on the non verbal communication of those around me. Sometimes I feel dumb because of the language, but not being rejected.	Sometimes you understand what people say, but you can't see what makes them laugh. It is true, but then I ask them to translate and laugh with them.	I feel that I am better than them because and can speak more languages. When you're well prepared, you can see straight away what the culture is. They even say that my accent is cute!

**Table 6. Coldness Feelings**

*I was so shocked by their **coldness**. I thought that those people don't care about friends and family. I was suffering a lot because of the distance and feeling alone without my beloved ones. But they, they never get together. They live by themselves and for themselves. They are completely hermetic. You'll never work out to be part of their group. It is impossible to build any personal relationship in that country.*

Americans		French	
Agree	24%	Disagree	76%
When I smile at strangers, they don't smile back. They just prefer to stick with who they know. Some people seem to be more distant. I've never been invited to house.	People have been nice to me. People are welcoming, once you break the ice.	I often felt isolated at the beginning. At the beginning, they seemed to be quite distant, but I went first to meet them and now I have lots of friends.	Some countries require more time to be accepted in the group. People are very friendly here. People are more welcoming here than in my own country. You should not expect relationships might be like in your country.

**Table 7. Invading Feelings**

*I was so shocked by their way of **invading** my private life. They always asked me about my friends and my family, my preferences, my habits. They invited me to go to their houses, but I'm not used to go to peoples' houses unless I know them well. There were so many people and they were kissing and hugging me, and asking me about my private life. It was really embarrassing. Then they wanted to borrow my things and organize parties in my place. I had a hard time.*

Americans		French	
Agree	18%	Disagree	82%
Sometimes they are too forward with their touching and kissing. Their conversation is convenient, but I'm not comfortable with their kissing.	This has not happened to me. This would be truer for a French person in the US. I don't mind sharing about my personal life. French are not invasive. The French are more private than Americans, but not cold and distant. This would never happen in France.	I was surprised to be invited to a classmate's sister wedding. This would never happen in France! The teacher invited us to have a beer together.	This is more in my culture than here. It is funny to see people you don't know greeting you on the streets. Questions about my private life were appropriate. It is easier to make friends here.

At the end of the experiment, participants from both nationalities were asked to provide free comments about what was of concern when going abroad, as follows:

**From American participants:**

*If one is too afraid to fit in or make the attempt, then he or she will never open up to and adjust to other cultures. It seems like people on the street are cold and unattached, but when they greet each other, they kiss; it's strange. It can be frustrating at times, but it is also a humble experience to see different cultures and be more aware that yours is not the only one that exists.*

**From French participants:**

*Adaptation is important during the whole life, as things always change. Adapting is not doing like locals, but understanding their culture before going and adapting yourself when you are there. Cultural*

*differences are enriching if you keep trying to understand them.*

**DISCUSSION AND IMPLICATIONS**

Despite the cultural differences between the two countries studied in this research, we could observe that participants' feelings are very similar regarding the importance and richness of their experience. When well prepared, they feel more confident and comfortable with unknown situations and cultural differences, and are able to understand and look for solutions, without letting homesickness and crisis be rooted. It also seems that Americans having less experienced travelling abroad, are more often surprised with ambiguous situations, as for example, not smiling but kissing, or not being helpful in a store. This can probably be explained by the fact that European countries being smaller and closer, people are more used to travel

across countries and thus, across cultures. We can also illustrate this difference by the fact that in America the expression often used for expatriation is *going overseas*, while in Europe it is *going abroad*. What seems to be definitely relevant is evidence demonstrating that appropriate preparation before expatriation is paramount. Participants spontaneously stated that they felt well prepared and thus were able to cope with several new situations, and that having a good understanding of cultural differences makes them feel less frustrated. In addition, they appreciated the fact that both the preparation and the expatriation itself allowed them to better understand their own culture, as well.

### THE UBIEXPAT METHOD

The preparation is done in groups composed of students going to different destinations. By using examples of situations in different cultures, we ask them to cross analyze those situations, by using the provided tools. Parents are also involved in the program as they also should develop cultural sensitivity if they want to be of some help to their children. The first step is getting to know their own culture. Using the cultural concepts stated by the evoked authors, students build cultural sensitivity by comparing home and host cultures on the basis of those dimensions. They then apply those differences to day to day situations and create their own cultural decoding grid, and own Do's and Don'ts framework.

### MANAGERIAL IMPLICATIONS

Preparing students to better cope with cultural differences is of great relevancy as they will be future managers. As far as business cross borders, current students will be global managers charged with sorting out massive input on various levels and making sense of it for their constituents because their environment will be more globally complex (Dalton et al., 2002). The UbiExpat method will prove useful if it helps expatriates, whether they are students or practitioners, in choosing to live abroad because they know that this experience makes sense. The main goal of this method is to help them to make legitimate choices and replace fear with cultural sensitivity.

### LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Although the method we presented in this paper is rooted in actual experience and conceptual models, it was pre-tested in a very restricted sample. Few respondents from only two countries are not enough to validate a brand new method. In addition, despite the fact that we believe in the added value provided by the use of a universal

method, it should be applied to a larger number of cultures in order to validate its universalism. Finally, students participating in this research were already inclined to experience one semester abroad and were naturally receptive to our marketing approach.

### CONCLUSION

The challenge of the management of expatriates and repatriates has never been more timely or urgent. In spite of the fact that globalization has forced expatriation in different levels, many individuals are still hesitant to venture abroad because they fear the unknown. Today and tomorrow executives must have a set of capabilities that allow them to successfully manage the complex challenges that attend the global business environment. Finally, evidence from this research demonstrated that cultural differences are less salient when expatriates are prepared with a universal method.

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# EXPANSION OF THE EURO AREA: SOME MARKETING LESSONS FROM ACTIVITIES OF THE EUROPEAN CENTRAL BANK

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## ABSTRACT

*The formal launch of the “euro-area” with 11 countries in 1999 received considerable attention, but less publicity has been given a string of new countries which have entered Euroland. This paper reviews five marketing roles of the European Central Bank (ECB) in facilitating euro-area expansion into central/ southern Europe.*

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## INTRODUCTION

The formal launch of the “euro-area” in the start of 1999 received considerable attention in the business and popular press, and its success during the first 10 years has defied the predictions of pessimists. Less publicity has been given to how the eleven original euro members (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain) from within the European Union (EU) are being joined in the Economic and Monetary Union (EMU) by a string of new countries. This paper reviews five marketing roles of the European Central Bank (ECB) in facilitating this euro-area expansion into countries of central/southern Europe that are adopting the euro as their currency and accepting the monetary policy of the ECB. Some conclusions are then ventured for multinational firms targeting this evolving Euroland.

## The EURO-AREA IN THE LITERATURE

As Holden (2000) summarized, U.S. economists, concerned about optimum currency areas, tended to dominate the 1990’s with their pessimism about the probability of euro success. However, a comprehensive report by the Organization for Economic Cooperation and Development (2000) was one of many contributors that presented a favorable outlook from Europeans. Many of the latter observers could see decades of success in endeavors by EU officials in expanding EU frontiers, opening formerly protected sectors, and building political consensus about moving ahead with monetary union (Historical Context 2008). And after the historic and irrevocable fixing of exchange-rates among the eleven original euro members at the end of 1998, the launch of a fiduciary euro at the start of 1999, and the simultaneous introduction of a single monetary

policy for the eleven, there was a further reason for optimism.

From the first (Executive Summary 1999), it was clear that the new ECB was acutely aware of its responsibilities to oversee this historical transition. This would include mounting a marketing campaign to guarantee success for the nascent EMU. While a diversity of assessments of the Euro area within the EU continue (e.g., Cihak and Fonteyne 2008; Fit at 50? 2007; In the Nick of Time 2008), the ECB has generated a vast literature during 1998-2008 through articles in its monthly bulletin, its annual reports, its special editions, its working paper series, its research bulletins, and its testimony and speeches by ECB officers before official and private sector bodies.

## EURO-AREA EXPANSION

The establishment of an effective ECB in June 1998 was an essential ingredient to the success of the euro-area with its imminent adoption of one currency for EU countries that qualified for membership and elected to participate. Its role in implementing and overseeing the formal creation at the start of 1999 followed the determination of the European Council in May 1998 that 14 countries fulfilled the “convergence criteria” established for entry. When 11 elected to participate, the process would be carefully monitored by the EU Commission, EU finance and economic ministers, national parliaments, the European parliament, and the global business community.

By the 50th anniversary of the Treaty of Rome, which established the European Economic Community of Six, the expansion of that EU integration movement to 27 countries and the euro-area to 15 countries is applauded nearly everywhere.

This paper singles out five international marketing activities of the ECB in the expansion process of the

euro-area. For Greece (2001), Slovenia (2007), Cyprus and Malta (2008), and Slovakia (2009) have now fulfilled the Maastricht Treaty commitment to achieve “convergence” in price stability, debt, public sector deficits, and currency management and have received a go-ahead from EU institutions to join the original eleven euro-members.

Overall, there has been considerable research done since 11 of the 15 western European EU countries formed Euroland in 1998, and the ECB has been in the forefront of bringing the “convergence” theme to all new EU candidates early in the entry-negotiation process. The following five marketing activities are heavily emphasized by ECB in order to bring realism to governments of central/southern Europe seeking EU entry. For after joining the EU, national authorities must undertake sustained actions on several fronts in order to meet the eventual obligation to qualify for EMU.

### **Preparing Candidates for the Macroeconomic Aspects of EU Entry**

An early ECB annual report (The EU Accession Process 2002) provided a summary of successful macroeconomic obligations that remain in place through the decade. But bringing inflation down to a small differential with the Euroland average involves difficulties for EU candidates, especially given the often inflationary impact of a formerly controlled economy implementing price liberalization and privatization. Selecting an exchange-rate strategy requires each candidate country to focus on the euro as the reference for pegging or managing the float of their currency. Achieving economic growth, while seeking real convergence with the average per capita income of Euroland members, involves a long-term commitment to stabilization, given that some candidates started with a gap of as much as 80%. Assuring existence of a well-capitalized and sound banking sector is a necessity for both economic growth and for transmission of monetary policy. Liberalizing the country’s international capital account is an obligation of all EU nations, but can be complicated when new members experience possible shocks from short-term capital flows.

In sum, the ECB does not apologize for being the foremost apostle for assuring that EU candidates understand conditions for macroeconomic stability and so design fiscal and monetary policies compatible with the need to qualify for EMU.

### **Generating Research and Advice for Managing the Transition**

The ECB’s research output is prodigious and ongoing in terms of facilitating the transition from EU membership to EMU pre-entry. Among the most frequent articles in monthly bulletins are those that focus on the rationale and responsibilities of the ECB, financial developments and innovation within a monetary union, recommendations for labor and product market improvements, fiscal challenges for euro members within the Stability and Growth Pact, activity in key sectors within the euro area, and other details about integration within a common currency union.

The occasional paper series and working paper series provide insight into more esoteric issues affecting Euroland. But this research alerts the monetary authorities in ascension countries to the capacity of ECB staff to study issues that will affect a particular country or sector, including those nations that are still not ready to seek EMU entry. It is also notable that ECB officers and staff conduct seminars in various venues (including in the candidate countries) to familiarize all parties about the process.

### **Delineating the Interaction of Fiscal and Monetary Policy within EMU**

A long article (One Monetary Policy and Many Fiscal Policies: Ensuring a Smooth Functioning of EMU 2008) provides a reiteration of how the ECB expects the euro-area to function amid an institutional framework of a single (supranational) monetary policy and its decentralized implementation via the national central banks. The intention is for all governments to recognize that euro membership will take away the option of using interest-rate and exchange-rate options to facilitate structural adjustments in labor, product, or international markets. And above all, EMU monetary policy will focus solely upon maintenance of price stability.

At the same time, fiscal policies at the national level are notionally independent, but the “convergence” criteria regarding levels of budget deficits limit the flexibility of fiscal stimulus. Not surprisingly, the revision of the Stability and Growth Pact to accommodate special circumstances is a topic of considerable attention by the ECB.

### **Documenting the Progress along the Formal EMU Entry Path**

The decision of EU countries to apply formally for Euroland membership includes accepting the national currency’s formal entry into the Exchange Rate

Mechanism (ERM II). This major step typically comes after years of close interaction between the candidate's monetary authorities and the ECB staff and officers. Once in ERM II, the country is monitored closely as it maintains its currency in a band of plus or minus 15% around a chosen rate, or if it elects to revalue/devalue based upon changes in competitiveness or other circumstances.

ECB carefully documents and publishes this currency effort of countries that elect to enter ERM II. There is a simultaneous need to assess success of the engineering of convergence parameters and to assure that national authorities have mastered the coordination between their national central bank and ECB. For this transition to be fully monitored there is a minimum stay of two years in ERM, with sustainability of key variables of prime importance.

### **Welcoming a New Member of Euroland**

When a government meets such initiation rites and elects to prepare a formal request to join Euroland, there is action from a number of EU bodies. At a minimum, the EU Commission, the ECOFIN ministers, and ECB must prepare reports assessing the convergence performance, the capacity of national institutions, and the conversion rate for entry. Meanwhile, educational information regarding the changeover to euros must be readied for households, businesses, and official sectors within the successful candidate.

If the multinational EU institutions judge the country ready, ECB negotiates a schedule for the conversion date and publicizes the changeover details. Typically, this notification anticipates "e-day" by some six months in order for financial institutions, retailers, other businesses, and households to prepare for conversion. Once again, ECB expertise is available for the new member during this transition to an irrevocable change in its status (e.g., Entry of Greece to the Euro Area 2001; Entry of Slovenia into the Euro Area 2007; Entry of Cyprus and Malta into the Euro Area 2008).

### **SOME IMPLICATIONS**

The euro-area has expanded from 11 members in 1999 to 15 members by 2008, with Slovakia entering on January 1, 2009 (The Introduction of the Euro in Slovakia on 1 January 2009 [2008]). Greece, Cyprus, Malta, and Slovenia have been through the process with remarkably little stress, and the single currency idea has thereby gained a cachet for countries that were isolated economically from the EU for decades.

Amid the swirling global financial uneasiness of 2008-09, it is evident that euroland members (both in western and central Europe) are somewhat shielded

from currency and external-account stresses (e.g., Fleming 2009). For example, it is clear from ERM II activities that the Baltic countries are eager to be in the next wave and that the process will not stop there. While the recent (2007) ascension to the EU of Romania and Bulgaria means an EU of 27 nations, these two are still considerably distant in terms of even considering Euroland. But the 10 nations that joined the EU in 2004 are all committed to entering the ERM II stage by the end of the decade (with four already in the euro-area as of January 2009).

International businesses looking at a Euroland of perhaps 20 countries by 2012 (with the U.K. and Denmark likely to continue their "opt-out" isolation) can thus anticipate even greater demand for use of the euro in international transactions. Moreover, it is reasonable to expect that businesses within many EU countries will undoubtedly find it convenient to continue a process of targeting euro customers, winning market share at the expense of non-euro suppliers.

And on a practical level, pricing comparisons are also being made easier for ever larger numbers of households, from selecting vacation sites to buying cars. The geographical and competitive diversity of a Euroland of perhaps 20 countries within the foreseeable future is truly formidable, much as a dollar-denominated country of 50 states has long demonstrated.

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# **PROMOTING COUNTRY INVESTMENT WHILE NATION BRANDING: INVESTMENT PROMOTION AGENCIES IN CYBERSPACE**

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## **ABSTRACT**

The authors study what several investment promotion agencies (IPAs) from countries in different regions of the world have done in to attract investment and to brand their countries. Using content analysis, the authors appraise and contrast the communication and positioning tactics in the selected IPAs' main pages, focusing on the value-added and purpose of the websites, and the effect that cultural dimensions may have on the implementation of these tactics.

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# DO CONSUMERS GET IT RIGHT WITH COUNTRY OF ORIGIN? AN INITIAL INVESTIGATION

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## ABSTRACT

This paper explores an under-reported topic in the country-of-origin (COO) literature: the relationship between COO and brand familiarity. The paper reports findings on 31 global brands and the varying degrees of consumer familiarity with those brands. Global brand familiarity was essentially bi-modal with brand familiarity clustering into two groups: The Universally Familiar and The Largely Unknowns. When the Universally Familiar global brands were evaluated for COO accuracy, however, there was significant COO misattribution. The paper discusses the marketing strategy implications of COO misattribution in very familiar global brands.

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## INTRODUCTION

Country of origin (COO) is a very well-researched international marketing topic. Research has ranged from the study of how specific marketing constructs interact with COO to influence consumer decision making to meta-analyses of the extensive COO literature (Liefeld, 1993; Ozsomer & Cavusgil, 1991; Peterson & Jolibert 1995) to comprehensive COO model building (Pharr, 2005). Country of origin has been explored at both product category and brand levels (Lampert & Jaffe, 1998). When brands were analyzed, most research to date has explored COO as an independent variable influencing specific brand choice. The research reported here reverses these study designs. In this study, brand familiarity is used as the independent variable to determine the accuracy of country of origin identification, now the dependent variable.

### Country-of-Origin

Country of origin (COO) has been extensively studied and, in the judgment of Ahmed and d'Astous (2008), is "now a mature research topic" (p.79). In mid-1997, Heslop, Papadopoulos and Bourke (1998) estimated that there were over 300 COO-related studies. By the time Pharr (2005) conducted her extensive literature review, the COO literature had increased to well over 700 studies. Country of origin has been researched in terms of brand image, brand name, consumer levels of involvement, country stereotypes, quality/price relationships, and differentiation (if possible) between country-of-assembly, country-of-parts and country-of-design. COO also has been studied in developing countries

(Bilkey & Nes, 1982.; Lee, Yun & Lee, 2005; Speece & Nguyen, 2005). Additionally, scholars have variously tried to understand how COO effects perceived product value (Cervino, Sanchez & Cubillo, 2005; Hui & Zhou, 2002); brand image and brand equity (Lin & Kao, 2004; Pappu, Quester & Cooksey, 2007) and how Hofstede's work on culture influences COO evaluation. Empirical research also has identified consistent consumer preferences for domestic rather than foreign products, which has been variously termed "consumer ethnocentrism" (Shimp and Sharma, 1987, p. 280) and "domestic country bias" (Balabanis and Diamantopoulos, 2004, p. 80).

Recently, another stream of research has explored the accuracy of consumer COO attribution. Samiee, Shimp, and Sharma (2005) found that (a) consumers varied in their accurate recognition of a brand's true country of origin, and (b) respondents inferred country of origin by associating the brand name with a language thought to be representative of a specific country. They postulated a new construct called "brand origin recognition accuracy." AndersonAnalytics (2007) extended Samiee et al.'s findings. Their research used a sample of 1,000 college and university students enrolled in 375 different United States institutions of higher education and found that students often inaccurately identified the COO for well-known brands. For example, 53% of the sample thought Nokia to be a Japanese company rather than a Finnish one, and 48% of respondents identified Adidas' COO as the United States as opposed to Germany (Weiss, 2007). The research reported below is both a partial replication of the AndersonAnalytics (2007) study and an extension of it. This study explores how brand familiarity mediates the accuracy of consumer COO

identification – a new contribution to the COO literature.

### **Familiarity**

Familiarity as a construct has been most frequently researched in marketing as a variable mediating consumer information processing about products and brands. In reality, familiarity is a continuous variable, but most market research conceptualizes familiarity dichotomously. Josiassen, Lukas and Whitwell (2008) have suggested that this is a weakness in many studies.

Brand familiarity reflects “the extent of the consumer’s direct and indirect experiences with the brand” (Campbell & Keller, 2003) and directly affects consumer knowledge structures. Consumers who are familiar with a brand have more elaborate, sophisticated brand schemas stored in memory than consumers who are unfamiliar with the brand (Heckler & Childers, 1992; Kent & Allen, 1994; Low & Lamb, 2000). Research has demonstrated that brand familiarity yields more favorable brand evaluation (Janiszewski, 1993; Holden & Vanhuele, 1999). Increased brand familiarity means that consumers will process advertising messages quicker and with less effort because they already “know things” about the brand (Chattopadhyay, 1998).

Consumer familiarity with product categories and brands also influences COO evaluations. So far, this research is inconclusive. Lambert and Jaffe (1998) suggest that consumers already familiar with products from a country use COO marginally in forming brand judgments. Johannson (1998), in contrast, found consumers already familiar with a brand in a product category used COO more fully in their decision making. Phau and Suntornnond (2006) found that while COO does have an effect: “There are only weak associations between product dimensions and country of origin cues particularly for evaluations of unfamiliar brands” (p. 39). Most recently, Ahmed and d’Astous (2008) studied the effect that COO familiarity had on a wide variety of products, whose COOs were from 14 different nations. Ahmed and d’Astous (2008) concluded that for their sample of male consumers living in Canada, Morocco and Taiwan “familiarity has a significant and substantial impact on COO evaluations” (p. 96).

The research reported below builds on three research streams. First, similar to Ahmed and d’Astous (2008), familiarity was conceptualized as a continuous and not as a dichotomous variable. Second, as per Keller’s (2003) conceptualization that familiarity precedes evaluation, COO was the study’s dependent variable of interest. Third, and this research’s main

focus, is the exploration of what the paper authors call “country-of-origin recognition accuracy,” a more precise term we feel than consumer brand recognition accuracy (Samiee et al., 2005). Because familiarity and consumer knowledge structures are directly correlated (i.e., an increase in the former should lead to an increase in the latter), we hypothesize that increases in self-reported familiarity with a brand will lead to greater country-of-origin recognition accuracy.

### **STUDY DESIGN AND KEY FINDINGS**

An online questionnaire was developed to collect survey responses. The survey had three sections. Section I asked respondents to rate their familiarity with a series of global brands by using a four point scale that ranged from “not familiar at all [with the brand]” to “very familiar [with the brand].” Section II asked respondents to type in the country of origin for each of the brands. Respondents were told to write “Don’t know” when this represented their answer. Section III asked basic demographic questions: age, gender, highest education level, and home country. Home country was a fill-in-the-blank question. Thirty-one global brands were tested for both familiarity and COO recognition accuracy. Brands were selected using several criteria. First, some brands were selected to replicate the AndersonAnalytics (2007) study noted above; these are noted with an asterisk in Table 1. Second, we anticipate using this questionnaire to explore COO recognition accuracy with respondents living outside the United States. Well-known brands familiar to non-US consumers were thus included in anticipation of this next research phase. Brands from 13 countries whose countries-of-origin were spread across Europe, South Asia, East Asia, China and the United States were ultimately included (see Table 2). Finally, our knowledge of some brands’ global marketing strategy influenced inclusion. For example, the Chinese brands Haier and Lenovo are both targeting United States’ consumers. Similarly, Tesco, the large London-based grocery and merchandise firm, has stores in 13 countries outside the UK, including its American outlet “Fresh & Easy.”

A total of 258 individuals, residing in the U.S., took the survey. The mix of men to women was men at 39.4% and women at 60.6%. Almost six percent indicated they had completed high school, 32.1% had some college, 22.3% had a bachelor’s degree, 12.1% had a Master’s degree, and 3.3% had a doctorate. Thirty-one percent was between 16-25 years, 23.6% were between 26-35 years, 19% were between 36-45 years, 10.6% were between 46-50 years, and 15.3% were over 50 years.

Acer	Haier	* Motorola	Reliance
* Adidas	* Hyundai	Nivea	* Samsung
BenQ	* IKEA	* Nokia	Sony
Carrefour	Kappa	Orange	Tata
Danon/Dannone	L'Oreal	Panasonic	Tesco
Darbur	Lego	Philips	Titan
* Gucci	Lenovo	Puma	Vodaphone
H & M	* LG	Ranbaxy	

\* Also tested by AndersonAnalytics (2007)

Brand	Country of Origin	Brand	Country of Origin
Acer	Taiwan	Motorola	United States
Adidas	Germany	Nivea	Germany
BenQ	Taiwan	Nokia	Finland
Carrefour	France	Orange	Great Britain
Danon/Danone	France	Panasonic	Japan
Darbur	India	Philips	Netherlands
Gucci	Italy	Puma	Germany
H & M	Sweden	Ranbaxy	India
Haier	China	Reliance	India
Hyundai	Korea	Samsung	Korea
IKEA	Sweden	Sony	Japan
Kappa	Italy	Tata	India
L'Oreal	France	Tesco	Great Britain
Lego	Denmark	Titan	India
Lenovo	China	Vodaphone	Great Britain
LG	Korea		

Table 3 presents a rank ordering of all 31 brands tested based on self-reports of brand familiarity. Table 3 is sorted by column 1, the percentage of respondents who were “very familiar” with the brand. These brands can be divided roughly into two groups: Group I: The Relative Unknowns and Group II: The Universals.

**Group I: The Relative Unknowns** included: Orange, Acer, Kappa, Carrefour, Vodaphone, Haier, Reliance, Lenovo, Titan, Tesco, Tata, Darbur, BenQ, and Ranbaxy. Given that all respondents were from the United States, this finding is not surprising. Ranbaxy, Darbur and Carrefour are brands not marketed in the US. Tata, the Indian conglomerate, markets only its business consulting practice in the United States. It is not surprising, then, that respondents had not heard of Tata. Lenovo is the more interesting case. Eighty-three percent of the respondents said they had never heard of Lenovo while only 6.7% were “very familiar” with the brand. This is intriguing since Lenovo bought IBM’s laptop division in 2004 and advertised this transition extensively in the US media. Given the popularity of laptops, it is interesting to note the lack of brand name recognition. We note that this research was conducted

before the 2008 Beijing Olympics. Post-Olympic brand name recognition for Lenovo might be different.

Haier, Titan, Orange, Vodaphone, Kappa, Reliance and Acer received low familiarity scores and high “never heard of it” measures. These brands are a mix of telecommunications companies (Orange, Vodaphone) and consumer goods (Titan – watches, Haier – white goods, Kappa – clothing, and Reliance – retail stores, Acer -- computers). China has indicated that they would like to make Haier a flagship brand. Given that Haier’s mini-refrigerator is bought primarily by college students for their dorm rooms, progress seems to be slow on this branding effort.

**Group II. The Universals.** These are brands that the majority of respondents say they were “very familiar.” Sony, Adidas, Motorola, Panasonic, Lego, Samsung, IKEA, Hyundai, Nokia, Puma, L’Oreal, Phillips, Dannon/Danone, Gucci, Nivea, LG, and H & M all had combined “very familiar” and “somewhat familiar” scores over 50%. The four highest combined scores were Sony and Motorola (98%), Adidas (97%), and Panasonic (97%). Other combined scores included Nivea (84%), LG and Dannon/Danone (77%). H & M had the lowest combined score (57%).

It is hardly surprising that the ubiquity of cell phones (Nokia, Motorola), consumer electronics (Panasonic, Motorola, Samsung, Philips), automobiles (Hyundai), sporting goods (Puma, Adidas), toys (Lego), home furniture (IKEA), cosmetics (L'Oreal), appliances

(LG), and fashion items (Gucci, H & M)-- in tandem with their pervasive integrated marketing communication campaigns--makes these universally recognized/very familiar brands (See Table 3).

Brand	Very Familiar		Somewhat Familiar		Slightly Familiar		Never Heard Of It	
	%	Freq	%	Freq	%	Freq	%	Freq
Sony	92.9	236	5.9	15	1.2	3	0	0
Adidas	91.8	236	5.4	14	1.6	4	1.2	3
Motorola	88.6	225	9.4	24	1.6	4	.4	1
Panasonic	88.2	224	9.4	24	2.4	6	0	0
Lego	87.9	226	6.6	17	2.3	6	3.1	8
Samsung	84.6	215	12.2	31	3.1	8	0	0
IKEA	84.4	217	9.7	25	3.5	9	2.3	6
Hyundai	82.1	211	12.1	31	5.1	13	.8	2
Nokia	81.5	207	14.2	36	2.8	7	1.6	4
Puma	81.1	206	13.0	33	3.5	9	2.4	6
L'Oreal	74.7	192	12.8	33	8.2	21	4.3	11
Philips	74.4	189	16.1	41	6.7	17	2.8	7
Gucci	73.9	190	16.7	43	7.0	18	2.3	6
Nivea	64.2	163	20.5	52	9.1	23	6.3	16
Dannon/Danone	59.9	154	17.1	44	7.4	19	15.6	40
LG	56.7	144	20.9	53	8.3	21	14.2	36
H & M	40.1	103	17.1	44	9.3	24	33.5	86
Orange	16.9	43	4.7	12	12.6	32	65.7	167
Acer	13.6	35	13.2	34	21.0	54	52.1	134
Kappa	13.6	35	6.6	17	11.7	30	61.8	175
Carrefour	11.0	4.3	2.7	7	6.6	17	86.2	222
Vodaphone	8.7	22	10.2	26	11.8	30	63.9	176
Haier	8.6	22	8.2	21	10.1	26	73.2	188
Reliance	7.9	20	7.5	19	24.8	63	59.8	152
Lenovo	6.7	17	2.4	6	7.5	19	83.5	212
Titan	5.9	15	17.1	18	16.5	42	70.5	179
Tesco	5.1	13	3.9	10	9.4	24	81.5	207
Tata	3.1	8	2.8	7	5.5	14	88.6	225
Darbur	2.7	7	2.3	6	3.9	10	91.1	234
BenQ	1.2	3	1.2	3	2.3	6	93.5	245
Ranbaxy	.4	1	.8	2	5.1	13	97.3	238

Familiarity should correlate with country-of-origin recognition accuracy, which is our working hypothesis. Since Group II, Universals identify brands with the highest overall familiarity scores, these brands will be the focus of our discussion of COO recognition accuracy.

Table 4 shows the results for respondents who said they were "very familiar" with the brand and their ability to correctly assign the COO of that brand. Table 4 indicates that the brands most accurately identified in terms of its COO were

Sony(87%), followed by Gucci (73%), Motorola (63%), Panasonic (60%), L'Oreal ( 56%), IKEA ( 47%), and Hyundai (40%). Some distance behind was Puma (20%), Adidas (16%), LG (14%), Samsung (13%), Nokia (12%), H & M (12%), Lego (9%), Nivea (6%), and Phillips (3%).

**Table 4. Respondents Who Said They Were “Very Familiar” With the Brand And COO Accuracy**

Brand	Percent Correct Assigned COO	Base
Sony	87.4%	175
Gucci	73.1%	145
Motorola	63.9%	169
Panasonic	60.4%	164
L’Oreal	56.3%	142
IKEA	47.9%	165
Dannon/Danone	43.7%	103
Hyundai	40.7%	167
Puma	20%	145
Adidas	16%	175
LG	14.3%	98
Samsung	13.3%	166
Nokia	12.7%	157
H & M	12.1%	66
Lego	9.9%	162
Nivea	6.5%	107
Philips	3.7%	134

**Table 5. Comparison of AndersonAnalytics and Current Study Correct Assignment of COO**

Brand	% Correct Answers Anderson Analytics Report	% Correct Answers Current Study	% Correct Answers Current Study (H.S. through BA/BS)
Motorola	37.9	63.9	35.3
IKEA	31.2	47.9	25.8
Hyundai	24.5	40.7	19.0
Adidas	12.2	16	11.1
Samsung	9.8	13.3	4.7
LG	8.9	14.3	5.8
Lego	8.4	9.9	5.2
Nokia	4.4	12.7	5.4

Table 5 compares the results of this study with the results of the AndersonAnalytics concerning the correct identification of COO of brands comparable with both studies. A comparison of column 2 with column 3 indicates that for Motorola, IKEA, and Hyundai, the current study had significantly higher correct assignments. For Adidas, Samsung, LG, Lego, and Nokia, the correct assignment percentages were more comparable. One explanation for these differences was that the current study had an older, better educated group of respondents than the AndersonAnalytics study, which was comprised of only undergraduate U.S. students. More time in the marketplace may produce a more knowledgeable consumer. However, when one adjusts the current study’s sample (column 4 in Table 5) to mirror the AndersonAnalytics undergraduate sample, findings between the two studies converge.

Perhaps of more interest to readers is to deconstruct the inaccurate COO attributions. Table 6 presents these findings. Of the seventeen Universals, nine brands were most frequently misattributed to

being from the U.S.: Lego (62%), Phillips (53%), Adidas (43%), Dannon/Danone (40%), L’Oreal (34%), Nivea (38%), Puma (25%), Panasonic (24%), and IKEA (11%). Of the remaining eight brands, Japan was the most mentioned incorrect response for five brands: Samsung (64%), Nokia (54%), Hyundai (48%), LG (30%), and Motorola (23%). For Gucci, France was mentioned 14% of the time. For H & M it was Great Britain at 36% and for Sony, China was mentioned 8% of the time.

Table 7 shows the comparison between the AndersonAnalytics and the current study’s incorrect COO associations. Except for LG, there was agreement between the two studies as to the most frequently mentioned incorrect COO. The AndersonAnalytics undergraduate students perceived the COO for LG to be the U.S. while in the current study the perception was Japan. Table 8 shows a strong relationship between familiarity levels and correct COO identification rates. For Sony, Gucci, H & M, Motorola, Panasonic, L’Oreal, IKEA, Hyundai, and Dannon/Danone, there were very large

<b>Brand</b>	<b>First Mention</b>	<b>Second Mention</b>	<b>Third Mention</b>	<b>Base</b>
Adidas	U.S. (43%)	China (9%)	Japan (7%)	175
Dannon/Danone	U.S. (40%)	Denmark/Finland/Sweden (3%)		102
Gucci	France (14%)	U.S. (6%)	GB (3%)	146
H & M	GB (36%)	U.S. (21%)	Italy (9%)	66
Hyundai	Japan (48%)	China (4%)	U.S. (3%)	167
IKEA	U.S. (11%)	Japan (10%)	Holland (5%)	166
L’Oreal	U.S. (34%)	China/Italy (3%)	GB (1%)	142
Lego	U.S. (62%)	China (13%)	Japan (5%)	98
LG	Japan (30%)	U.S. (26%)	China (15%)	98
Motorola	Japan (23%)	China (9%)	Mexico (1%)	172
Nivea	U.S. (38%)	France (29%)	Japan/Sweden (6%)	106
Nokia	Japan (54%)	China (16%)	U.S. (9%)	157
Panasonic	U.S. (24%)	China (12%)	Germany/ Korea/Taiwan (1%)	165
Puma	U.S. (25%)	Italy (13%)	China (7%)	145
Philips	U.S. (53%)	Japan (24%)	China (8%) (3%)	133
Samsung	Japan (64%)	China (14%)	U.S. (5%)	166
Sony	China (8%)	U.S. (4%)	Korea (1%)	175

Note. Percentages are rounded off to the nearest whole percentage. The base upon which percentages were calculated was all correct and incorrect responses of COO with “don’t knows” removed.

<b>Brand</b>	<b>% Incorrectly Answered AndersonAnalytics</b>	<b>% Incorrectly Answered Current Study</b>
Motorola	42 (Japan)	23 (Japan)
IKEA	23 (U.S.)	11 (U.S.)
Hyundai	55 (Japan)	48 (Japan)
Adidas	48 (U.S.)	43 (U.S.)
Samsung	57 (Japan)	64 (Japan)
LG	41 (U.S.)	
Lego	61 (U.S.)	62 (U.S.)
Nokia	53 (Japan)	54 (Japan)

Note. Percentages rounded to the nearest percent.

differences between those who were “somewhat familiar” and “very familiar” correct identification rates compared with those who had “slightly heard of it” and “never heard of it.”

### **CONCLUSIONS**

Concerning AndersonAnalytics data, respondents in this study were more accurate in perceptions of COOs across all the comparison brands. As noted above, these respondents were substantially older than the respondents in the AndersonAnalytics study. Current study respondents, therefore, might be more sophisticated than the undergraduate sample used by AndersonAnalytics. Interestingly, the two samples were close on incorrect attributions. As noted above, stereotyping and the

idea that if a brand is sold in the U.S., it must be from U.S. can explain the similarities.

Table 4 raises some interesting questions about overall marketing strategy and the importance of COO as a strategic variable. Table 4 indicates increasing misattribution of COO for Panasonic, L’Oreal, IKEA, Dannon, Hyundai, Puma, Adidas and even Nokia. None of these brands are positioned in the US as being from a specific country. IKEA does not position itself as the *Swedish* brand that provides stylish furniture at moderate prices. Similarly, neither Dannon, Nokia nor the two German megabrands, Adidas and Puma, position themselves as being from one particular country. If the brand purposefully positions itself without COO attribution, why would consumers be expected to know the COO? COO becomes an extrinsic variable that is minimally relevant to consumer decision making. Perhaps

<b>Brand</b>	<b>“Somewhat &amp; Very Familiar” Correct COO Identification Rates (%)</b>	<b>“Never Heard of” &amp; “Slightly Familiar” Correct COO Identification Rates (%)</b>
Sony	86.6	.5
Gucci	68	6
H & M	68	6
Motorola	63.9	0
Panasonic	60.7	.5
L’Oreal	51.3	4.4
IKEA	44.6	1
Hyundai	38.7	1.5
Dannon	34	3.4
Puma	18.2	.5
Adidas	16	0
LG	13	0
Nokia	12.8	0
Samsung	12.5	0
Lego	9.6	0
Nivea	5.4	0
Philips	4.1	0

accurate COO attribution of the brands in Table 4 is a result of the eclectic, random collection of “facts” individuals gain throughout their lives than it is of firm-directed marketing strategy. Further, consumer decision making research thoroughly documents how consumers use heuristics to simplify decision making. Table 6 indicates that of the incorrect mentions for Group II.

The Universals, the U.S. was mentioned most (53% of the time). In marketing, perception is reality. As is often discussed, if it is marketed here, sold here, and positioned here, it must be from here. Given that all respondents were from the US, “here” equates with the United States. Of the remaining seven Universals, names that sound Japanese (Hyundai, Samsung and LG) must be from Japan. Gucci is high fashion and certainly France is a capital for fashion. H & M really does feel British. The name H & M, with its ampersand between its two letters, is very similar to Marks & Spencer. Stereotyping is well documented in the COO literature, and this may be occurring here as well.

While not statistically testable, the relationship between increasing brand familiarity and increasing COO recognition accuracy is strong in this study (Table 8). However, as noted above, varying degrees of inaccurate attribution also exist. Further research on the degree to which consumers get it “wrong” seems warranted.

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# A CRITICAL REVIEW OF IMPULSE PURCHASING AND ITS MEASUREMENT

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## ABSTRACT

*The unsolved issue of conceptualisation and measurement of impulse buying have prevented a clear understanding and resulting in inconsistent operationalisation of its construct. By synthesizing the major research streams and the individual studies, the present study thus provides directions for future studies of the dimensionality of impulse buying.*

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## INTRODUCTION

Impulse purchasing represents a substantial portion of retail industry sales, around 50% of annual shopping mall volume being generated by impulse buying of items from a broad range of product categories (Underhill 1999). Marketers have long recognised the significant value of impulse purchasing, and have provided ever-increasing opportunities for such immediate consumption in pursuit of competitive advantage. Such opportunities have, however, increased the rate of excessive spending, leaving consumers severely distressed and financially drained (Dittmar, 2001; Vohs and Faber 2007). Recent figures suggest that the ratio of household debt to disposable income is an all-time high and continues to climb in developed countries (Anon 2003). The conflicting nature of impulse buying thus makes it all the more imperative for consumer researchers to better understand this concept (Dittmar 2001; Vohs and Faber 2007).

Despite the number of studies undertaken, the concept of 'impulse buying' has often not been clearly defined. Indeed, Piron (1991) asserts that the phenomenon has become one of the most ambiguous concepts in the consumer behaviour and marketing literatures. Various definitions of impulse buying have been offered. One of the more commonly cited, and one of the most loose, is that proffered by Kollat and Willett (1967), who define impulse buying as unplanned purchasing characterised by a) relatively rapid decision-making, and b) a subjective bias in favour of immediate possession (Rook 1987; Rook and Gardner 1993; Rook and Hoch 1985). This rather narrow view presents impulse buying as unidimensional construct that can be measured simply by asking respondents to answer whether they have made an unplanned or non-intentional buy. It is an approach that ignores the psychology of buying and the emotional aspects of consumer choice. More recent work has argued that impulse buying is by

definition a multidimensional construct in which a variety of forces are at work (e.g. Dittmar et al. 1996; Hoch and Loewenstein 1991; Piron 1991; Puri 1996; Thaler and Shefrin 1981; Weinberg and Gottwald 1982; Youn and Faber 2000). This unresolved issue in the literature prevents a clear understanding of the concept and results in inconsistent operationalisation of the construct and its subsequent measurement.

Given this complexity, and the general lack of agreement among scholars over its conceptualisation, this paper therefore undertakes a systematic review of the literature in an attempt to determine: a) the major approaches used by scholars of impulse buying; and b) the methodological directions adopted and the identification of limitations.

## METHODS

### Inclusion and exclusion criteria

Non-clinical studies of impulsive, unplanned, self-control related and compulsive buying with the primary aim of preventing or encouraging impulse buying were included in the review, irrespective of their design, in order to review aspects of both the and its measurement in non-clinical populations, clinical work being deemed to be exploring constructs with quite different and less generalisable aetiologies. Articles that had been published in marketing, business and management, consumer research, psychology related marketing and economics journals were thus selected, those studies of a more ambiguous focus (for example financial monitoring and debt control) within such journals being omitted. Finally, conference papers, masters' and doctoral dissertations, textbooks and unpublished working papers were also excluded, published journals generally being regarded as possessing, the greater level of research quality (Nord and Nord 1995).

## Identification and data extraction of papers

The following online databases were searched: EBSCO, Jstor, Ingenta Journals, Emerald Fulltext, PSYCINFO (Psychological Abstracts) and SOCA (Sociological Abstracts) for the period from January 1960 to October 2008. The search strategy was limited to articles in English, based on the descriptors 'impulse buying', 'impulsiveness (impulsivity) and purchasing', 'impulsivity and consumer debts', "unplanned (unintentional) buying" and 'additive (compulsive) buying', which originally produces approximately 263 articles. The full text of each article was reviewed to eliminate those that were not actually related to impulse buying. The search yielded 88 impulse buying articles from 47 journals (see appendix 1).

The papers were downloaded into reference management software, the reference lists of all papers being verified manually. Each article was carefully reviewed and extracted onto standardised data collection forms by the first author, capturing: definition of impulse buying, underlying theoretical model, measurement, hypothesis, characteristics of participants, study design and study outcomes. 104 papers, comprising all papers included by the first author and a random sample of 16 excluded papers, were checked against inclusion and exclusion criteria by two reviewers (1<sup>st</sup> and 2<sup>nd</sup> authors). Any disagreements were resolved by discussion.

## RESULT AND FINDINGS

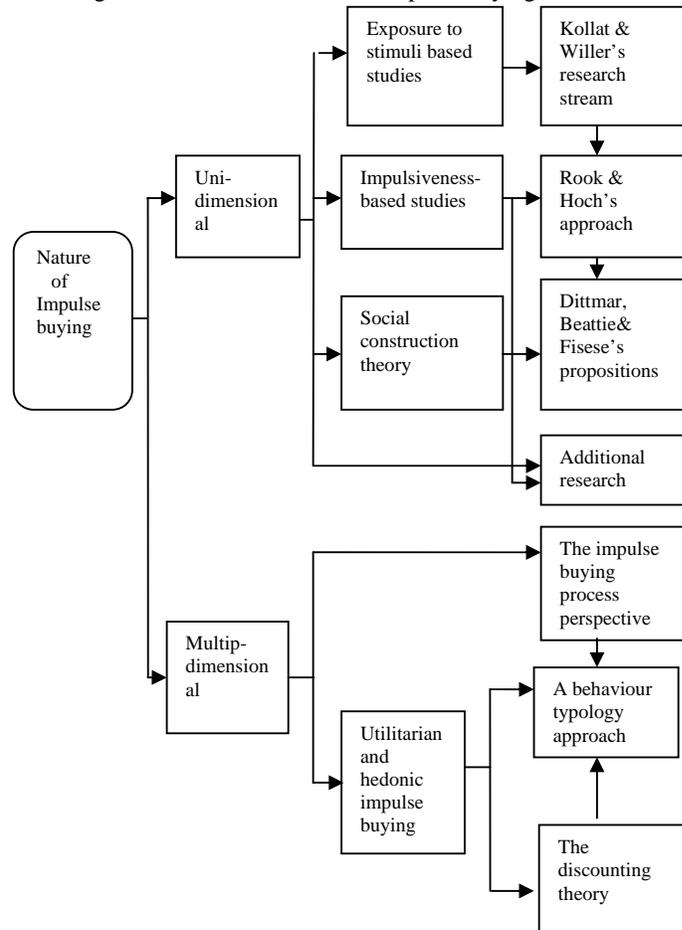
### Conceptual distinctions between unplanned, impulse and compulsive buying

In the marketing literature, the concept of impulse buying is often poorly differentiated from other related constructs – unplanned buying and compulsive buying. Some researchers have assumed that 'compulsive buying', 'unplanned buying' and 'impulse buying' are the same constructs and use such terms in their studies. As Billieux, Rochat, Rebetez, & Linden (2008) have pointed out, despite the extensive research on these constructs, the relationships among them remain largely unclear.

It is generally accepted that, unplanned buying is that in which the purchase made that was not premeditated prior to entering the store, which is a broad concept including any buying behaviour that occurs without prior intention (Park, Iyer, & Smith, 1989; Piron, 1993; Stern 1962). Unplanned buying evolves into impulse buying, when a consumer spontaneously and unreflectively desires to buy an item without thoughtful consideration of why and for what reason (Rook, 1987). It is thus a 'trade-off' between immediate benefits and a later high risk of sacrifice or long term big benefits; moreover, it implies an interaction between customer internal emotional

states and external environment stimuli (Piron, 1991; Puri, 1996). The consequence of impulse buying can be largely positive and/or less negative.

Figure 1: Research streams on impulse buying



Once impulse buying becomes repetitive and excessive to a critical level, the consumer is more likely to ignore any negative consequences and it is more likely the behaviour will develop into compulsive buying; a phenomenon associated with psychological stress and having potentially serious negative effect on a person's life (i.e. major debt) (Christenson et al. 1994; Evenden, 1999). Compared to impulse buying, compulsive buying is generally considered an inner drive-related act that is repetitively triggered by internal psychological tension and accompanied by relief and frustration. Compulsive buying is thus implicitly of an addictive nature (Valence et al. 1988) and is performed repeatedly despite negative consequences. It is thus apparent that impulsive, unplanned and compulsive buying are not the same concepts (DeSarbo and Edwards 1996), but are three potentially connected stages of a buying process. According to the Mowen and Spears (1999), impulsiveness towards buying is a strong predictor of compulsive buying. An

understanding of the process of impulse buying is, therefore, vitally importance.

### **Approaches to Impulse Buying**

An overview of the literature reveals two main research approaches to the operationalisation of impulse buying (see Figure 1). The first approach conceives impulse buying as a one-dimensional construct that can be measured via self-reported items that evaluate the consumer's buying impulsivity and/or unplanned buying (e.g., Donthu and Gilliland 1996; Mick 1996; Rook & Fisher, 1995; Verplanken et al. 2005; Weun et al. 1997). This perspective includes the possibility that this behaviour might be produced by the effects of multiple antecedents, but it does not include the view that impulse buying is an aggregate concept formed from several components. The second approach conceives impulse buying as a multi-dimensional construct that consist of several interrelated attributes or dimensions that form a holistic representation of a complex phenomenon (e.g., D'Antoni & Shenson, 1973; Dholakia, 2000; Hoch and Loewenstein 1991; Piron, 1991; Sharma and Sivakumaran 2004; Youn & Faber, 2000).

### **Uni-dimensional concepts of impulse buying**

This influential body of research represents the original approach to the study of impulse buying, conceived within a 'stimulus-response' perspective. In particular, it focuses on a utilitarian or hedonic oriented perspective whereby environmental stimuli, social, economic and cognitive reasoning are all used as catalysts to prompt an impulse purchase. There are four sub-streams in this approach: stimuli based, impulse-based, social construction based and additional studies.

First, exposure to stimuli based studies, typified by Kollat and Willett much-cited 1967 study, which lead a prolific research stream for over 50 years. Studies in this stream focus on the categorisation and analysis of environmental impulse cues and led to the initial conceptualisation of impulse buying as an immediate action response to a stimulus while in the store (Engel and Blackwell 1982; Nesbitt 1959; Stern 1962). According to this view, external cues (such as products, price, shelf location and store atmospherics, salesmanship, tie-ins) are the main catalysts which trigger and prompt a consumer's purchasing (Applebaum 1951; Cox 1964; Kotler 1974; Loudon and Della Bitta 1988; Prasad 1975; Wolman 1973). The studies thus have been focused on the identification of impulse product items and environmental stimulus categories, which have positive utilitarian effects on impulse buying.

In contrast to the stimuli-based stream, impulsiveness-based studies provided a conceptual structure that connects the consumer's emotional and

cognitive actions with impulse buying (Rook and Hoch, 1985). This approach posits that consumers vary in impulse buying because of different impulse buying proclivities in personality traits. Consistent with trait theorists in psychology, the central thesis of a buying impulsiveness tendency trait assume that a consumer's impulse buying tendency is relatively stable, highly consistent, and responsible for exerting a generalised causal effect on behaviour (Allport 1937; Mischel 1973; Rook and Fisher, 1995). Consumers possessing a high impulse buying tendency, therefore, should demonstrate a general predisposition to purchase items of all product categories (within reason) on impulse (Jones et al. 2003). Many studies in impulse buying have used the notion of buying impulsiveness to develop several Consumer Buying Impulsivity and Buying Impulsiveness Tendency scales to measure impulse buying (Beatty and Ferrell 1998; Donthu and Gilliland 1996; Mick 1996; Mitchell 1999; Rook & Fisher, 1995; Rook & Gardner, 1993; Verplanken and Herabadi 2001; Weun et al. 1997).

Some studies have attempted to reconcile the external stimulus and internal state approaches. For example, Beatty and Ferrell (1998) offered a multi-precursor model of impulse buying, in which they corroborate Rook and Fisher's (1995) suggestions that impulse buying can be context-specific and situation-specific (time and money available). Moreover, although the linking of unplanned purchases and consumer moods, and pleasant environments (Donovan et al. 1994; Donovan and Rossiter 1982) contributed to impulse buying in their model, the components of impulse buying tendency were weighted differently when assessing impulsivity of buying as distinct from reactive response to environmental stimuli. Subsequently, Jones et al (2003), Verplanken and Herabadi (2001) and Park, Kim and Forney (2006) confirmed the suggestion of Rook (1987) and Beatty and Ferrell (1998) that impulse buying is inconstant across individuals and different contexts.

The third stream of research is represented by Dittmar, Beattie and Fiseese's (1995, 1996)'s social construction theory. Drawing from the social constructionist perspective (Wicklund and Gollwitzer 1982), the psychology of material possessions (Richins and Dawson 1992), and Higgins' (1987) concept of self-discrepancy, the model addresses the "meaning dimensions" in impulse purchasing. The approach posits that consumers no longer buy products only for their functional benefits, but also for their symbolical meanings. Products are consumed for their symbolic meaning in that they give an indication of the social standing, wealth, and social status of the individual. The main finding was that the primary difference between products that are bought impulsively and those that are not is that these products are better expressions of the individual's identity.

In addition to the research streams previously described, it is possible to identify other proposals that although not strictly belonging to any of these approaches, have been framed within a uni-dimensional viewpoint. Some of these studies have sought to explain impulse buying through certain variables, including: (1) demographic related variables (Bellenger et al. 1978; Coley and Burgess 2003; Han et al. 1991b; Helmers et al. 1995; Mai, Jung, Lantz, and Loeb, 2003; Wood 1998); (2) mood management (Faber and Christenson 1996; Oaten and Cheng 2005; Thorberg and Lyvers 2006); (3) culture influence (Kacen and Lee 2002); (4) impulse buying and variety seeking (Marshall et al. 2006); (4) the qualitative measurement of impulse buying (Bayley and Nancarrow 1998); and (6) post-purchase regret (Tversky and Simonson 1993; Wood 1998). Others have analysed the influence of impulse buying on excessive spending.

### **Multi-dimensional approaches to impulse buying**

Compared with the uni-dimensional approach to impulse buying, a narrower range of studies have pursued a multi-dimensional approach and can be grouped into four distinct sub-streams: the holistic cognitive process perspective; utilitarian and hedonic oriented impulse buying; the discounting model; and the behavioural typology of impulse buying.

Based on the exposure to stimuli studies and buying impulsiveness based researches, Prion (1991) proposed a holistic cognitive process perspective of impulse buying, which conceptualised thirteen dimensions and proposed a construct of the impulse buying process, placing emphasis on both environment-centred and person-centred perspectives. Similar to Piron (1991), several authors also provide an overview of the continuum relationship between pre-purchase, purchase and post purchase of impulse buying behaviour (Burroughs 1996; Weinberg and Gottwald 1982; Youn & Faber, 2002). After Dholokai (2000), the suggestion is that the impulse buying process is actually a series of behaviours that involve motivational, volitional and cognitive psychological processes. It is a view that sees impulse buying as stemming from learned perceptions, preferences, and evaluations, and that customer impulse buying thus changes over time.

Although impulse buying activities produce both utilitarian and hedonic outcomes, most researches up until recently had neglected the combined effect of both. The second research stream, represented by Hausman (2000)'s seminal study, thus argues that impulse buying activities not only involve utilitarian benefits, but also satisfy hedonic needs that are acquired from the products and shopping activity per se. In addition, consumers may purchase products during these shopping trips that were not anticipated but, once consumers see the product during exploration, they recognize its suitability for

satisfying a particular need, either utilitarian or hedonic. Thus, consumers may use the shopping experience and resulting impulse buying behaviour to satisfy a number of needs which do not neatly fit into theories of economic utility alone (Boone and Kurtz 1995).

According to Husman (2000), hedonic-oriented impulse buying reflects the entertainment and emotional worth of shopping; non-instrumental, novelty-seeking, experiential and affective. Utilitarian-oriented impulse buying is more instrumental, rational objective criterion; social needs, goal-related, functional, self-actualization; cognitive, and a means to an end. In this stream, hedonic-oriented needs are higher-order needs than utilitarian-oriented elucidated through consumer impulse buying process. Other studies that have operationalised impulse shopping in terms of utilitarian and hedonic oriented impulse buying have included: (1) Dhar and Wertenbroch (2000) investigate preferences for hedonic and utilitarian oriented impulsive goods. (2) Gutierrez (2004), who examined utilitarian and hedonic oriented impulse buying in a retail-setting; (3) Zhang, Prybuton and Strutton (2007), who explored the role of utilitarian and hedonic oriented impulse buying in an online shopping situation. These studies of the utilitarian and hedonic dimensions of impulse buying served as a basis for further research into the multi-dimensional nature of the concept.

The discounting theory based stream is represented by Ainslie's (1975) studies, which proposed a behavioural construct of impulsiveness. According to this theory, impulse buying behaviour refers to a consumer preference for a smaller, immediate reward over a much larger later reward, even though they would generally prefer the large rewards (Puri 1996; Rajala and Hantula 2000). Such behaviour appears paradoxical because consumers usually know that the behaviour is not in their best long-term interest and actually prefer not to yield to temptation. In fact, they sometimes go to great lengths to ensure self-control (Ainslie, 1975).

Building on the work of Ainslie (1975), Hoch and Loewenstein (1991) further propose a reference point model that conceptualises the construct of impulse buying associated with time-inconsistent preferences. People are less concerned with absolute attainments than with attainments relative to some psychologically-relevant comparison point when exposed to stimuli. Consequently, there is a shift in the consumer's reference point in that he or she already imagines owning the product. Not acquiring the product is considered as a loss and the consumer purchases the product to minimize that loss (Hoch and Loewenstein 1991). At that point in time, the benefits of immediate gratification outweigh any future considerations, such as monetary issues (Dittmar and Drury 2000). Basically, consumer decisions represent an ever-shifting conflict between

desire of rewards and willpower. When desire for a product outstrips consumers' intentions not to make the purchase, impulse buying can result. To support this argument, Puri (1996) empirically examined the relationship between behavioural impulsiveness, self-control and time-inconsistent preferences.

Whether a person focuses on the benefits or the costs of impulsiveness depends on the consumer's chronic value. Certain individuals have more hedonic values and therefore, are more naturally inclined to mainly focus on the benefits of impulsiveness, rather than considering the costs.

A behavioural typology of impulse buying was proposed by D'Antoni and Shenson (1973), who define impulse buying as an interactive relativistic preference experience associated with 'decision time lapses'. The authors proposed a typology based on three behavioural variables: (1) motivational stimuli (MS), a function of variables largely externally imposed on the buyer and over which he/she has little control; (2) perceptual attributes (PA), a function of variables largely internal to the buyer, including cultural expectations, values, abilities to perceive risk, level of disposable income, price, credit, time constraints etc; and (3) learning mechanisms (LM), those feedback processes that influence future purchase decisions. According to this concept, impulse buying behaviour is a function of an interaction between these three behaviour variables and relative time lapse factors as demonstrated: **Impulse Buying Behaviour = f (MS; PA; LM)\*Ts/Tn**. Where Ts is the decision time lapse for specific product in question, and Tn is the normal decision time lapses for product in question. Ts/Tn is a measure of relative time lapsed.

A crucial aspect of D'Antoni and Shenson's argument is that all three behaviour processes tend to be occurring together to a varying degree in any buying behaviour. The variety of impulse purchase results in an impulse buying mix – pure impulse buying, reminder impulse buying, suggestion impulse buying, and planned impulse buying (Stern, 1962) during the consumer buying process. Therefore, impulse buying is only *one point/stage* in a continuum-like buying process.

Regarding all the uni-dimensional and multi-dimensional approaches in the impulse buying literature, D'Antoni and Shenson's proposal provided a holistic cognitive process of impulse buying and discounting theory, two of the approaches that have contributed more to the study of the nature of impulse buying. According to this view, impulse buying implies an interaction between subject (consumer), object (the product), and decision time lapse during a continuum consumer buying behaviour. It is comparative, personal, and situational; and it embodies a learning mechanism forces. Moreover, this is the first time, decision time lapse as an important determinant in an impulse

buying process was proposed in impulse buying studies.

## METHODOLOGICAL QUALITY

Of previous research in impulse buying, only about 36% studies were undertaken outside the USA and most largely adopted a quantitative survey and/or experimental research design. 65% of studies were undertaken in a commercial environment (stores, malls, online) with actual shoppers ranging from 18 to 65 year old. Only 35% studies used student-based samples, of which the female-male sampling ratio was 55:45%.

A review of methodology reveals, in general, that uni-dimensional approaches of impulse buying studies have mainly focused on identifying the general factors (antecedents) that increase impulse buying and on the development of impulse buying tendency scales. Although studies in multi-dimensional approach have also been working on identification of such factors, these studies typically focus more on modelling construct indicators and their measurement.

A number of authors have prioritised the development of impulse buying tendency scales, drawing on personality trait theory. One broad dimension included in most such measures is the tendency to engage in spontaneous behaviours or have spontaneous buying thoughts. Related labels for this dimension include buying without thinking, "unreflectively", "immediately", and "kinetically" (Rook & Fisher, 1995, Rook and Hoch, 1987, Mick 1996, Weun et al, 1997). A second broad dimension has been labelled as "careless" or "happy-go-lucky" in attitudes and buying behaviour (Donthu and Gilliland 1996). A third broad dimension is the tendency to be hedonic and utilitarian oriented (Puri, 1996). Researchers contemplating the use of a particular impulse buying tendency scale measure should pay close attention to the types of dimensions that are assessed. Although few measures assess a cross-section of impulsiveness-related dimensions, other measures assess only a narrow facet of the impulse buying construct.

These measures have been developed in a self-report questionnaire style designed to assess various features of the consumer impulsivity construct. One of the earliest of such measures is the Rook and Fisher's Buying Impulsiveness Scale (IBTS, Rook & Fisher, 1995), derived from Eysenck et al (1985)'s I.7 three impulsiveness dimensions. Although Rook and Fisher (1995) reported relatively high internal-reliability (Cronbach's  $\alpha = .88$ , AGFI of .92, CFI of .97, NFI of .94) within nine-items for the scale, other studies adopted this measure has reported low reliability and inconsistency (e.g. Kacen and Lee, 2002, Weun et al, 1997). While Weun et al (1997)'s five items measure was considered as being better

than Rook and Fisher's measure, with better internal consistency convergent validity and discriminant validity. These two original IBTSs were based on a uni-dimensional model of impulsivity towards buying. However, more recently, the impulsivity measure have been well developed to become more multi-dimensional model of impulsivity construct in other impulse behaviour studies (Barratt 1993; Dickman 1990; Whiteside and Lynam 2001), which has not been considered and examined in consumer and marketing research. Therefore, this impulsivity-related measurement may need to incorporate multi-dimensional model into impulse buying behaviour measures.

On the other hand, impulse buying behaviour has been measured by using single item or sets of items, in which consumers are asked whether they have made a spontaneous buy, unplanned buy, and sudden urge buy. Product purchase frequencies, price and amount of products in these situations are also used as a measure of impulse buying behaviour. Several studies have also use scenario items to measure degree to which a subject will make an impulsive buying decision based on a scenario. These items are still limited as an attitudinal measure, but actual behaviour response. Only few studies have started to measure actual impulse buying behaviour and behavioural reaction in a laboratory experiment setting (Adelaar et al. 2003; Hodge and Jeffrey 2007; Rajala and Hantula 2000; Weinberg and Gottwald 1982). These behavioural measures have also measured the relationship between time-related reward schedule and impulse behavioural choice.

However, a crucial problem in the impulse buying literature is the lack of association among many commonly used impulse buying tendency measures. There are inconsistent results when self-report measures are inter-correlated with one another, or when behavioural measures are inter-correlated with one another. However, when self-reported and behavioural measures associated reaction-time are inter-correlated, the results have been much more consistent (Hodge and Jeffrey 2007; Verplanken and Herabadi 2001). There appears to be little association between these two types of measures. The lack of association among self-reported and actual impulse buying behaviour measures may be the results of differing theoretical conceptualisations of the construct, as well as methodological weakness in some of the studies that have examined relationship among measures. This review has revealed a need for continuing research into to the conceptualisation of impulse buying. In particular, it is important to clarify the formative nature of the relationship between this multi-dimensional construct and its constituent dimension. Moreover, the development of a comprehensive and efficacious measurement scale should feature highly on the agenda of future research into this dynamic concept.

## CONCLUSION

Despite the growing body of research in the field of impulse buying, the conceptualisation of impulse buying remains unclear. However, the present paper has sought to contribute to the literature on the subject by providing a comprehensive and systematic review of the various research streams, and individual studies within those research streams. This analysis and synthesis of the contributions and limitations of the different approaches has revealed the complexity and multi-dimensional nature of impulse buying. In doing so, the study should facilitate a more comprehensive understanding of the nature and measurement of impulse buying by combining different discipline in this area.

The major characteristic features of impulse buying revealed by the present paper are that the concept of impulse buying implies an interaction between a subject (a consumer or customer), and an object environment (a product/service) (D'Antoni and Shenson, 1973); (b) that impulse is relative by virtue of its comparative, personal, and situational nature (Hoch and Loewenstein 1991; D'Antoni and Shenson, 1973); (c) that impulse buying is preferential (Puri, 1996), perceptual (Dittmar, Beattie and Friese, 1995), behavioural (D'Antoni and Shenson, 1973), and cognitive-affective (Rook and Hock, 1987; Piron, 1991) in nature; and (d) that impulse buying is one stage of continuum buying behaviour (D'Antoni and Shenson 1973; Foxall 2007; Herrnstein 1997).

The review has revealed a need for continuing research into to the conceptualisation of impulse buying. In particular, it is important to clarify the formative nature of the relationship between this multi-dimensional construct and its constituent dimension. The causal modelling of impulse buying in relationship to other variables (such as consumer satisfaction, cognitive-affect, regret, excessive spending, and compulsive buying) is need to be further examined. Also the dynamic nature of impulse buying and the development of a comprehensive and efficacious measurement scale for the concept should inevitable put in the research agenda.

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#### APPENDIX

Journals		Journals	
Acta Psychologica	1	Journal of Marketing	2
ADDICTION -ABINGDON-	1	Journal of Marketing Research	2
Addictive Behaviors	1	Journal of Marketing Theory and Practice,	2
Advances in Consumer Research	8	Journal of Personality and Social Psychology	1
American Psychological Association	1	Journal of Research in Personality	1
Asia Pacific Management Review	1	Journal of Retailing	8
Behavioral and Brain Sciences,	1	Journal of Services Marketing	1
Clothing and Textiles Research Journal	1	Journal of Social & Clinical Psychology	1
Current Directions in Psychological Science	1	Management Science	1
Electronic Commerce Research	1	Managerial and Decision Economics,	1
European Journal of Personality	1	New Zealand Journal of Psychology	1
International Journal of Electronic Commerce	1	Personality and Individual Differences	3
Journal of Advertising Research	2	Psychol Bull	1
Journal of Applied Behavior Analysis	1	Psychological Inquiry	1
Journal of Business Research	3	Psychological Review	1
Journal of Consumer Marketing,	1	Psychology & Health	1
Journal of Consumer Policy	1	Psychology and Marketing	4
Journal of Consumer Psychology	7	Psychopharmacology - Berlin-	3
Journal of Consumer Research	7	Psychological Reports	1
Journal of Economic Psychology	2	Qualitative Market Research: An International Journal	1
Journal of Fashion Marketing and Management	1	Research in Consumer Behavior	1
Journal of Information Technology	1	The Journal of Consumer Research,	3
Journal of International Consumer Marketing	1	The Journal of Political Economy	1
Journal of International Marketing & Marketing Research	1		

# IMPACT OF MATERIALISM ON CREDIT CARD MISUSE AMONG COLLEGE STUDENTS

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## ABSTRACT

*With our nation's financial future at stake, the topic of credit card misuse among college students has become a significant concern. This study explores students' current credit card status and evaluates a student's credit card misuse in relation to how materialistic they are. Proven and reliable scales assessing credit card misuse behavior and materialism are used to survey a random sample of 240 college students across 15 states. Results indicate that a student's degree of materialism does impact the magnitude of their credit card misuse. Relationships were found both from a demographic and social perspective in how much debt a student carried in relation their materialistic mindset. This result makes theoretical contributions in refining, improving, and using theoretical scales in empirical context. In practical terms, the findings of this study have serious implications not just for students in college but for those engaged at the crosscurrents of marketing, social responsibility, and public policy.*

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## INTRODUCTION

Our research strives to identify causes to the rising credit card debt among college students and can provide colleges, universities and public policy makers with ideas on what needs to be monitored more closely. The paper is organized as follows.

First we discuss secondary data relating to credit card usage by college students. Then we introduce our literature review on materialism, followed by our theory development and methodology. Subsequently, we discuss our methods for data collection and provide a profile for our sample. Along with the sample profile, we introduce our findings on credit card usage alongside credit card misuse based on demographics and materialistic behavior based on demographics. In the succeeding section we explain significant results and findings regarding credit card misuse and materialism, and present further discussion and conclusions on our findings. Finally, we explain our limitations and possible future research and provide some concluding remarks.

### Credit Card Usage in College Populations

Undergraduate college students are carrying credit cards in record numbers. In 2001, 83% of undergraduates had at least one credit card (Nellie Mae 2001). Some experts approximate the average credit card debt of a college student to be in close proximity to \$3,000, with 23% of students carrying balances

between \$3,000 and \$7,000 (Weiss 2003). As a result, some students even open up new cards to pay off existing debt. The increasing number of outstanding balances among college students appears to have a number of causes.

Research indicates that students have a propensity to carry an inordinate amount of credit card debt as they progress through college. One study conducted by Qvisory, a nonprofit online advocacy and service organization that supports the financial well-being of young adults, found that students are growing more concerned about their financial standing. Results from their 2008 study showed that financial concerns top the list of problems facing students in their lives today. Out of their sample, 55% of respondents claimed this to be their number one concern, a 10-point increase from 2007 (Greenberg 2008).

Qvisory's study showed that young people feel a significant amount of stress and worry towards their financial status, with 48% of respondents saying they frequently worry about having enough money to pay their bills (Greenberg 2008). With the increase in debt and financial anxiety, students with higher consumer debt usually work more, resulting in poorer grades. As a result, these students often suffer from depression and sometimes even have to withdrawal from school (Manning 2000; Miller 2000; Roberts and Jones 2001).

In relation to Nellie Mae's study, Qvisory's study showed that two thirds of its participants surveyed reported having a credit card, and over half of the participants surveyed said that they have credit card

debt. The study also showed that 41% of young adults with credit cards are more likely to have accumulated debt in the last year than the 29% of young adults who do not have a credit card (Greenberg 2008).

College students represent a key customer base for many different types of organizations as well as serve as an intricate part of the future of our nation. The key issue, however, is how “America’s future” is being shaped into a debt collecting society. From an economic perspective, students accumulating such high debt and trying to pay it off essentially cuts off revenue streams in other markets (Pirog & Roberts 2007). Roberts & Jones (2001) Credit Card Misuse Scale, which we introduce more thoroughly later, becomes our tool in evaluating misuse in relation to student’s current credit card status.

### **Materialism**

Originally, materialism was referred to as the philosophic notion that nothing exists except matter and its movement (Ponchio and Aranha 2008). Modern dictionaries define materialism as the emphasis on material objects, comforts, and considerations, with a disinterest in spiritual, intellectual, or cultural values. Richins and Dawson (1992) defined materialism as the importance one places on the ownership and pursuit of material goods in hopes of achieving desired states. In pursuit of reaching these states, materialistic consumers fill the void in different ways. Richins and Dawson (1992) presented three dimensions of materialism which include:

1. The emphasis on possessions in a person’s life.
2. The judging of one’s success based on possessions
3. The belief that happiness and satisfaction come from one’s possessions and their acquisition.

At the most extreme levels of materialism, possessions assume a critical role in a person’s life and are believed to provide the greatest satisfactions and disappointment in one’s life (Belk 1984). In relation to credit cards, students who value a materialistic lifestyle may view their credit card as a tool for satisfying their needs more quickly when cash is low. In some ways, the concept of materialism is like a religion, where people worship things and the pursuit of acquiring them provides structure to their lives (Bredemeier and Toby 1960). Religions build on the fundamental aspects of a person’s soul and essentially set up a system of values which one will live their life by. For

many materialists, possessions and their acquisition is the most relevant value and personal goal that forms one’s lifestyle (Richins & Dawson 1992).

Keeping in mind that materialists believe that possession and the acquisition of goods is the root to happiness and that it serves as a way of life, materialism can certainly be considered a value. (Modern dictionaries define value as the relative worth, utility, or importance that one places on an object or idea). “Defining materialism as a value is consistent with the notion that materialism reflects the importance a person places on possessions and their acquisition as a necessary or desirable form of conduct to reach desired end states, including happiness”(Richins & Dawson 1992). More often than not, a person who values materialism experiences the “happiness” they seek less frequently than they realize.

Society is uniquely shaped because those who place a high value on material possessions will behave much differently from those who place a lower value on things (Richens and Dawson 1992). Because of this, research suggests that materialism negatively shapes society and leads to less charitable donations, less community involvement, and less time spent in the family setting (Droge and Mackoy, 1995;Kasser 2002, Diener and Robinson 2004.)

In relation to society, one of the key concerns for an individual is one’s public self-image. Each member of society has a public self-image, an image of himself or herself that is projected to others (Tunnell 1984). College students are often publicly self-consciousness and try to portray an image that is acceptable to their peers. Those high in public self-consciousness are especially concerned about their social identities and constantly strive for approval and avoiding disapproval (Doherty and Schlenker, 1991). Materialism can often be a result of one’s public self-consciousness (Xu Yingjiao 2008). Individuals high in public self-consciousness are viewed with having a low self-esteem and a strong desire for social recognition (Tunnell 1984). Public self-consciousness individuals, much like materialistic individuals, often judge themselves and others on how much they own and on financial success.

### **Theory Development**

In our review of past literature, we discussed specific behavioral and psychological tendencies that could potentially affect a student’s use of their credit cards. Moreover, research has shown (Richins & Dawson 1992; Pirog & Roberts 2007) that the aforementioned topics have an influence on an

individual's decision making process in regard to their credit card use.

Acquisition and the process of acquiring possessions are valued higher by people ranked high on materialism than those who report lower on materialism scores (Richins & Dawson 1992). Materialists even value these actions and attributes more than their relationships with others. In an attempt to assess these attributes, Richins and Dawson (1992) developed a materialism scale. This scale was a compilation of items from other materialism scales developed by Crowne and Marlow (1960), Belk (1984), Rosenberg (1965), Kahle (1986), and Andrews and Whitney (1976). Each portion of the compilation was used to assess one's view of what makes one's life successful, their importance of acquisition and the magnitude of how one's perception of happiness comes from possessions. Richins and Dawson essentially took portions of each ideal and developed a scale to test all three attributes described above, which all are key concerns when trying to evaluate an individual's materialistic mindset.

Roberts and Jones (2001) have found that a materialistic student's shopping was influenced by their misuse of credit cards. In relation to this finding, Tokunga (1993) found that individuals who view money as a sense of power were more likely to engage in credit card misuse. Roberts & Jones took these findings into consideration and developed a scale to assess one's credit card misuse.

It appears that the foundational characteristics of materialism drive credit card misuse (Pirog & Roberts 2007). Therefore, we propose that as a student's magnitude of materialism increases, it is expected that credit card misuse will grow. In order to test our hypothesized relationship, we use the two theoretical scales: Roberts & Jones (2001) Credit Card Misuse Scale and Richins and Dawson's (1992) Materialism Scale described above.

## **Methodology**

A pretest survey was conducted on the campus of a small, private, liberal arts school in the Northeast to identify and correct potential errors. Each respondent was notified that the survey was completely confidential and to be used for academic purposes only. Upon reviewing the results, necessary adjustments were made for the national sample.

The new version, which was now segmented into more specific sections, was crafted to provide us with insight regarding materialism and credit card misuse. The first section (Credit Card Debt Status) was

designed to gather information on students' behavior with credit cards and their current status. This section was inspired by questions from Nellie Mae's survey of students conducted in 2004. Our second section presented two scales: Richins and Dawson (1992) Materialism Scale and Roberts & Jones (2001) Scale regarding credit card misuse. We asked participants to rank their responses using a modified Lichert scale with 1 being "strongly disagree" and 5 being "strongly agree" with the proposed statement.

## **Data Collection**

After thorough testing, the survey was administered online (surveymonkey.com) from July to October 2008. Each respondent was made aware that the research was for academic purposes and that their responses were confidential. To generate responses, advertisements were positioned on popular student websites such as Facebook and distributed through e-mail on specific college networks. Facebook allowed us to target 18-24 year olds in the United States at a cost of 26 cents per 1,000 impressions with \$5 being our maximum balance per day.

We conducted a Google search to obtain e-mail addresses of colleges across the United States and sent an e-mail to their admissions department requesting them to forward our request to the appropriate parties. The response rate was particularly low and we decided to go to the root of the source. We then Google searched "marketing faculty" and it provided us with e-mail addresses at random of marketing professors across the United States. We sent an e-mail requesting they forwarded the email to the students and that they participate in our study. Many universities responded to us notifying us that they don't allow mass e-mails to be sent to their students. Although this was disheartening for our study, it was understandable that these colleges were just protecting their students. Our efforts yielded an effective sample size of 240 students.

## **RESULTS AND DISCUSSION**

### **Sample Description**

Our sample includes students from 15 states: California, Connecticut, Florida, Georgia, Maryland, Massachusetts, Montana, Missouri, New Hampshire, New Jersey, New York, Ohio, Rhode Island, Texas and Vermont. The majority of our students were from the Northeast, which is not surprising given the location of the researching institution. Of the 240 students surveyed, approximately 40% (97) were in the age

range of 18-20 with our most frequent age being 21 comprising around 20% (47) of our sample. The remaining one fourth was made up of students 22 years and older (62). In relation to this, we had a fair representation of each class level with seniors, juniors and graduate students being our most frequent participants, representing approximately half of our sample. The remaining half was comprised of freshmen and sophomore students.

Our sample was split about 64% to 23% in favor of females. Some respondents did not specify their gender while responding. Approximately 7% of respondents worked 21-30 hours, 7% worked 31-40 hours and 10% worked 40 or more hours per week. In relation to this, we found that about 35% of our sample made between \$1-\$500 per month and about 16% actually did not have an income. Taking into consideration that only approximately 17% of respondents are graduates we weren't surprised that around 9% reported making over \$2,000 per month with about 5% reporting between \$1,001-\$1,500 and about 3% claiming between \$1,501 and \$2,000.

### **Credit Card Debt Status Analysis**

Results based on 240 participants show a range of one to five (or more) credit card ownerships while the majority reported between 2 and 4 cards. Out of the students who reported not owning a card, approximately 40% reported their reason as being afraid of collecting debt. Considering credit card companies' willingness to give students credit in hopes of acquiring a lifetime customer, we were surprised to see that 40% reported their reason being not able to get approved. For those who did own credit cards, the majority (approximately 78%) either acquired them before entering college or as college freshmen with approximately 40% getting help from their parents in making the decision. However, one fourth of our participants reported making their decision based on a direct mailer sent from the vendor themselves.

More importantly, we saw a split in terms of credit balances the students were carrying, both showing positive and negative outlooks. One fourth of students reported having a current balance between \$0-\$200 which is respectable. However, 15% of students have a current balance of over \$1,000 dollars with almost a third of respondents having carried a maximum balance of over \$1,000 at one point in time. Perhaps our main concern should regard their payment behavior.

Almost 40% of our sample reported paying off their credit card balances in full each month which is

most likely pertaining to those with lower balances. A little over 15% said that they make more than the minimum payment but always carry a balance. This 15% is more likely made up of those who owe over \$1,000 and if this is the case, they are most likely collecting sizeable amounts of interest, which supports the data Nellie Mae found back in 2001.

When we saw these vast amounts of balances occurring we shifted our focus to what the students were actually buying. Over 50% of students reported spending between \$0-\$1,000 on educational related expenses in the past year with textbooks and school supplies being the primary purchases. The amount of money students were spending on non-education related items was noticeably higher. Over half of our sample reported gasoline and clothes as their main items with approximately 40% charging travel expenses, music/movies, and food. Slightly over half reported spending between \$0-\$1,500 with 14% charging over \$3,000 in the past year.

### **Credit Card Misuse and Student Characteristics**

We first performed an ANOVA using demographic information we collected alongside the credit card misuse scale. We decided to focus only on outputs at the 0.10 or lower level of significance. For all of our calculated means, the highest possible could be 5. After viewing the results we discovered that there is a relationship at the 0.029 level in regards to a student's age and how often they fail to make their payments on their credit cards. In relation to this, we found this to also be true based on the student's year in school (0.014 significance). The means for both age and year in school showed an increasing trend, with students at the age of 18 having a mean of 3.67 and our highest age category of 23+ having a mean of 4.66. As for the student's year in school we had calculated means of 3.15 for freshmen and a combined average of 4.18 for seniors and graduate students. This could suggest that students become more financially responsible in terms of paying their debt as they get older both from an age and educational standpoint.

After viewing the number of hours per week that the students worked, we felt it was appropriate to assess their level of income per month. The data showed an increasing trend in means with students reporting having no income at all with a mean of 2.56 and students having an income between our highest value of \$1,500 and \$2,000 having a mean of 4.00. This trend suggests that as students make more money, they charge more on their credit cards. Although this logically makes sense, the problem results from how

much they are charging. Many times the increase in income and credit card spending are not proportional, which causes students to find themselves in growing debit.

### **Materialism and Student Characteristics**

Our next step involved running an ANOVA analysis using the same demographic information we collected, but now looking at its relationship with the materialism scale. As we did with the misuse scale, we decided to focus only on outputs at the 0.10 or lower level of significance. Again, for all of our calculated means, the highest possible could be 5. After viewing the results we discovered that there is a relationship at the 0.09 level in regard to gender and the level of pleasure one feels when making a purchase. Our data showed females to feel more pleasure when purchasing items with a mean of 3.29 compared to the mean for males being 2.87. In relation to this, we found that females are more bothered by the fact when they can't afford to purchase certain things than males are. The means, however, were slightly narrower compared to the pleasure aspect with outputs of 3.46 for females and 3.17 for males (at the 0.094 significance).

We then looked at one's age in relation to their materialistic. The age trend suggests that students become more materialistic as they get older. This could be because as students get older, the urge to graduate college and get a job becomes more prevalent; resulting in them to desire things they can soon afford.

Data reveals an interesting trend in a student's materialistic viewpoint and their GPA. At the .062 level of significance, we found that students admire people who own expensive homes and other luxury items. The trend this time was decreasing, with students in the GPA range of 1.0 and 2.0 having a mean of 5.00 and students in the 3.1 and 4.0 range having a mean of 3.13. The argument here could be the same as the argument we made in terms of their year in school except this time we take the angle of how well they do academically. One theory we suggest is that students with lower GPA's may admire people with more luxuries than people with higher GPA's. This may be because the gap from where they are (academically) and where they want to be is so vast whereas those with higher GPA's don't admire them as highly because they see themselves as being the ones to be admired in the future because of their potential.

We do, however, see a stronger relationship in terms of a student's major and their materialistic side. At a significance level of 0.002, we found that business majors tend to desire owning things that impress

people more than other majors reported (liberal arts, natural science, social science). Business majors had a mean of 3.37 with liberal arts being the lowest at 2.68. Out of these majors, we also found business majors to pay the most attention to material objects that others own with a mean of 3.31 compared to social science majors who reported the least attention with a mean of 2.79. We didn't find it surprising that business majors were the highest, considering the nature of their goals and aspirations for financial success. This isn't to say that other majors aren't concerned with money and materialistic goods, considering the means for the other majors were still relatively close.

### **Credit Card Misuse and Materialism**

The materialism scale is a nine item scale which had 2 items reversed scaled in order to ensure validity of responses. We recoded the items that needed to be reversed and then ran Cronbach Alpha. The scale exhibited good psychometric properties with an alpha value of 0.772. The credit card misuse scale is a seven-item scale which it had one item dropped. The item displayed a poor inter-item correlation and was therefore dropped from further analysis. The resultant six-item scale exhibited good psychometric properties with an alpha value of 0.606.

We proceeded to examine the relationships between scale items at a statistical significance level of 0.10. Results suggest that when students use their credit cards, they are more focused on how others will perceive them and want to become someone whom others admire for owning expensive goods. Many times these purchases are on goods that aren't practical and often on goods that students cannot afford. This finding suggests that students are placing more emphasis on how they achieve materialistic status compared to what the product is actually costing them.

In relation to this, we found a similar relationship with materialism and misuse but in terms of a student's impulsive behavior with their credit cards. Interestingly, results suggest that students become more impulsive with their credit cards in order to fill the voids they have in their lives. As mentioned earlier, Schroeder and Dugal (1995) claim materialists tend to experience high levels of social anxiety. Kasser and Ahuvia (2002) expand on this claim further as they discovered an inverse relationship between materialism and happiness and a positive relation in terms of materialism and one's anxiety level. Essentially, students become more impulsive because they view their credit card as an immediate way to achieve

materialistic goals but the problem arises when they overspend to narrow the gap and begin collecting debt.

Our data showed that students tend to spend more on their credit cards because of their materialistic mind set. We again see this relationship in terms of a student liking to impress people with what they own (chi-squared= 34.563 p:0.005), buying things that give them pleasure (chi-squared= 35.742 p:0.003), spending money on things that aren't practical (chi squared= 31.229 p:0.013), and focusing on things that others own (chi-squared= 33.295 p:0.007). A relationship was also present in terms of how students felt their lives would be better if they owned certain things (chi-squared= 35.947 p:0.003). As a result, students use their credit cards to fill the void and achieve their desired level of happiness. As our previously discussed relationships point out, the cycle for happiness essentially never ends and the increased spending on their credit cards just continues to grow.

### CONCLUDING REMARKS

Our study can have a significant impact on college students as well as on credit card companies to reevaluate their standards. Furthermore, our research can assist policy makers and school officials on assisting college students with this issue. It's imperative that students realize the severity of poor credit card management now so they can avoid hardships in the future.

With the current financial crisis and instability of the economy, it's important that our nation's youth exhibit responsible behavior with their credit cards. Our study has shown that this behavior is influenced by the level of materialism one exhibits. This is not to say that materialism is the only driving factor causing credit card misuse, but it certainly appears to be significant. With society feeling pressured to achieve a certain social status, it is likely that most people have some sort of materialistic value. The essential concept, however, is that they learn to control their habits and realize the implications of abusing their credit to fill a void that cannot truly be fulfilled.

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# 21<sup>st</sup> CENTURY SOCIAL CLASS THEORY AS IT APPLIES TO MARKETING

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## ABSTRACT

Social class theory is an old area of sociology that has been modified in the 21<sup>st</sup> century. Unfortunately, marketing has not caught up to this new reality. The objectives of this article are: to educate marketing academics and practitioners in the basic history of social class theory; to identify its problems and limitations; and to introduce the 21<sup>st</sup> century's theoretical social class shift within the cultural capital concept from an elite-to-mass to an omnivore-to-univore theory.

Based on Bourdieu (1977)'s cultural capital theory, the standard view of stratification in the United States is at the top there is an educated and discerning elite with well-refined tastes and at the bottom an ignorant and stimulus-seeking mass. Therefore, the elite-to-mass portion of social class theory makes clear predictions about the arts and leisure choices of groups at different levels of the status hierarchy.

However, Peterson's study (1992) found the higher status occupational groups tended to show high rates of participation in non-elite activities. Others (DiMaggio 1987) began to use the omnivore concept to explain the theory shift. In addition, the most descriptive appellation for those near the base of the pyramid would seem to be 'univore'. Unlike the high status 'omnivore', members of this group tend to be actively involved in just one, or at best a few, alternative aesthetic traditions.

We suggest that marketing adopt the omnivore-to-univore segment in that it better explains and predicts some of the past, present, and future empirical research in consumer behavior. By applying omnivore-to-univore to marketing, social class becomes a better predictor, or at least as relevant, as income and becomes a better predictor over lifestyle.

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# AN EXPLORATORY EXAMINATION OF CONSUMER BEHAVIOR AND THE FEAR OF RARE EVENTS

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## ABSTRACT

*Research concerning the effect of fear and risk on consumer behavior has focused naturally on consumer products and services. Advertising and promotion can be used to frame issues using fear and risk. This paper examines the effect of framing on the attitude of people toward rare events that have potentially catastrophic consequences. The findings suggest some people, but certainly not all, have excessive fear of very unlikely events and that framing can magnify those fear levels.*

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## INTRODUCTION

Consumer choice can elicit emotional reactions from exhilaration to fear. In recent years, marketers have relied increasingly on fear appeals in some markets. Advertisements for consumer goods from food products to pharmaceuticals frequently frame appeals suggesting that the “right” decision is needed to avoid unpleasant, dangerous, or lethal consequences (Kurtz 2009, 534). We live in a world of uncertainty. When choices are made without full knowledge of the consequences, we face risk—a likelihood of something bad happening.<sup>1</sup> According to Taylor (1974), any consumer choice situation involves two aspects of risk. First is the uncertainty about the likelihood of particular outcomes. Second is the uncertainty about the consequences of those outcomes. In this paper, we look at what might be categorized as excessive fear, the fear of very unlikely events and how framing affects the level of fear.

## FRAMING

Kahneman and Tversky (1979) found that people tend to avoid risk when the issue is framed in terms of possible gain but that they are risk takers when the issue is framed in terms of possible loss. This is true even though the two formulations are identical in terms of expected value. To illustrate this, Piattelli-Palmarini (1994) modeled an experiment after

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<sup>1</sup> Baron (2000, 488) notes that, while people often use the term risk differently in everyday speech, it usually refers to some chance of something bad happening.

Kahneman and Tversky’s work. Subjects were first told that they were to receive a \$300 bonus and then to choose between (A) \$100 for sure and (B) tossing a coin and receiving \$200 if it lands heads and nothing if it lands tails. Most subjects preferred A to B. Second, different subjects were told that they would receive a bonus of \$500 and then asked to choose between (C) losing \$100 for sure and (D) tossing a coin and paying \$200 if it lands heads and paying nothing if it lands tails. Most subjects preferred D to C. The first and second formulations of the problem are identical in terms of expected payoffs, but people prefer choices A and D because of the difference in framing.

Framing has been studied in a variety of fields: media and politics (Terkildsen and Schnell 1997), HIV testing (Apanovitch et al. 2003), sunscreen use (Detweiler et al. (1999), buying decisions (Puto 1987) and advertising (Homer and Yoon 1992).

## WILL SOMETHING BAD HAPPEN?

Frequently, we are unaware that something bad might happen or what the likelihood is, but others are aware. In this case, there is asymmetric information. One of the means by which governments attempt to reduce asymmetric information and increase our ability to deal with risk is the provision of information.<sup>2</sup> Informing people that they should wear

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<sup>2</sup> In addition to the provision of information Baron (2000, 491) discusses three other means: (1) direct expenditures of public funds on activities such as armies (to reduce the risk of foreign invasion) and sewage treatment (to reduce the risk of disease); (2) regulating activities that increase risk (e.g., requiring

seat belts, install smoke alarms, and maintain good blood pressure makes sense because these actions reduce the likelihood of something bad happening. Labeling of products by sellers, whether legally mandated or not, reduce risk to buyers as, for example, “caution: content hot” embedded on coffee cups. Some bad things happen very, very infrequently but become framed in such a way that public fear is palpable. Furthermore, as Beck (1992, 23) has observed, many modern risks are not obvious to the senses (such as risks posed by environmental toxins) and thus are “particularly open to social definition and construction.”

### THE FEAR OF EATING

“The quality problem is ubiquitous, and even the simplest kind of exchange has problems” (Easterly, 2006, 78). The quality problem alluded to by Easterly was a tale of a restaurant knowingly selling unsanitary tacos. Buyers don’t know this and thus the exchange involves asymmetric information. Had buyers been fully informed they would presumably have been willing to buy only at a lower price or not buy at any price.<sup>3</sup>

Commenting on a spinach E. coli scare Paul Krugman (2007) said, “Yesterday I did something risky: I ate a salad.”<sup>4</sup> Cases of widespread (or severe)

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emission control devices and the banning of lead-base paints); and (3) tort law for determining liability giving potential injurers an incentive to reduce risks to others (e.g., medical malpractice, product design defects).

<sup>3</sup> The classic model of buyers lacking information is Akerlof’s (1970) examination of the used car market. A used car will be of high quality (a peach), low quality (a lemon) or somewhere between the two. Sometimes it’s the buyers who possess hidden information as in cases of health and life insurance. Both types of hidden information may result in a market failure known as adverse selection. When items of different qualities are sold at one price, because of asymmetric information, the result is too many of the low quality items and too few of the high quality items being sold or too many unhealthy individuals signing up for insurance and too many healthy individuals opting not to purchase insurance.

<sup>4</sup> The Centers for Disease Control and Prevention (CDC) estimates that in the United States alone, food poisoning causes about 76 million illnesses, 325,000 hospitalizations, and up to 5,000 deaths each year ([http://www.emedicinehealth.com/food\\_poisoning/article\\_em.htm](http://www.emedicinehealth.com/food_poisoning/article_em.htm), accessed October 15, 2007). This death rate pales relative to the estimated 90,000 people who die annually after contracting bacterial infections in

food borne illness (food poisoning), or unsanitary conditions that might lead to illness, generate a lot of media attention; heighten the public’s fear of being exposed to contaminated food; and lead to public outcry for the government to do more to protect the public. Genetically modified foods have been reported to cause strong feelings of risk and uncertainty, leading to fear (Laros and Steenkamp 2005). Strong fear reactions can be created even when the likelihood of the event is low. In 2008, tomatoes thought to be contaminated with salmonella panicked consumers and caused the government and retailers to take costly actions, even though relatively few people became sick.<sup>5</sup>

### THE FEAR OF DRIVING

Another risk that has recently been in the news is that of collapsing bridges. On August 1<sup>st</sup>, 2007, a bridge collapsed in Minneapolis killing 13 and injuring many more. As a result, some states have begun to publish the inspection results of its bridges, citing some as being structurally deficient, as was the collapsed bridge in Minneapolis. We were curious to learn how the framing of the risk associated with bridges would affect individual choices and whether this very rare incident created panic in some consumers of our highway system.

Driving is risky. In 2007, there were 41,059 highway fatalities in the United States. Approximately 30,000 confirmed cases of salmonella illnesses are reported each year, from all causes – not just from tomatoes – resulting in approximately 600 deaths. But driving continues unabated while some people avoided eating tomatoes.

Driving conditions affect the probability of a bad outcome. Weather reports provide valuable information reducing the probability of a driving accident. For example, in driving from point A to point B, if there are multiple routes and on one of the routes severe weather is forecasted, a person might

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U.S. hospitals. Currently only six states have laws requiring hospitals to disclose infection rates (<http://www.npr.org/templates/story/story.php?storyId=5397454> accessed October 19, 2007).

<sup>5</sup> Other recent notable cases include: the 2003 food poisoning linked to hepatitis A on scallions at a Pennsylvania Chi Chi’s Mexican restaurant (Chi Chi ceased its U.S. operations in 2004); the 2006 E. Coli outbreak on California fresh spinach; and the 2007 recall of 21 million pounds of Topps Meat Company’s frozen hamburger tainted with E. Coli. Topps went out of business within a month of the recall.

take an alternate route to avoid the higher risk of an accident.

## METHODOLOGY

In order to investigate how framing affects the perception of risk, we asked two groups of freshmen (see the Appendix for a copy of the questionnaires) to imagine a potential trip and to rank order a series of combinations of mileage (either 200 miles, 250 miles, or 300 miles), the number of structurally deficient bridges encountered (none, one, or two) and weather (winter storms versus no winter storms). These students attended Michigan Technological University, a rural university that experiences severe winter storms. One of these events (a structurally deficient bridge) is not “obvious to the senses” and therefore may be more sensitive to framing effects. For one of the groups, the problem was framed by giving a technical and abstract description of what was meant by structurally deficient bridges (Version 1). For the other group, the problem was framed in terms of the specific bridge that had recently collapsed in nearby Minneapolis and the deaths that resulted from that collapse; this bridge had been rated as being structurally deficient (Version 2).

Conjoint analysis was used as described by Churchill and Iacobucci (2005, 538-550). Their method uses dummy variable regression. The beta weights in the standardized regression model can be interpreted as marginal utilities.

## RESULTS

Table 1 is the coefficient table generated from SPSS for Version 1 of the model. To illustrate how the model is developed, the rankings from 18 (most preferred combination of weather, miles driven, and number of structurally deficient bridges) to 1 (least preferred) as given by respondents are used as the dependent variable in a regression model. The independent variables are dummy variables. From Table 1, the standardized regression equation is  $RANKING = 0.550(NOBRIDG) + 0.308(ONEBRIDG) + 0.435(MILES200) + 0.239(MILES250) + 0.635(STORM)$ .<sup>6</sup>

<sup>6</sup> NOBRIDG = 1 if no structurally deficient bridge is encountered, 0 otherwise; ONEBRIDG = 1 if one structurally deficient bridge is encountered, 0 otherwise (if two bridges are encountered, both of these variables equal zero); MILES200 = 1 for a 200 mile trip, 0 otherwise; MILES250 = 1 for a 250 mile trip, 0 otherwise; STORM = 1 if no winter storm is encountered, 0 otherwise.

The marginal utility associated with not having to cross any structurally deficient bridge is 0.550. The marginal utility associated with avoiding a storm is 0.635, for a ratio of 0.87. We call this ratio the Avoidance Ratio; the larger this ratio, the more concerned the respondents are about avoiding structurally deficient bridges in comparison to winter storms. Because the ratio is less than one, these respondents place more emphasis on storms than structurally deficient bridges.

Similarly, the Avoidance Ratio was calculated for Version 2 respondents. The resulting value was 1.92. Since this avoidance ratio is greater than one, these respondents were more concerned about avoiding structurally deficient bridges when reminded of the recent, and relatively nearby, tragedy surrounding the collapse of the bridge that was rated as structurally deficient (see Table 2). The difference between the two models is statistically significant, suggesting that framing matters.<sup>7</sup>

**Table 1. Version 1 Model**

Independent Variables	Coef- ficients B	Standard- Ized Coef- icients Beta	Significance
(Constant)	0.592		0.092
NOBRIDG	6.069	0.550	0.000
ONEBRIDG	3.392	0.308	0.000
MILES200	4.794	0.435	0.000
MILES250	2.637	0.239	0.000
STORM	6.608	0.635	0.000

Respondents perceived threats differently and responded differently. We therefore looked for clusters of similar responses in the total sample (Version 1 had a sample size of 17 and Version 2 had a sample size of 14). The analysis revealed two clusters.<sup>8</sup>

The 20 respondents in the first cluster were more concerned about storms than about structurally deficient bridges. The Avoidance Ratio equaled 0.62. The 11 respondents in the second cluster were more

<sup>7</sup> Two regression models can be compared to see if their results are essentially the same by using the Chow test, as described by Pindek and Rubinfeld (1998, 133-135).  $F_{test} = 9.09$ ;  $F_{\alpha=0.01} = 2.80$ .

<sup>8</sup> Q factor analysis with Varimax rotation on the rankings was used to decide how many clusters were appropriate and how to assign cases to clusters. The two factors represented 88.8% of the variance in the data. Factor loadings were used to assign the cases to clusters.

concerned about structurally deficient bridges than about storms and had an eye-popping Avoidance Ratio of 5.16. The models for the two clusters were significantly different.<sup>9</sup> Gender and major were the only demographic variables that were gathered. There were no significant differences between the clusters based on these variables (age was not recorded since all of the respondents were first year students and about the same age).

Based on the conjoint model, one could infer that respondents in second cluster were willing to drive five times as far to avoid a structurally deficient bridge as they were to avoid a winter storm. But only one bridge had collapsed, killing “only” 13 people, while winter storms regularly cause traffic accidents and deaths near the university that the students attend. For example, four months after the bridge collapse in Minneapolis, eleven deaths were attributed to a winter storm that hit the Midwest.

We also looked at the Avoidance Ratios for the two clusters for Version 1 and Version 2 respondents. The Avoidance Ratios are shown below.

**Table 2. Avoidance Ratios by Version and Cluster**

	Cluster 1	Cluster 2	Combined
Version 1	0.63	4.14	0.87
Version 2	0.58	5.66	1.92
Combined	0.62	5.16	1.22

The difference in the models for Cluster 1, when comparing Version 1 and Version 2 are not statistically significant.<sup>10</sup> For Cluster 2, when comparing Version 1 and Version 2, the differences in the models are statistically significant.<sup>11</sup> Apparently, for those people who view the collapse of a bridge as something that is less worrisome than a winter storm, the framing has no significant impact. However, for those who are “overcome” by fear of rare events, framing appears to have a significant impact.

## CONCLUSIONS

Not surprisingly, we found that the way a message is framed (how it is promoted and advertised) matters.<sup>12</sup> Some individuals panic easily and view highly unlikely events that are not obvious to the senses (such as a collapsing bridge) as being

<sup>9</sup>  $F_{\text{test}} = 72.32$

<sup>10</sup>  $F_{\text{test}} = 1.07$

<sup>11</sup>  $F_{\text{test}} = 29.73$

<sup>12</sup> See Baron (2000) for a summary of the framing literature.

much more risky than familiar and observable events (winter storms). These people are good candidates for changing their behavior (by not buying tomatoes or by avoiding bridges). This suggests that public officials and marketers can change behavior of some people through careful framing of a rare, but not easily observed, event. Especially in this post-9/11 climate, the question remains whether and in what circumstances it is good policy—or ethical—to do so.

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## APPENDIX

The table used in the two versions of the questionnaire was the same. However the wording was different, reflecting the difference in framing. The two versions are given below followed by the common table.

### Version 1

The State of Michigan's Transportation Director, Kirk T. Steudle, announced on August 17, 2007 that the Michigan Department of Transportation has posted information online about the safety of 4,402 state highway bridges, some of which are classified as structurally deficient. A highway bridge is classified as structurally deficient if the deck, superstructure, substructure, or culvert is rated in "poor" condition (a rating of 4 or less on the National Bridge Inventory rating scale, with 9 being the best

and 0 the worst rating). A bridge can also be classified as structurally deficient if its load carrying capacity is significantly below current design standards or if a waterway below frequently overtops the bridge during floods.

Assume that you must travel from Houghton to another location in the Upper Peninsula during the winter time. There are a number of different routes that you could take to your destination. The routes vary in terms of the distance traveled to your destination and in terms of the number of bridges on the route that State inspections have shown to be structurally deficient. Some routes might have a winter storm warning (with white-out conditions expected) while others might not.

The following table gives 18 possible combinations of distance, weather, and bridge ratings. Rank these 18 combinations from the one that you would most prefer (given a rank of 18) to the one that you would least prefer (given a rank of 1).

### Version 2

The bridge that collapsed in Minneapolis on Wednesday, August 1<sup>st</sup>, killing 13 and hospitalizing many more, was listed as being structurally deficient. In response to the public outcry for a need to know which bridges are potentially unsafe, the State of Michigan now lists online which bridges in Michigan are structurally deficient. Of the 4,402 bridges in Michigan, over 600 are structurally deficient.

Assume that you must travel from Houghton to another location in the Upper Peninsula during the winter time. There are a number of different routes that you could take to your destination. The routes vary in terms of the distance and in terms of the number of bridges on the route that State inspections have shown to be structurally deficient. Some routes might have a winter storm warning (with white-out conditions expected) while others might not.

The following table gives 18 possible combinations of distance, weather, and bridge ratings. Rank these 18 combinations from the one that you would most prefer (given a rank of 18) to the one that you would least prefer (given a rank of 1).

	Winter Storm Warning			No Winter Storm Warning		
Travel Distance	No structurally deficient bridges	1 structurally deficient bridge	2 structurally deficient bridges	No structurally deficient bridges	1 structurally deficient bridge	2 structurally deficient bridges
200 miles						
250 miles						
300 miles						

# THE GENERAL MOTORS EMPLOYEE PRICE INCENTIVE: AN EMPIRICAL INVESTIGATION

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## ABSTRACT

*In this paper empirical research is reported examining the largest sales incentive program that has been conducted in the automobile industry. The results indicate that the sales incentive resulted in a significant increase in truck sales, however, a significant decrease in car and truck sales occurred following the incentive period.*

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## INTRODUCTION

Sales incentives are widely used to stimulate sales and can be divided into two forms (Busse, Silva-Risso, and Zettelmeyer 2006). The first are incentives that are given by the manufacturer directly to the consumer, and the second are incentives given to a dealer or retailer that may or may not be passed on to the consumer. Sales incentives in the form of price reductions directly given to the consumer are commonly used in the automobile and in other industries to increase short-term demand. The objective of this research is to identify the sales impact of the largest sales incentive program that has been conducted in the automobile industry. The research reports sales during the incentive period compared to the same period in the previous year, as well as to compare the incentive period to the previous period and the period following the end of the incentive.

General Motors along with other domestic automobile manufacturers have offered numerous incentive programs for many years. Most of the sales incentives used in the automotive industry have come in the form of cash back bonuses, low interest rate financing incentives, and rebates to encourage customers to buy their products. The General Motors (GM) employee pricing sales incentive program examined in this research ran for a longer period of time and offered the consumer a larger price discount than other sales incentives. The incentive ran from June through September 2005 and gave all consumers the discounted price normally paid by GM employees (Schubert 2005).

The method used to implement an incentive may enhance or diminish its effectiveness. Incentives that are given by the manufacturer directly to the consumer result in the consumer receiving the price discount, however, incentives that are given to a dealer may not be passed on to the consumer (Busse, Silva-Risso, and Zettelmeyer 2006). Research has shown that a direct to the consumer price decrease is the most effective form of promotion (Alvarez and Casielles 2005). Dealer-distributed incentives dealers only pass 30%-40% of the discount to the consumer (Busse et. al 2006). The way a sales promotion is presented to consumers can have an effect on purchase motivation as well. Promotions showing the amount of the discount have a greater impact on sales than does a price promotion showing only the net price after promotion discounts (Kim 2006). In the case of the GM employee pricing incentive, GM showed the net after-promotion price, although the retail price was visible on the window price sticker. It is possible that this could have caused the program to be less effective than if the dollar amount of the discount was also displayed.

The extent that a product is in demand under normal non-incentive circumstances may also influence the impact of an incentive. The sales of products that are not popular under normal non-incentive sales conditions are probably not going to be as influenced by the incentive as would be those that are. Prior to the GM employee pricing incentive, GM automobile sales had been declining for several years, whereas trucks had seen sales increases. In addition, trucks had gained as a percentage of total vehicles sold for the industry in total. This would suggest that the incentive could have a

greater impact on truck as opposed to automobile sales. Another issue that must be considered in the use of sales promotions is the difference in the reaction of different consumer segments based on loyalty to a brand (Lim, Currim, and Andrews 2005). It is possible in the case of the Employee Pricing Incentive, that buyers loyal to GM may have bought the General Motors product regardless. Another issue of interest is what portion of the sales increase is based on sales actually taken away from competing companies, something that is a priority goal of automobile manufacturers. Van Heerde, Gupta, and Wittink (2003) found that only 33% of sales increases during promotions were from other companies, indicating that brand switching is not as great as would be desired from such an incentive. Applying this logic to General Motors, it would follow that a majority of the sales increase seen during the incentive would come from future GM sales, not from sales taken away from competitors.

Incentives may increase sales in the short term, but sales may also drop drastically following the incentive (Powers 1986; Krebs 1987). It has been reported that for durable goods sales increase during an incentive but fall by a large magnitude thereafter (Thompson and Noordewier 1992). The use of sales incentives can create consumer perceptions of inferior quality and may negatively impact the desirability of a product (Chandran and Morwitz 2006; Darke and Chung 2005). Incentive programs have a short-term positive impact on sales revenue, profitability, and stock market value, however, these effects are only short-term and the repeated use of incentives causes profit margins and market value to suffer in the long run (Ailawadi, Harlam, Cesar, and Trounce 2006; Ailawadi, Lehmann, and Neslin 2001; Pauwels, Silva-Risso, Srinivasan, and Hanssens 2004; Powers and Closs 1987).

## **RESEARCH OBJECTIVE AND METHOD**

The research was designed to address the following questions: *What is the impact of the GM employee pricing sales incentive program on automobile sales, truck sales, and combined automobile and truck sales compared to 1) the same time period in the previous year? 2) the period preceding the incentive? and 3) the comparable period following the incentive?* By examining prior comparable periods both in the prior and same year an understanding of the initial performance of the incentive program can

be made. Through an examination of the period following the incentive the cost in future sales of the incentive program can be determined, reflecting the overall effectiveness of the incentive program. The following hypotheses are tested:

*Hypothesis 1.1 There is a significant increase in automobile sales during the sales incentive from automobile sales one-year prior.*

*Hypothesis 1.2 There is a significant increase in truck sales during the sales incentive from truck sales one-year prior.*

*Hypothesis 1.3 There is a significant increase in combined automobile and truck sales during the sales incentive from automobile and truck combined sales one-year prior.*

*Hypothesis 2.1 There is a significant increase in automobile sales during the sales incentive from automobile sales during the preceding period.*

*Hypothesis 2.2 There is a significant increase in truck sales during the sales incentive from truck sales during the preceding period.*

*Hypothesis 2.3 There is a significant increase in combined automobile and truck sales during the sales incentive from combined automobile and truck sales during the preceding period.*

*Hypothesis 3.1 There is a significant decrease in automobile sales under during the sales incentive to automobile sales in the following period.*

*Hypothesis 3.2 There is a significant decrease in truck sales under during the sales incentive to truck sales in the following period.*

*Hypothesis 3.3 There is a significant decrease in combined automobile and truck sales during the sales incentive to automobile and truck combined sales in the following period.*

Sales data was obtained from the *Automotive News Market Data Book 2004, 2005*. This publication contains sales and production data for cars and trucks for each month in the year reported. Sales of each GM car and truck line were included in the analysis based on the four-month sales incentive, four-month prior year same period, prior to the incentive four-month period, and four-month post incentive period.

Each car or truck line sales were counted for each of the four months. The total number of observations was 144 cars (36 car lines x 4 months), 168 trucks (42 truck lines x 4 months) and 312 combined car and truck observations. A summary of the percentage change in sales during the incentive sales period to previous and post-periods is seen in Table 1, and a summary of the unit change from the incentive sales period to the previous period and post-period is seen in Table 2. The sales data were converted to an average daily sales rate to make the comparisons valid across periods with differing numbers of selling days. In addition a seasonal adjustment was made for the historical differences in previous and following period sales levels based on seasonal effects over a five-year period. The sales data was analyzed with t-tests to compare means of car, truck, and combined car and truck sales between periods.

## RESULTS AND FINDINGS

The information seen in Table 1 illustrates the sales patterns tested in the hypotheses. The incentive resulted in an increase in sales compared to the previous period for cars, trucks, and cars and trucks combined. It also resulted in an increase in sales compared to the previous year for trucks, and for cars and trucks combined. It did not, however, result in an increase for car sales from the previous year. The results seen in Table 2 are even more revealing relative to the overall impact of the incentive. Comparing the unit sales increase during the incentive (compared to the previous period) with the sales decrease following the incentive (compared to the incentive period), there was a net loss of car, truck, and combined car and truck sales. The test of hypotheses is now discussed and is summarized in Table 3.

Hypothesis 1.1 was not supported ( $t=.119$ ,  $sig=.906$ ), indicating that there was no significant increase in automobile sales under sales promotion from sales one-year prior. Hypothesis 1.2 was not supported ( $t=1.528$ ,  $sig=.134$ ), indicating that there was no significant increase in truck sales under the sales promotion from truck sales one-year prior. Hypothesis 1.3 was not supported ( $t=.509$ ,  $sig=.612$ ), indicating that there was no significant increase in automobile and truck combined sales under the sales promotion from automobile and truck combined sales one-year prior. Hypothesis 2.1 was not supported ( $t=.591$ ,  $sig=.558$ ), indicating that there was no significant increase in

automobile sales under the sales promotion from automobile sales in the preceding period. Hypothesis 2.2 was supported ( $t=3.251$ ,  $sig=.002$ ), indicating that there was a significant increase in truck sales under the sales promotion from truck sales in the preceding period. Hypothesis 2.3 was supported ( $t=2.734$ ,  $sig=.008$ ), indicating that there was a significant increase in automobile and truck combined sales under the sales promotion from automobile and truck combined sales in the preceding period. Hypothesis 3.1 was supported ( $t=2.182$ ,  $sig=.035$ ), indicating that there was a significant decrease in automobile sales under the sales promotion to automobile sales in the following period. Hypothesis 3.2 was supported ( $t=3.203$ ,  $sig=.003$ ), indicating that there was a significant decrease in truck sales under the sales promotion to truck sales in the following period. Hypothesis 3.3 was also supported ( $t=3.792$ ,  $sig=.000$ ), indicating that there was a significant decrease in automobile and truck combined sales under the sales promotion and GM automobile to truck combined sales in the following period.

## CONCLUSIONS

The results of the research provide very interesting findings related to the use of sales incentives in the automobile industry. Although it was considered at the time that the employee pricing sales incentive was an effective promotion, the research reported in this paper indicates otherwise. It is difficult to argue that the incentive produced an overall sales increase. The effect of this incentive was clearly short term in terms of sales; however, the use of these incentives must be considered in view of the overall state of the industry. It is not surprising that the incentive had a major impact on truck sales, however, the automobile sales impact was quite limited. This may be due to a combination of the lower overall popularity of automobiles compared to trucks at the time of the incentive and different brand loyalty effects for automobiles and trucks. As sales increases during an incentive can be primarily from a company's own customers (Van Heerde, Gupta, and Wittink 2003), it is possible that GM's declining base of automobile buyers (Giovis 2006) were not in sufficient numbers to create an drastic increase in automobile sales. Another related possibility is that the loss in GM car sales in years prior to the incentive reflects increased brand loyalty to other manufacturers, making

**Table 1: Change in Sales During Incentive Period to Previous and Post Periods**

	Incentive Period to Previous Year % Change	Incentive Period to Previous Period % Change	Post Incentive Period to Incentive Period % Change
Car	-3.5%	+7.3%	-21.8%
Truck	+10.5%	+27.6%	-36.6%
Car and Truck	+4.9%	+19.2%	-31.1%

**Table 2: Unit Sales Change During and After Incentive Period**

	Incentive Period to Previous Period Unit Change	Post Incentive Period to Incentive Period Unit Change	Net Gain or Loss From Incentive
Car	+44,968	-143,390	-98,422
Truck	+285,336	-549,995	-264,659
Car and Truck	+330,304	-693,385	-363,081

**Table 3: Hypothesis Test Results**

Hypothesis	T	df	Sig.	Findings
<b>H 1.1</b>	.119	42	.906	The sales incentive did not significantly increase car sales over the previous year.
<b>H 1.2</b>	1.528	40	.134	The sales incentive did not significantly increase truck sales over the previous year.
<b>H 1.3</b>	.509	83	.612	The sales incentive did not significantly increase combined car and truck sales over the previous year.
<b>H 2.1</b>	.591	41	.558	The sales incentive did not significantly increase car sales over the previous period.
<b>H 2.2</b>	3.251	40	.002	The sales incentive did significantly increase truck sales over the previous period.
<b>H 2.3</b>	2.734	82	.008	The sales incentive did significantly increase combined car and truck sales over the previous period.
<b>H 3.1</b>	2.182	42	.035	There was a significant decrease in car sales following the incentive.
<b>H 3.2</b>	3.203	40	.003	There was a significant decrease in truck sales following the incentive.
<b>H 3.3</b>	3.792	83	.000	There was a significant decrease in combined car and truck sales following the incentive.

these buyers unresponsive to an incentive from another company.

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# THE RELATIONSHIP BETWEEN A RESPONSIVE AND PROACTIVE MARKET ORIENTATION, INNOVATION AND BUSINESS PERFORMANCE

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## ABSTRACT

*The paper addresses a distinction between a responsive and proactive market orientation which can provide a valuable new insight into the market orientation-innovation-business performance relationship. Findings of empirical study based on 325 Slovenian companies which introduced product, process, marketing and organizational innovations during the 2005-2007 period are examined.*

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## INTRODUCTION

The literature often stresses that a market orientation and innovation are among the key drivers of business performance. Yet, knowledge about the relationship between market orientation and innovation is fragmented and inconclusive (Lukas and Ferrell 2000). In addition, empirical studies on the entire chain of relationships (market orientation-innovation-business performance) are still scarce. The recent market orientation literature stresses the importance of distinguishing between two complementary forms of market orientation (responsive and proactive), which can provide a valuable new insight into the market orientation-innovation-business performance relationship. To date, only a few empirical studies have adopted both forms of market orientation. The purpose of this study is to fill in this gap in the academic literature and to empirically examine the entire chain of relationships among Slovenian companies by adopting both market orientation forms. In particular, we attempt to examine the relationships between market orientation components, degree of novelty, innovation performance, and business performance.

## LITERATURE REVIEW

The findings of two meta-analyses confirm a positive relationship between market orientation and business performance (Cano, Carrillat, and Jaramillo 2004; Kirca, Jayachandran, and Bearden 2005). However, some researchers report that this relationship is insignificant (e.g. Han, Kim, and Srivastava 1998), positive only in certain business environments (e.g. Greenley 1995), positive only with some performance measures or even negative

(e.g. Voss and Voss 2000). On the other hand, innovation has been increasingly emphasized as one of the most important drivers of business performance (e.g. Fagerberg 2005).

The literature review of the market orientation-innovation relationship reveals two major dilemmas: the linkage of market orientation to the degree of novelty and innovation performance. Both research questions are important since past research indicate that the degree of novelty is positively correlated to new product (NP) performance (Song and Montoya-Weiss 1998) and business performance (Vazquez, Santos, and Alvarez 2001; Sandvik and Sandvik 2003; Sorescu and Spanjol 2008). In addition, NP performance is positively correlated to business performance (Langerak, Hultink, and Robben 2004).

Some authors claim in their theoretical contributions that market orientation is insufficient for the development of truly new products (e.g. Hamel and Prahalad 1991; Baker and Sinkula, 1999; Berthon, Hulbert, and Pitt 2004). While some empirical findings provide support for this criticism (e.g. Atuahene-Gima 1996, Gatignon and Xuereb 1997), others suggest the opposite (e.g. Vazquez, Santos, and Alvarez 2001; Sandvik and Sandvik 2003). Further, market orientation components (i.e. customer orientation, competitor orientation, and interfunctional coordination) differ in their impact on the degree of novelty (Lukas and Ferrell 2000). In addition, three meta-analyses provide discordant findings on the market orientation-innovation performance relationship. Henard and Szymanski (2001) report a statistically insignificant corrected mean correlation, while Kirca, Jayachandran, and Bearden (2005) and Grinstein (2008) find that market orientation is positively correlated to innovation consequences (i.e. new product performance and

innovativeness). However, market orientation has a greater impact when the new product represents an incremental change to both the customer and the company (Atuahene-Gima 1995).

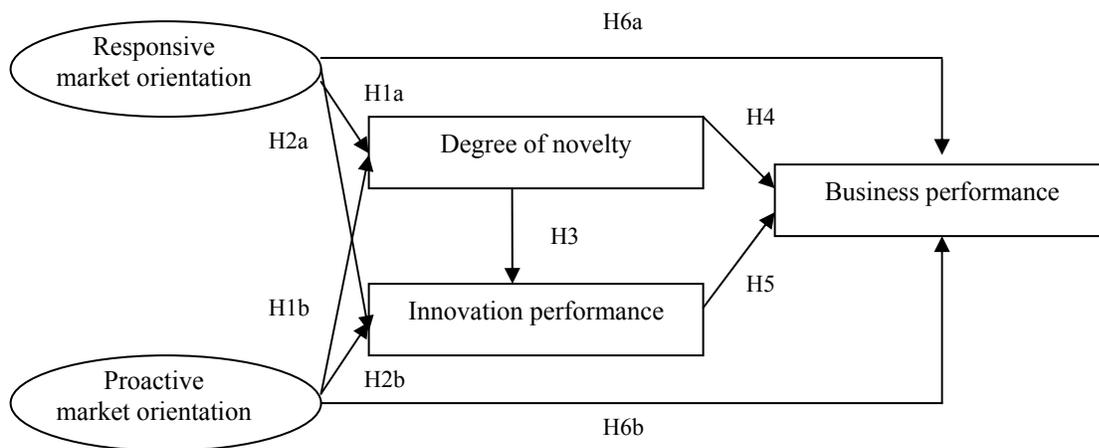
The recent market orientation literature distinguishes between two complementary forms of market orientation. Jaworski, Kohli and Sahay (2000) differentiate between the “market-driven” form, which refers to the existing customer preferences, market behavior, and market structure, and the “market driving” form which implies a company’s impact on the market structure and/or behaviors of market players (Jaworski, Kohli, and Sahay 2000). While both forms are needed for the long-run business performance (Sheth and Sisodia 1999), the market-driven form rarely leads to radical innovations (Kumar, Scheer, and Kotler 2000). Similarly, Narver, Slater and MacLachlan (2004) distinguish between a “responsive” market orientation, which refers to discovering, understanding and satisfying expressed customer needs, and a “proactive” market orientation, which refers to discovering, understanding and satisfying latent customer needs.

Only a few empirical studies have adopted both forms of market orientation so far. These studies clearly indicate that both forms are important for NP performance (Narver, Slater, and MacLachlan, 2004; Atuahene-Gima, Slater, and Olson 2005; Tsai, Chou,

and Kuo 2007). However, a proactive market orientation is more strongly related to NP performance (Narver, Slater, and MacLachlan, 2004). Some studies reveal the more complex nature of the relationship between both market orientations and NP performance. For example, Atuahene-Gima, Slater, and Olson (2005) report that NP program performance is enhanced when one market orientation form is at a higher level and the other is at a lower level. Tsai, Chou, and Kuo (2007) suggest that the curvilinear relationship between the two dimensions of market orientation and NP performance may depend on external environmental characteristics.

Based on the literature review the following hypotheses are proposed (see Figure 1): (1) *H1a-b: Both a responsive and a proactive market orientation are positively related to the degree of novelty, yet the latter relationship is stronger*; (2) *H2: Both a responsive and a proactive market orientation are positively related to innovation performance, yet the latter relationship is stronger*; (3) *H3: The degree of novelty is positively related to innovation performance*; (4) *H4: The degree of novelty is positively related to business performance*; (5) *H5: Innovation performance is positively related to business performance*; and (6) *H6a-b: Both a responsive and a proactive market orientation are positively related to business performance*.

**Figure1. The conceptual framework**



## RESEARCH METHODOLOGY

The target population consisted of Slovenian companies in manufacturing and selected services (wholesale and retail trade, transport, storage and communications, and financial intermediation) with

at least 10 employees. A list of firms provided by the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) was used as a basis for collecting the email addresses of general managers and marketing managers. A mailing list compiled by a call centre at Slovenian’s Chamber of

Commerce and Industry was used as a sampling frame. Each manager was emailed a letter explaining the general purpose of the study and the link to the Internet survey. Two follow-up emails were sent to non-respondents. The survey was conducted in the period from January to March 2008. After accounting for undeliverable mails, usable questionnaires from 441 companies were received, constituting a 16 percent response rate. The sample consisted of 53% manufacturing and 47% service organizations. 53% of the companies in the sample were classified as small (10-49 employees), 32% of them were medium (50-249 employees), while 15% were large (more than 250 employees). Of all respondents, 51% were general managers, 31% were marketing managers and the rest mainly held other leading positions in the company. An early versus late respondent analysis provided no evidence of non-response bias.

### **Measures of market orientation components, innovation and business performance**

The questionnaire contained 20 items in order to measure the responsive and proactive market orientation on a seven-point Likert scale (1-strongly disagree, 7-strongly agree), which was developed based on a literature review of the existing market orientation measures and findings from eight in-depth interviews with managers. The questionnaire was pretested with 9 academics and 12 managers. In addition, the face validity of the market orientation scale was tested with two academics and four managers.

Following the innovation literature and the Oslo manual (2005) which provides guidelines for measuring innovation in the European Union, four types of innovations were included in the survey: product, process, marketing and organizational innovations. In the existing literature, almost all definitions and measures of radical and incremental innovations are limited to new products and changes in technology (e.g. Chandy and Tellis 2000; Gatignon and Xuereb 1997; Sivadas and Dwyer 2000). According to Chandy and Tellis (1998) radical innovations involve fundamental changes in technology for the firm, whereas incremental innovations are product improvements and line extensions which involve small changes in technology. This definition of degree of novelty can not be applied to marketing and organizational innovations because these types of innovations are often based on non-technological knowledge (Oslo manual 2005). In our survey, respondents were asked to assess the predominant level of each type of

innovations introduced by the company during the past three years ("Please indicate the predominant level of product/process/marketing method/organizational method innovation that your company introduced during the 2005-2007 period") on a seven-point scale (1-minor change, 7-new-to-the-world; X-no introduction). A similar approach was adopted by Weerawardena (2003) and Weerawardena et al. (2005).

The performance of the innovations introduced during the 2005-2007 period was measured relative to company objectives for each of the following 10 measures proposed in the literature: NP launch on time, sales of NP, NP market share, customer satisfaction with the NP, profit of NP, % NP sales in total sales, increase in total sales of the company, increase of total profit of the company, positive impact on brand image, and cost savings (1-very unsuccessful, 7-very successful). Business performance in 2007 was measured relative to major competitors for the following measures: sales value, growth of sales value, gross profit, customer satisfaction, customer loyalty, and market share (1-much worse, 7- much better).

## **RESULTS**

During the 2005-2007 period, the majority of companies introduced product innovations (87.8%), process (89.6%), marketing (88.2%), and organizational innovations (85.9%). In order to embrace all four types of innovation and test the hypotheses via the SEM method, 73.7% of all companies in the sample that introduced all four types of innovation were retained for the analysis (N=325).

First, the measurement model of market orientation components was tested. Exploratory factor analysis resulted in the extraction of three factors with 12 items: "market information" (INFO), "responsive market orientation" (RESP), and "proactive market orientation" (PRO). In the next step, a confirmatory factor analysis using the AMOS 16.0 software was performed. The latent variables exhibit indices superior to the reference values of the composite reliability index ( $\rho_f$ ) and the variance extracted ( $\rho_{vc}$ ) (see Table 1), indicating a convergent validity. For each pair of constructs, the chi-square difference between the constrained (i.e. the correlation between two constructs was set to 1) and unconstrained model was statistically significant ( $\Delta\chi^2 > 3.84$ ), confirming the discriminant validity of our constructs.

**Table 1. Measurement items retained for the analysis**

Items	SFL*
<b>Market information</b> (Cronbach's $\alpha = 0.83$ ; $\rho_f = 0.83$ ; $\rho_{vc} = 0.71$ )	
We timely recognize changes in the needs, wants and/or buying behavior of existing and potential customers.	0.87
We know the customers of our products well.	0.81
<b>Responsive market orientation</b> (Cronbach's $\alpha = 0.85$ ; $\rho_f = 0.85$ ; $\rho_{vc} = 0.52$ )	
We respond quickly to changed customer needs, wants and/or buying behavior.	0.80
Business functions work in a coordinated way so as to satisfy the needs of our target markets.	0.78
We adapt the marketing mix (products, prices, distribution, communication) to the selected target markets.	0.70
We respond quickly to competitors' activities.	0.69
In the case of customer dissatisfaction or complaints we take corrective steps as fast as possible.	0.63
<b>Proactive market orientation</b> (Cronbach's $\alpha = 0.85$ ; $\rho_f = 0.85$ ; $\rho_{vc} = 0.54$ )	
We examine which needs and wants customers may have in the future.	0.78
We examine problems customers may have with existing products in the market in order to offer a new or better solution to satisfy a need.	0.79
We try to recognize needs and wants which existing and potential customers are unaware of or which they don't want to disclose.	0.77
We work closely with lead customers who recognize their needs months or years before the majority of potential customers recognize them.	0.68
We develop new products that will satisfy still unexpressed customer needs.	0.65

\*SFL: Standardized Factor Loadings

Model fit:  $\chi^2=65.8$ ;  $df=47$ ;  $GFI=0.968$ ;  $NFI=0.969$ ;  $TLI=0.987$ ;  $CFI=0.991$ ;  $RMSEA=0.035$

Based on findings of confirmatory factor analysis the proposed conceptual model was redefined in order to embrace all three market orientation components; market information (INFO), responsive market orientation (RESP) and proactive market orientation (PRO). An additional path from INFO to business performance was included into the model (H6c).

For the companies that introduced all four types of innovation during 2005-2007 period, the mean scores of all three market orientation components are above the scale midpoint, with the highest mean score of INFO (mean=5.41; SD=1.02), followed by RESP (mean=5.36, SD=1.00) and a statistically lower mean score of PRO (mean=5.06, SD=1.09). Taking all four types of innovation into account, the average degree of novelty is very close to the scale midpoint (mean=3.98, SD=1.17). There are no statistically significant differences between the mean degree of novelty of a particular type of innovation. Taking all 10 innovation performance measures into account, the mean score of innovation performance is 4.92 (SD=0.95). The overall mean score of business performance is 5.14 (SD=0.78) which is significantly higher than for innovation performance.

The SEM method was applied in order to test the hypotheses about the relationships between market orientation dimensions, degree of novelty (mean score for four types of innovation), innovation performance (mean score for 10 selected measures) and business performance (mean score for six selected measures). The analysis resulted in a good model fit with the data ( $\chi^2=108.1$ ;  $df=76$ ;  $GFI=0.958$ ;  $NFI=0.956$ ;  $TLI=0.981$ ;  $CFI=0.986$ ;  $RMSEA=0.036$ ). Table 2 summarizes the results of testing the hypotheses. The findings support the hypotheses that PRO is positively related to the degree of novelty (H1b), the degree of novelty is positively related to the innovation performance (H3), and innovation performance is positively related to the business performance (H5). However, no support was found for the relationship between RESP and the degree of novelty (H1a), between RESP and PRO, and innovation performance (H2a, H2b), between the degree of novelty and the business performance (H4) and a direct relationship between all three market orientation dimensions and business performance (H6a, H6b, H6c).

**Table 2. Baseline Model Results: Testing the Research Hypotheses**

H	Antecedent	Criterion Variable	Path Coeff.	C.R.*	Result
H1a	RESP	Degree of novelty	-0.24	-1.06	Not supported
H1b	PRO	Degree of novelty	<b>0.67</b>	2.69	Supported
H2a	RESP	Innovation performance	0.23	1.39	Not supported
H2b	PRO	Innovation performance	0.07	0.39	Not supported
H3	Degree of novelty	Innovation performance	<b>0.23</b>	5.27	Supported
H4	Degree of novelty	Business performance	0.00	0.12	Not supported
H5	Innovation performance	Business performance	<b>0.40</b>	9.43	Supported
H6a	RESP	Business performance	0.05	0.37	Not supported
H6b	PRO	Business performance	0.08	0.53	Not supported
H6c	INFO	Business performance	0.04	0.12	Not supported

\* Significant at  $p < 0.05$  if C.R. (critical ratio)  $> 1.96$

### CONCLUSIONS AND FUTURE RESEARCH

Empirical findings for the sample of 325 Slovenian manufacturing and service firms which introduced product, process, marketing and organizational innovations during the 2005-2007 period provide additional support for past research arguing that a higher degree of novelty enhances innovation performance which, in turn, enhances business performance. However, contrary to prior research, our findings did not provide support for a direct relationship between the degree of novelty and business performance. According to our empirical study, the degree of novelty only impacts on business performance through innovation performance. As expected, a proactive market orientation enhances the degree of novelty. Moreover, it is the only market orientation dimension that is significantly related to the degree of novelty. Further, our finding of an insignificant relationship between RESP and PRO, and innovation performance contradicts past research (Narver, Slater, and MacLaclan 2004; Atuahene-Gima, Slater, and Olson 2005; Tsai, Chou, and Kuo (2007), but is consistent with findings reported by Langerak, Hultink, and Robben (2004). In addition, none of the market orientation dimensions (i.e. INFO, RESP, PRO) is significantly related to business performance, which contradicts several past research that confirmed a statistically positive relationship between an overall market orientation and business performance. Yet, our findings are consistent with a group of studies that also report indirect effects of a market orientation on business performance (e.g. Han, Kim, and Srivastava 1998; Langerak, Hultink, and Robben 2004). As Langerak, Hultink, and Robben (2004) pointed out the channeling effects of a market orientation are much more subtle and complex than direct relationships between a market orientation and business performance.

Our empirical study has important practical implications. Companies can improve their business

performance by improving their innovation performance and hence they are advised to increase the degree of novelty as this leads to higher innovation performance. An important driver of the degree of novelty is the level of proactive market orientation. Companies wanting to increase the degree of novelty in order to improve their innovation performance and finally to improve their business performance should invest resources in raising the level of their proactive market orientation. They can achieve this by investing resources in examining and satisfying latent customer needs, including examining problems customers have with existing products and working closely with their lead customers.

Our empirical study contributes to the existing knowledge on the market-orientation-innovation-business performance relationship by adopting a responsive and proactive market orientation, considering a comprehensive view of innovation (not limited to product innovations only) and using multiple items to measure performance. However, our study is subject to several limitations. First, the findings refer to all 325 manufacturing and service firms. The relationships may differ given the size of a company, industry (manufacturing vs. service firms), the type of market (B2C vs. B2B), and market position. In the future, it would be beneficial to test the hypotheses with a consideration of these control variables. There is a dearth of empirical studies on this topic. Two meta-analyses on the market orientation-business performance relationship report discordant findings: Cano, Carrillat, and Jaramillo (2004) report that the relationship between market orientation and business performance is stronger in a service setting than in a manufacturing setting, while Kirca, Jayachandran, and Bearden (2005) report just the opposite. Avlonitis & Gounaris (1997) report that the relationship between market orientation and business performance is stronger for companies in business-to-business markets in comparison to companies in consumer markets. To our knowledge, no empirical research adopting both a responsive and

a proactive market orientation has tested these moderating effects. Second, our analysis does not take into account the potential moderator effects of the business environment. Third, although our empirical causal inferences are grounded in an existing theoretical framework the results of this cross-sectional study need to be confirmed by a longitudinal study. Fourth, further testing of the validity of measurement of a responsive and proactive market orientation is needed as the distinction between these two forms is still a new concept in the market orientation literature.

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# **ETHNOCENTRIC CONSUMER BEHAVIOR: AN EXAMINATION OF LATINO-AMERICAN AND GENERATIONAL DIFFERENCES**

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## **ABSTRACT**

The purpose of this study is to examine ethnocentric tendencies of Latino Americans, the largest minority group in the United States, and to better understand differences between generations in the Latino and Caucasian segments. It is hypothesized that Caucasians will hold more ethnocentric attitudes and purchase preferences than Latino Americans who may identify with other countries or feel more loyalty to other countries. Surprisingly, the findings suggest that there are not differences in ethnocentric attitudes between Caucasians and Latino Americans, and this holds true for both adults and children. However, when asked to choose between a U.S. product and a product from Mexico or South America, Latino Americans are significantly more likely to choose products from Mexico or South America than Caucasians, and this also held true for both adults and children. This suggests that while Latino and Caucasian Americans do not differ in their ethnocentric attitudes, their purchase behavior may differ with Latino Americans being more likely to consider alternatives from outside the United States.

The second hypothesis proposes that adults will be more ethnocentric than children because Latino children are more likely to be bilingual, better educated and use fewer transnational strategies than their parents. Likewise, Caucasian children have grown up with more diversity in school and in society in general, suggesting that they too may be more open to products from other countries. The findings support this hypothesis. While the findings for ethnocentric attitudes were not statistically significant, the direction is such that adults tend to be more ethnocentric than children, and this holds true for both Caucasians and Latino Americans. In addition, when given a choice between two products from differing countries, adults are significantly more likely to select U.S. products than children and this also was true for both Caucasian and Latino Americans.

It is important to note that this is an exploratory study. It does not address differences in ethnocentric attitudes and product preference by Latino sub-cultural group, such as Puerto Rican or Mexican, and is only representative of the Milwaukee, Wisconsin area. While the research should be replicated with a sample representative of the entire United States, this initial study suggests that ethnocentric attitudes toward U.S. products do not significantly vary, while product preferences between Caucasians and Latino Americans do appear to vary.

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# TES MARKETING: THE EXTRA STEP TO BE EFFECTIVE IN THE MARKETPLACE

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## ABSTRACT

*TES marketing aims to reach the goal of true effectiveness: it considers the customer as a partner and wants to share a path of mutual growing, giving . It works on the reduction of the "expected/received performance" gap and the real closeness to the effective needs and expected value.*

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## INTRODUCTION

At present, many experts (Fiocca 2006; Hakansson et al. 2004) involve in their observations the role of marketing, questioning about its function and future evolution.

Cova, Badot and Bucci<sup>1</sup> state that the debate on this topic involves the last twenty years, quoting the work of Brown of 1993, "Postmodern marketing?" the universal *panaceas* that would heal all the problems marketing face in business.

Having coined a new word for every kind of marketing issue, from authenticity to empowerment, from exponential to neural, from scarcity to undercover<sup>2</sup>, contributed to raise doubts on the effective ability of being a real panacea for every situation, as being oriented to the customer, even if constitutive for marketing, cannot be a "one fits all" solution. At the same time, information and observations collected inside companies underline who marketing is passing through a delicate state of existence.

We can state, to the extremes, that on one side the strategic area seems to be jealousy retained by the MNLs headquarters, making it lose importance and visibility, and that on the other side, the operative centre is being "auto-anesthetized" by routine activities (promotions, packaging, after-sales, in store promotion, traffic building, etc.) that by themselves don't create

that specific and effective added value in terms of total performance.

Despite what declared in the "Ending the war between sales and marketing" article, by Kotler et al.<sup>3</sup> about the combinations that allow sales and marketing to co-exist in the more efficient way, it's still observable the distance from the world of marketing to that of sales having splitted objectives and difficulties in interacting.

## FIL ROUGE AND MARKETING KEY WORDS

From the analysis of the definitions related in literature we can have an overview on a "marketing *fil rouge*" for the following concepts:

1. the centrality of the client
2. the study of consumer's needs, wants and expectations
3. the creation of products that would satisfy those expectations
4. customer's satisfaction as a priority
5. value creation for the customer as a profit driver for the company
6. operating while considering the marketing mix

From the reading of the same definitions, we note some key words, and the authors, that help defining the borders of our issue:

1. customer's satisfaction (Mc Carthy)

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<sup>1</sup> Cova, Badot, Bucci (2006), "Beyond Marketing, In Praise of Societing", <http://visionarymarketing.com>

<sup>2</sup> From the quoted article where Cova et al. list 82 different types of marketing panaceas collected from 1985 to 2005

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<sup>3</sup> Kotler P., Rackham N., Krishnaswamy S. (2006), "Ending the War Between Sales & Marketing", *Harvard Business Review*, vol. 84

2. marketing for the whole company (Drucker)
3. needs and wants (Kotler)
4. business division to find and maintain clients (McKenna)
5. cost/benefit ratio (Lauterborn)
6. distributive channel and interactive communication (Lauterborn)
7. client's perspective (Whiteley and Mulliez)
8. client's listening (Whiteley and Mulliez)
9. managing the process (Christensen)

### TES COSTITUTIONAL PRINCIPLES

TES marketing is here proposed as the answer to a double need of certainty, on one side the reduction of the "expected /received performance" gap and, on the other side, the real closeness to the effective satisfaccional needs of the customer, both on the technical and relational using the "one up one up" philosophy. TES marketing considers the client as a partner and wants to share a path of mutual growing, but still with their single interests: of the business sphere for the company and personal for the client.

### STEP BY STEP TO THE EXTRA STEP

TES marketing aims to reach the goal of true efficacy, persuing the original marketing mix action of support, going deep into the purchasing process and with a constant check on performance, directly on the market.

The basis of its definitions stand on Gilmore and Pine's writing (2007) dedicated to the term "authenticity" where consumers choose to buy on the real perception of the company's proposition.<sup>4</sup>

The key word here is "real". A kind of marketing that goes beyond its operative responsibility to create a strategy and following the marketing mix path, devolving the performance on customer/market upon other company's functions (as sales departments or service suppliers). The new feature of TES marketing involves, with a new sense of responsibility, the downstream structure of its processes, with the aim of maximising market performance and with the idea of avoiding those conflictual behaviours connected to small clearness or to misunderstandings; these confirm that sometimes marketing and sales seem to be considered separately, having different or diverging interests.

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<sup>4</sup> "In a world increasingly filled with deliberately and sensationally staged experience – an increasingly unreal world – consumers choose to buy or not buy based on how real they perceive an offering to be": Gilmore and Pine 2007.

What is the final goal of TES marketing?

Its aim is ambitious: achieve and control marketing action's efficacy on the whole context: from the need's perception to the product sold. We aim at reaching performance concreteness, sell out check, on the global effort of a marketing action.

The strategic aspects of TES marketing are referred to the following questions:

- What is the way of thinking with TES?
- How can we satisfy the client with TES?
- How can we differentiate with TES?

Answers to these questions may be given through the following indicative approaches:

- I Care
- I Cure
- High Core
- I Cheer

I Care: "I care about my client's satisfaction". This is the strategic starting point of TES. For those who know this field, this statement seems banal and common. In TES the customer is seen as a partner for the company and he is treated as a central feature of the firm, as a medium to develop a common path in satisfaction.

I Cure: "I work to create my customer's satisfaction". This second element is closely related to the first one. If it is true that the customer is similar to a partner, his satisfaction is the company's satisfaction. The winning strategy is the "WIN-WIN", where all the stakeholders take advantage.

High Core: "I know where my differentiating core lies". This consciousness behaviour enables to distinguish the company from competitors and to emphasise those elements of differentiation in the eyes of the customers.

I Cheer: "I cheer the client for his satisfaction". Here the active interpretation of the "WIN-WIN" philosophy is clearly expressed, once arrived at this point, the reciprocal goals of satisfaction are tangibly achieved.

### TES MARKETING MIX

We reach now the next stage of our discussion, analysing the TES marketing mix.

Being coherent with the past and believing the marketing mix concept is still up-to-date nowadays, both for its "*tableau du bord*" or "dashboard"<sup>5</sup> function and its synthetizing abilities, TES marketing mix

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<sup>5</sup> E. Valdani (1991), *Marketing globale. La gestione strategica nei mercati internazionali*, Milano: Egea, p. 133

supports the “P model”, first introduced in 1954 by McCarthy<sup>6</sup>.

In TES marketing P’s are re-suggested and read based on the concept “the extra step”; more precisely, here will be reported only the “extra” aspects and the innovative modality of each P consistent with this philosophy.

### Product

Regarding the product meaning the object or service that a company produces or supplies, in TES it’s all about co-design. With this term, we mean the highest level of proximity and partnership with the client and it represent also an element of the core mission: working in harness with the customer to define exactly what he is looking for in this product.

Also Prahalad and Ramaswamy (2004) and Ferrero and Savelli (2006) discussed about this matter in their writings.

### Price

TES approach to price is to sell value. About value’s concept, Busacca (2004), Raimondo and Miceli (2005) showed interest for this topic. Selling value is here seen as the reconstruction of the logic path around the customer, by evaluating all the components that enable to create value, classified in three levels: the people that supply the service/product, the product and the company.

With the term performance disaggregation (Cavallone 2000) we mean the decomposition of the whole of elements that form the performance and have to be firstly identified and enhanced in front of the eyes of the customer, as seen in figure 1.

**Figure 1 Offer Value Disaggregation**

PEOPLE	PRODUCT	COMPANY
- Training		- Name/Trademark
- Experience	- Certification	- Market visibility
- Personal abilities	- Rotation	- Ethics
	- Marginality	- Investments in research
- Selling ability	- Range	
- Specific competence	- Trademark	- Investments in communication

<sup>6</sup> McCarthy E. J. (1960), *Basic Marketing: A Managerial Approach*, Irwin, Homewood

### Promotion

In TES marketing, promotion is intended as cross cultural communication; the extra step is closely related with the creation of advertising messages acceptable in multiple cultures present on the market.<sup>7</sup> Nowadays, the evolution the social structure is living in every single country and the resulting multiculturalism involved, is stimulating lately the works of several experts (De Moojie 1998-2005; Gannon 1994-2001; Herbig 1995; Mantovani 2004; Napoletano 2002; Semprini 2000).

In cross cultural communication<sup>8</sup> we formulate one single message that will be able to cross different cultures based on the things those culture share, in order to be fully understood by each target.

### Distribution Policy

It is in distribution that TES carries out the effective marketing by checking the sell out of all marketing activities. This is fundamental since between production and distribution strategies there are often “out-of-line interests” and customer’s choice may be affected by specific levers used inside the point of purchase, sometimes shared by the previous characters and other times chosen autonomously by distribution (Lugli 2007, pp. XI, XII).

In doing so TES needs a specific team able to create a new level of activities and to verify, optimise and communicate any possible distortion between what agreed and what effectively displayed on the shelves.

There are some processes specifically carried out by this team:

1. verify, optimise and communicate possible distortion of the marketing mix (in terms of proposition);
2. improve the importance of those extra plus hold by the components of the canvass (for example “the cut price this month is to increase product rotation, in order to improve the whole marginality);
3. help to focus the ideal trade marketing mix in terms of shape and point of purchase of the company
4. communicate the distortions and suggests in real time the corrections needed

<sup>7</sup> Cavallone M. (2007), “Gestire la comunicazione di marketing nella società multiculturale: problemi aperti e implicazioni per il management”, *Mercati e Competitività*, n. 1

<sup>8</sup> Cavallone M. (2007), “Gestire la comunicazione di marketing nella società multiculturale: problemi aperti e implicazioni per il management”, *Mercati e Competitività*, n. 1

5. count sales and the effectiveness of the whole marketing action;
6. communicate to the client the effectiveness of his advice given through the partnership, seen as a help in selling more and better.

The goal of efficacy is accomplished through a high level of collaboration between marketing and sales (and exchanging roles if needed) and it is essential that a team of young (graduated) people interested in marketing and management has a part in the company, makes field study and, once trained on this new function, owns the tools (data, tactical options for each point of purchase, etc.) to reach this major objective.

### People

I care Philosophy: as previously said, even the company's staff should take a step forward, since it is a concern of perfect customer satisfaction (Mattiacci 2003), in the attempt of making the client live an experience that goes beyond the expectations given by the only product purchased.

### Public Relations

TES suggests an exchange between public relations (Kotler 2006) to personal relationships, a new way of thinking the relational contact with target based on a "good and true interest" for the client.

### CONCLUSIONS

In relation to what previously said, we described the strategic and operative aspects of TES marketing; this is only a first overview on the issue and a further research is needed in the near future.

Once we win the customer's loyalty, we should make him become our partner. This behaviour of reciprocal satisfaction affects customer's future purchases and, as a consequence, his own loyalty.

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# ASSESSING PREDICTOR IMPORTANCE: A COMPARISON OF MEASURES IN A CUSTOMER SATISFACTION CONTEXT

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## ABSTRACT

*This paper reviews approaches to assessing predictor importance and applies importance measures to customer satisfaction data. Although determining predictor importance is affected by the measure used, some measures impart similar information. Therefore, it is possible to use a small subset of measures.*

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## INTRODUCTION

Researchers often want to know which variables are the most important predictors of a dependent variable, whether one independent variable affects the dependent variable more than another, and what independent variables account for more variation in the dependent variable. Ultimately, these are questions of predictor importance: From a given set of independent variables, which are the most important in predicting the dependent variable? Unfortunately, there is neither an agreed-upon definition of predictor importance, nor an unambiguous indicator of a variable's importance (Achen 1982; Darlington 1968). This ambiguity is compounded by the fact that comparable importance measures will yield different results when (1) the predictors have a high level of multi-collinearity, (2) there are a large number of predictors, and (3) the predictors explain a relatively large proportion of the variance (Baltes et al. 2004; LeBreton, Ployhard and Ladd 2004). These very conditions are prevalent in customer satisfaction research (Allen and Rao 2000; Johnson and Gustafsson 2000). As a result, there is confusion over what measures to use, how to apply them, and how to interpret them.

The purpose of this paper is to review approaches to assessing predictor importance and to apply importance measures to actual customer satisfaction data. The measures will be compared to determine what measures provide similar information and which provide different information. Implications for conducting data analysis will be explored, and areas of future research will be discussed.

## MEASURES OF PREDICTOR IMPORTANCE

Determining the relative importance of explanatory variables is an important aspect of regression analysis. A fitted multiple regression

equation with  $p$  predictors ( $x$ ) and one dependent variable ( $y$ ) is given by:

$$y = b_0 + \sum_{i=1}^p b_i x_i + e,$$

where  $b_i$  is the estimated regression coefficient associated with the  $i$ th predictor ( $x_i$ ), and where  $e$  is model error. The overall explained variance of the model is denoted  $R^2$ .

There is an on-going debate as to what is the most appropriate measure of importance, and there are a number of general approaches to assessing the importance of predictors in a regression context (e.g., Bring 1994; Johnson and LeBreton 2004; Grömping 2007; LeBreton et al. 2004). The indicators receiving attention are correlational measures ( $r_{yxi}$ ,  $r_{yxi-z}$ ,  $r_{y(xi-z)}$ ), OLS regression estimates ( $b_i$ ,  $\beta_i$ ,  $\Delta R^2$ ), product measures ( $\beta_i$ ,  $r_{yxi}$ ,  $\beta_i \bar{X}_i$ ), and variance decomposition ( $\epsilon_i$ ). The measures are briefly described below.

(1) *Zero-order correlation* –  $r_{yxi}$  A predictor's correlation with the dependent variable can be used as a measure of importance (e.g., Darlington 1968). This implies that a predictor's importance is defined by its unique and direct predictive effect on the outcome, ignoring all other variables (Budescu 1993). Zero-order correlations ignore the multivariate aspect of the problem because it is simply the bivariate correlation between the dependent variable and a single predictor.

(2) *Partial correlation* –  $r_{yxi-z}$  The partial correlation and the part (semi-partial) correlation are also known as predictor usefulness (Darlington, 1968) and represent the proportion of the dependent variable's variance accounted for by each predictor, controlling for the other variables' contribution. Specifically, the partial correlates an independent and dependent variables, after controlling both variables for the other independent variables. If the partial correlation is close to zero, the interpretation is that the

relationship between the independent variable and dependent variable is spurious: The predictor is unimportant.

(3) *Part correlation* –  $r_{y(x_i-z)}$  Part correlations represent the unique amount of variance accounted for by each predictor. The part (semi-partial) is the correlation between the independent and the dependent variable, after controlling for the independent variables but not the dependent variable. Unlike partial correlations, part correlations are relative to the total variability of the dependent variable.

(4) *Unstandardized regression coefficients* –  $b_i$  The estimated regression coefficient measures the impact on the dependent variable of a one-unit change in the independent variable ( $X_i$ ). Unstandardized coefficients measure of theoretical importance or potential power of a predictor (Achen 1982). In applied marketing settings, unstandardized coefficients can be particularly useful when all variables are measured on the same scale.

(5) *Standardized regression coefficients* –  $\beta_i$  The standardized regression coefficient is the estimated beta-weight when each variable is standardized to a zero mean and unit variance ( $z$ -score). Standardized regression coefficients assess the “impact of a variable on the spread of the dependent variable in a given sample” (Achen 1982, 75). The use of standardized regression coefficients to determine relative importance is controversial, because beta-weights are frequently misinterpreted as scale-invariant measures of importance (Grömping 2007). Instead, beta-weights should be interpreted as measure of dispersion importance because standardization is based on sample variance.

(6) *Change in R-squared* –  $\Delta R^2$  Another way to assess a predictor’s importance is its uniqueness, which is measured in terms of the consequence of dropping a predictor from the regression equation (Kruskal 1987). A natural measure of predictor importance is the change in  $R^2$  when a single variable is removed from the full model of  $p$  predictors:  $R^2_{full} - R^2_{reduced} = \Delta R^2$ . While not numerically equivalent, measures of the statistical significance of regression coefficients, such as the  $t$ -statistic, provide the same information as  $\Delta R^2$  (Nunnally and Bernstein 1994).

(7) *Independent contribution* –  $\beta_i r_{yxi}$  Generally attributed to Pratt (1987) but appearing earlier in the literature (e.g., Green et al. 1978; Hoffman 1960), “independent contribution” is a product of a variable’s total effect ( $\beta_i$ ) and direct effect ( $r_{yxi}$ ) on a dependent variable (Budescu 1993). Since the sum of the products over all independent variables will equal the overall  $R^2$ , the measure decomposes a model’s fit in the absence of collinearity. However, some individual terms can be negative in the presence of collinearity, and interpretation should be cautious when coefficients are

negative (Green et al. 1978; Johnson and LeBreton 2004; Kruskal and Majors 1989; Pratt 1987).

(8) *Level contribution* –  $\beta_i \bar{X}_i$  Level contribution is the multiple of the mean of each independent variable ( $\bar{x}_i$ ) and its unstandardized regression coefficient ( $\beta_i$ ). When the contributions are summed, including the intercept ( $\beta_0$ ), the result is the mean of the dependent variable. As a measure of importance, level contribution reflects how much actual influence an independent variable exerts on the dependent variable in a given sample, or its net impact. Achen (1982) suggests measuring importance in this manner is relevant when the researcher has an implicit comparison in mind, such as how much difference variable  $x_2$  makes compared to variable  $x_3$ .

(9) *Relative weight* –  $\varepsilon_i$  Johnson (2000) proposed relative weight as an improvement over an earlier epsilon measure developed by Green and colleagues (1978). Relative weight partitions the predicted variance in the dependent variable among the predictors, by multiplying the proportion of variance in new predictors that are the maximally related orthogonal counterparts of the original predictors. The relative weights sum to  $R^2$  and are often expressed as percentages of  $R^2$ .

## APPLICATION TO CUSTOMER SATISFACTION DATA

To illustrate the different measures of predictor importance, the measures were applied to actual customer satisfaction data. The data were collected as part of an annual customer satisfaction survey of 924 in-bound callers to an insurance call center helpline. The dataset consists of one dependent variable ( $y$  = customer satisfaction) and 20 independent variables measures on five-point Likert-style scales.

The predictors exhibit a high level of multicollinearity (the average pair-wise correlation,  $\bar{r}_{xx}$ , is 0.57), there are a large number of predictors ( $p = 20$ ), and the predictors explain a relatively large proportion of the variance ( $R^2_{full} = 0.70$ ). These are the very conditions under which assessing predictor importance becomes problematic, because these conditions can mask the true drivers of customer satisfaction (Allen and Rao 2000; Johnson and Gustaffson 2000).

In the case of correlated predictors, different measures of importance may rank the predictors differently (Green et al. 1978). To assess the differences between measures, importance was measured using the customer satisfaction data, then the measures were rank ordered to assess the relative importance. The values of relative importance and the rank orderings of importance measures appear in Tables 1 and 2.

**Table 1. Measures of Relative Importance**

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	$r_{yxi}$	$r_{yxi-z}$	$r_{y(xi-z)}$	$b_i$	$\beta_i$	$\Delta R^2$	$\beta_i r_{yxi}$	$\beta_i \bar{X}_i$	$\varepsilon_i$	
X01	Understood my problem	0.53	-0.02	-0.01	-0.03	-0.02	0.02	-0.01	-0.12	0.02
X02	Courtesy & respect	0.46	0.06	0.03	0.10	0.05	0.11	0.02	0.47	0.02
X03	Dependable information	0.67	0.09	0.05	0.10	0.09	0.25	0.06	0.48	0.05
X04	Answered phone timely	0.39	0.03	0.02	0.03	0.02	0.04	0.01	0.15	0.01
X05	Enthusiastic assisting me	0.61	0.04	0.02	0.05	0.04	0.05	0.02	0.23	0.03
X06	Spoke clearly & distinctly	0.46	-0.02	-0.01	-0.03	-0.02	0.01	-0.01	-0.14	0.01
X07	Sufficient time to explain	0.55	-0.02	-0.01	-0.04	-0.02	0.02	-0.01	-0.19	0.02
X08	Answer clear & to point	0.71	0.05	0.03	0.08	0.07	0.09	0.05	0.38	0.05
X09	Confidence & trust	0.75	0.05	0.03	0.07	0.07	0.07	0.05	0.30	0.05
X10	Reassuring	0.69	0.12	0.07	0.11	0.12	0.44	0.08	0.51	0.05
X11	Accurate info	0.75	0.15	0.08	0.16	0.17	0.66	0.13	0.75	0.07
X12	Personal interest	0.61	-0.05	-0.03	-0.06	-0.06	0.08	-0.04	-0.27	0.03
X13	Sufficient info	0.75	0.24	0.13	0.24	0.25	1.79	0.19	1.11	0.08
X14	Polite & professional	0.42	-0.04	-0.02	-0.07	-0.04	0.05	-0.02	-0.36	0.01
X15	Willing to help	0.62	0.02	0.01	0.02	0.02	0.01	0.01	0.11	0.03
X16	Free from distracting noise	0.26	-0.08	-0.04	-0.10	-0.05	0.19	-0.01	-0.51	0.00
X17	Knowledgeable	0.71	0.06	0.03	0.07	0.07	0.11	0.05	0.34	0.05
X18	Caring	0.66	0.05	0.03	0.06	0.06	0.07	0.04	0.27	0.04
X19	Understood the answer	0.62	-0.01	0.00	-0.01	-0.01	0.00	0.00	-0.05	0.03
X20	Paid close attention	0.68	0.10	0.06	0.14	0.13	0.33	0.08	0.68	0.04

**Table 2. Rank Order of Measures of Relative Importance**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	$r_{yxi}$	$r_{yxi-z}$	$r_{y(xi-z)}$	$b_i$	$\beta_i$	$\Delta R^2$	$\beta_i r_{yxi}$	$\beta_i \bar{X}_i$	$\varepsilon_i$	
X01	Understood my problem	15	17	17	15	16	16	15	14	
X02	Courtesy & respect	17	6	6	6	10	7	11	16	
X03	Dependable information	8	5	5	5	5	5	5	6	
X04	Answered phone timely	19	12	12	12	12	15	13	18	
X05	Enthusiastic assisting me	13	11	11	11	11	13	10	11	
X06	Spoke clearly & distinctly	16	15	15	16	15	18	15	17	
X07	Sufficient time to explain	14	16	16	17	17	17	17	15	
X08	Answer clear & to point	5	8	8	7	6	9	7	7	
X09	Confidence & trust	1	9	9	9	8	11	6	9	3
X10	Reassuring	6	3	3	4	4	3	4	4	4
X11	Accurate info	3	2	2	2	2	2	2	2	2
X12	Personal interest	12	19	19	18	20	10	20	18	13
X13	Sufficient info	2	1	1	1	1	1	1	1	1
X14	Polite & professional	18	18	18	19	18	14	19	19	19
X15	Willing to help	11	13	13	13	13	19	12	13	12
X16	Free from distracting noise	20	20	20	20	19	6	18	20	20
X17	Knowledgeable	4	7	7	8	7	8	8	8	5
X18	Caring	9	10	10	10	9	12	9	10	9
X19	Understood the answer	10	14	14	14	14	20	14	14	10
X20	Paid close attention	7	4	4	3	3	4	3	3	8

While the numerical measures of importance vary among the measures, the rank orderings show common rankings among the top ordinals: There is near-unanimous agreement among the measures as to the most important variables. Specifically, the variable *x13* (sufficient info) is ranked as the most important variable in all methods except  $r_{yxi}$ . Similarly, variable *x11* (accurate info) is ranked as the second most important variable by all methods except  $r_{yxi}$ , for which it is ranked as the third most important variable. In addition, one can be relatively confident that variables *x10* (reassuring) is also among the most important, as this variable is consistently ranked third or fourth for most of the importance measures.

Comparing across the measures of importance, a

researcher could be relatively confident in determining that the three most important predictors of customer satisfaction were *x13*, *x11*, and *x10*. However, the variable *x09* (confidence & trust) has the largest zero-order correlation ( $r_{yxi}$ ), but it is not ranked as a very important variable by any other method except relative weight ( $\epsilon_i$ ). Therefore, relative weight provides different information about importance than other measures.

After the first few ordinal places, the measures are more different than similar. To assess the degree to which the measures assess importance differently, I correlated the ranks ordering with Kendall's tau: The correlations among the rank orderings appear in Table 3.

**Table 3. Correlation of Rank Order of Importance Measures (Kendall's tau,  $\tau$ )**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	$r_{yxi}$	$r_{yxi-z}$	$r_{y(xi-z)}$	$b_i$	$\beta_i$	$\Delta R^2$	$\beta_i r_{yxi}$	$\beta_i \bar{X}_i$	$\epsilon_i$
(1) $r_{yxi}$	1.00								
(2) $r_{yxi-z}$	0.57	1.00							
(3) $r_{y(xi-z)}$	0.57	1.00	1.00						
(4) $b_i$	0.56	0.95	0.95	1.00					
(5) $\beta_i$	0.57	0.92	0.92	0.93	1.00				
(6) $\Delta R^2$	0.35	0.59	0.59	0.60	0.55	1.00			
(7) $\beta_i r_{yxi}$	0.60	0.86	0.86	0.87	0.95	0.52	1.00		
(8) $\beta_i \bar{X}_i$	0.56	0.95	0.95	1.00	0.93	0.60	0.87	1.00	
(9) $\epsilon_i$	0.88	0.64	0.64	0.65	0.66	0.40	0.70	0.65	1.00

$p < 0.05$  for all correlations

Not surprisingly, the partial ( $r_{yxi-z}$ ) and part ( $r_{y(xi-z)}$ ) correlations are highly correlated with the regression coefficients ( $b_i$  and  $\beta_i$ ) with  $\tau > 0.90$  for all pair-wise correlations, suggesting that these four measures impart similar information. Similarly, the product measures ( $\beta_i r_{yxi}$  and  $\beta_i \bar{X}_i$ ) are strongly correlated with the components of their products. The weakest correlation among the measures is  $\Delta R^2$  with  $r_{yxi}$  ( $\tau > 0.35$ ) and with  $\epsilon_i$  ( $\tau > 0.40$ ), which suggests that change in  $R^2$  is measuring importance differently than the other measures.

### IMPLICATIONS FOR DATA ANALYSIS

In determining the most important predictors, the overall results for this dataset indicate that market researchers would reach only minor difference in conclusions for the top ordinal positions – the first, second, third, and fourth most important predictors are nearly the same, regardless of the method chosen to assess importance. However, after that the first few ordinal positions, different methods led to different conclusions about predictor importance, suggesting that a researcher should chose their method carefully.

One surprising finding was that the importance rankings provided by zero-order correlations ( $r_{yxi}$ ) were strongly correlated with relative weight ( $\epsilon_i$ ), which is a relatively new measure of importance.

Methods that use all possible combinations of predictors are frequently touted as doing a better job of assessing predictor importance in the presence of multi-collinearity, particularly in applied settings (e.g., Weiner and Tang 2005). Possible methods include averaging over all orderings, all possible subsets regression, and dominance analysis (e.g. Budescu 1993; Kruskal 1987). Many researchers have been reluctant to perform such analyses due the sheer computational power required (e.g., Allen and Rao, 2000). For instance, in the case of 20 predictors, Kruskal's (1987) method requires computations involving (20-1)! permutations, and Budescu's (1993) method requires ( $2^{20}-1$ ) computations. Recent analyses suggest that relative weights ( $\epsilon_i$ ) result in similar information as dominance analysis (LeBreton et al. 2004). However, this analysis suggests that zero-order correlations result in information similar to relative weights. Clearly, more research is needed to determine under what conditions more computationally efficient

methods, such as relative weights ( $\epsilon_i$ ) and zero-order correlations ( $r_{jxi}$ ), produce results similar to more computationally intensive methods.

### FUTURE RESEARCH

There are several areas of future research and application called for in understanding importance measures. One area of possible research is standardization of regression coefficients. For instance, standardization of coefficients using measures other than marginal standard deviations has frequently been suggested, but it does not appear to be widely adopted. Bring (1994) and Healy (1990) suggested using partial, rather than marginal, standard deviations when standardizing regression coefficients. This allows one to assess predictor effects conditional on other variables in the model. Budescu (1993) expressed a similar idea regarding with conditional dominance. Finally, Achen (1982) suggests range standardization for regression coefficients.

A second area of possible research is in interactions. Potentially important and useful in multiple regression, the predictive importance of interactions or product variables is largely ignored in this literature (Firth 1998; Healy 1990). Given the degree to which interactions can result in multicollinearity problems in multiple regression, this gap in the literature is an ironic and surprising. In large part, the multiplicity of importance measures has arisen because identifying important predictors is univocal when predictors are correlated.

A third area of possible research is in multivariate space. Only recently have multivariate extensions of predictor importance appeared in the literature. For instance, LeBreton and Tonawanda (2008) extended the Johnson (2000) relative weights to multivariate criteria, and Azen and Budescu (2006) extended dominance weights to multivariate designs. These developments open the possibility of comparing predictor importance in techniques such as partial least squares regression (PLS), principal component regression (PCR), and structural equation modeling (SEM). These developments open the possibility of assessing predictor importance on latent variables, not just original variables.

### CONCLUSION

The purpose of this paper was to review approaches to assessing predictor importance and to apply importance measures to actual customer satisfaction data. The rank orderings of predictors was affected by which importance measure was used. Yet, there are measures that impart similar information. Perhaps the recommendation for readers is that it is

possible to use a small set of measures – such as the single-order correlations and regression coefficients – and capture similar information as a larger set. There is no reason *not* to use multiple measures in an analysis (Kruskal and Majors 1989).

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# PREDICTING DONATIONS TO CHARITIES: A DIRECT MARKETING CASE

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## ABSTRACT

The challenges associated with maintaining nonprofit organizations are formidable. The key to keeping the doors open is money ... and that means fundraising. Charity fundraising organizers increasingly attempt to estimate the donations to charities with the intention of better allocating their fundraising expenditures. This study contributes to the literature on donor lifetime value by documenting, in the context of a direct marketing case study, how to predict future dollar contributions using monthly data over four years related to a cohort group of acquired donors.

Though the current study sheds light on the transactional role of database marketing, it leaves the relational nature of database marketing untouched due to the constraint on the data available to the authors. It is likely that the performance of forecasting models would be enhanced if information about the characteristics of current donors (e.g., credit score, education) become available. We agree with Zahay, Peltier, and Schultz's work (2004) that the integration of both transactional and relational features would influence a great deal of stimulating future research in the development of the database and interactive database marketing arena (Zahay, Peltier, and Schultz 2004).

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# STUDYING THE CONSUMER FOOD ACCULTURATION PROCESS: A PLS APPROACH

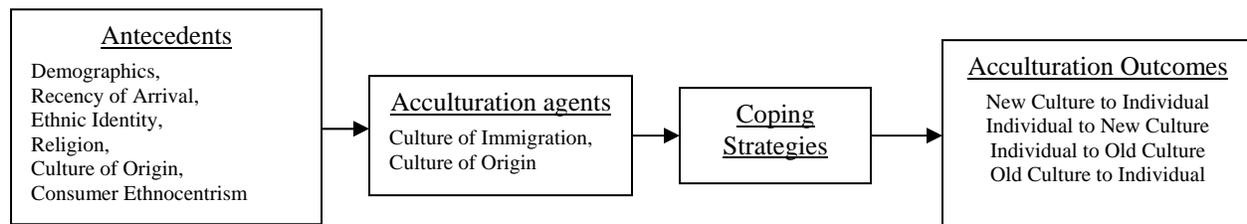
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## ABSTRACT

Structural equation modeling (SEM) is a very useful statistical technique because it allows researchers to test theories with multiple constructs and relationships. However, because it requires a large data sample for analysis, SEM is not always a viable option for researchers. In this paper, we provide an example of how partial least squares (PLS) modeling can be used to conduct similar theory testing without requiring a large sample. By using survey data related to consumer behavior to test an application of acculturation theory, we show how PLS can provide useful results even with a limited number of responses.

The theoretical model used for testing in the study was based on previous qualitative studies. According to this model, a set of antecedent variables (demographics, recency of arrival, ethnic identity, culture of origin, consumer ethnocentrism, and religion) influence the acculturation agents (cultures of immigration and origin in the immigrant country) that in turn lead to certain coping strategies being adapted by the immigrants, finally yielding acculturation outcomes, as shown in the figure below.



For some model constructs, existing measurement scales were adopted with modifications, where necessary. For other constructs with no pre-existing scales, the authors developed new scales based on the literature. Data were collected with an online survey using the snowball sampling approach. A total of 69 usable responses was obtained and used in the analysis.

Given the small sample size, PLS was used for the data analysis. The current data provided partial support to the theorized base model. The findings primarily suggest that the antecedent variables impacted only the home culture in the immigration country and not the culture of immigration. Similarly, coping was influenced by the immigrant culture and not the culture of origin. Future directions and limitations of the study are also discussed.

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# STYLIN' WRAPPERS: STUDYING CONSUMER BEHAVIOR THROUGH AN INTERACTIVE STUDENT TEAM PROJECT

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## ABSTRACT

*An interactive project to help marketing students learn to listen effectively to consumers is described. Working with faculty "clients," teams conduct interviews and create "custom" gift boxes to satisfy clients' preferences. Key outcomes include enhanced listening skills, plus awareness of how challenging it is to meet consumers' needs and wants.*

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## INTRODUCTION

Understanding the needs and wants of target consumers is one of the key foundation blocks upon which strong product development and marketing plans must be built. Competition in today's marketplace, both domestic and global, is fierce, with consumers paying close attention to price, innovation, quality and overall value in every product that they buy. Determining consumers' "value equation," however, is a task that is often not easy to accomplish. Two fundamental questions are critical: "What unmet needs do consumers have?" and "How can we deliver a product/service that meets those needs and offers value that is superior to that of the competition?" Answering these two questions may seem straightforward at first glance, but the process is actually a complex one that involves shedding one's own biases regarding the product and/or service category of interest and "walking a mile" in the consumer's shoes. Achieving the skill to do this effectively is part theoretical – in terms of a solid grounding in consumer behavior and general marketing – and part experiential – in terms of the practical knowledge that comes from working directly with consumers on what is important to them.

In a typical undergraduate business curriculum, the fundamentals of understanding consumers' needs and wants are usually covered in an introductory marketing course. Students with a desire to study marketing as their business major customarily learn more advanced consumer research methods and develop a greater appreciation for the implications of understanding the consumer through additional upper-level marketing courses such as "Consumer Behavior" or even "New Product Development." Regardless of whether a marketing course is an introductory one or something

more advanced, enlightening students to the subtleties of how to listen to what consumers are saying requires more than a great textbook and a well-planned lecture. Interactive, or experiential, projects can be of significant use in helping students master this basic concept of consumer understanding. The objective of this paper is to describe one such project that has proven to be both highly useful in helping marketing students understand consumers' needs and wants and also highly popular with today's learners. Although developed for use in the introductory marketing course of a two-year business program, the project is readily adaptable to higher-level courses and/or four-year business programs as well.

## THE USE OF INTERACTIVE/EXPERIENTIAL PROJECTS IN MARKETING COURSES

The advantage of including interactive/experiential projects in marketing courses is well documented in the literature. Projects that allow students to leave a traditional classroom lecture setting and learn directly by working and/or studying in the "real world" add value for a broad cross section of learners. For example, experiential learning has been shown to be of particularly high value when developing course materials for the "Generation Y" learners that comprise a large percentage of today's student population (Elam and Spotts 2004, p. 51-52; Sojka and Fish 2008, p. 25-26). Gen Y learners demonstrate shorter attention spans and a stronger desire for incorporating personalized experiences into their learning plans as compared to the learning characteristics of their predecessors. This translates into a preference for high-involvement learning as opposed to traditional lecture-based materials (Sojka and Fish 2008, p. 26). As one example, the authors suggest the use of brief

role plays on well-defined marketing topics like sales presentations as an effective process for transferring knowledge on important marketing concepts that seems to work well with Gen Y learners.

Experiential assignments are known to increase students' confidence in their own understanding of complex concepts while also increasing the students' actual, measurable competence in these same topic areas (Pollack and Lilly 2008). The authors determined that students readily accept self-directed experiential assignments in a consumer behavior course, but that for optimum effectiveness, the assignments also need to demonstrate strong, relevant linkages to real-world business situations (p 65). For those projects that meet the criteria, students not only demonstrate a higher level of competence, but also perceive themselves to be more prepared to handle similar situations, should they occur in an on-the-job setting, or even in a job interview (p. 56).

Experiential project ideas described in the literature run full-spectrum from individual student research opportunities to large-scale projects that can involve a whole class. Many projects carry the specific goal of increasing students' workplace skills so that they are better prepared for career positions after college (Fish 2007, p. 59; Rundle-Thiele and Kuhn 2008, p. 33). Others focus more attention on building collaborative learning styles among students with the implication that such approaches resonate well with on-the-job problem solving (Munoz and Huser 2008, p. 214-215; Pun, Yam and Sun 2003, p. 340-342). Many of the most interesting projects, regardless of the specific marketing topic to be covered, include an element of competition – such as between multiple teams within a given class, or even between multiple sections of the same class.

One particularly good example of an innovative project is “The Get Marketer Challenge,” developed by Rundle-Thiele and Kuhn (2008). As applied in an introductory marketing class, this project exposes undergraduates to various marketing roles, specific tasks that allow them to put theory into practice, and an element of teamwork (p. 33-34). The marketing situation analysis project described by Munoz and Huser (2008) also stresses elements of teamwork and the importance of addressing fundamental marketing processes within the project. Drawing on the dual concepts of experiential learning and collaborative learning, Munoz and Huser note that students are required to create new ideas from their own experiences and to do so within a team-based environment, reflective of what they will encounter in the workplace (p. 215).

Development of innovative experiential projects such as the examples provided here is not limited exclusively to instructors who are teaching traditional

classroom lecture-based courses. Wood, Solomon and Allan (2008) assert that experiential projects can play an equally important role in defining an appropriate curriculum for a fully online marketing course as well (p. 47-48). The authors caution, however that instructors must be cognizant of differences in learning styles that may be present across a class roster, with some students being fully comfortable with computer-aided instructional materials and others strongly preferring a direct, hands-on approach with full involvement of the instructor (p. 49-50).

The philosophy of using a more critical approach to teaching undergraduate marketing courses is often complementary to the use of experiential projects. In a recent publication, Tregear, Kuznesof and Brennan (2007) note that critical approaches may be based on one or more of three guiding principles. First, the authors observe that critical approaches help student to develop their thinking, reasoning and analytical skills though adopting a questioning and skeptical attitude toward the material under study. Second, the authors observe that critical approaches enable students to recognize and appreciate multiple levels of ambiguities or multiple perspectives that could influence their decision making processes. Third, the authors observe that critical approaches often are based on the use of experiential assignments and problem solving exercises – particularly those that require students to reflect on what they are learning – as a means of encouraging greater self-awareness (p. 412-413). In research designed to investigate students' perceptions regarding critical teaching approaches in marketing, Tregear, Kuznesof and Brennan found that critical assignments were viewed as more intellectually challenging and more work overall for students, but also were recognized as valuable preparation for the higher-level thinking students believed that they would encounter in the workplace (p. 415-417, 422).

Evaluated within the context of an introductory undergraduate course in marketing, approaches such as the use of experiential projects and/or the design of projects requiring expanded critical thinking serve to increase students' ability to synergize a greater level of comprehension from what they are learning and to apply it more readily in novel situations. Related to the concepts of metacognition and transfer, this ability is a desired key outcome in marketing education (Ramocki 2007). In the author's words, “...metacognition involves thinking about our thinking. It is the inner voice monitoring all of our thoughts from a macro, or bird's eye perspective” (p. 12). Additionally, transfer is “...an application of a learned concept to some situation where it might be required or useful” (p. 12). Both concepts are highly germane to the process of preparing new marketers for the opportunities that they will encounter throughout their careers.

## **STYLIN' WRAPPERS: THE CUSTOM GIFT BOX DESIGN PROJECT**

Beyond meeting the fundamental principles above, the key to a successful consumer behavior-oriented class project is developing a common knowledge base upon which students can continue to build their understanding. A good first step is to briefly cover, within the classroom, topics ranging from how marketers talk with consumers to various demographic and other characteristics that allow marketers to define segments of consumers that they seek to pursue. The author has found that segmentation is likely to be a new topic to many two-year program students, but easily identifiable examples such as thinking about the types of music they prefer versus that of their parents or talking about whether they prefer “dogs” or “cats” as pets cements the idea that not all consumers are alike in their preferences. Once a foundation is laid, a good second step is to engage students in a round-table discussion on how well they believe they can listen to what consumers need and want – without interjecting their own preferences and biases into the conversation. The goal is to get students to step outside of themselves and focus on exactly what the consumer is saying. Additionally, students will need to learn to draw more information out of the consumer in cases where the consumer’s stated preferences are incomplete or unclear, again filling in gaps without adding personal bias.

The project described here serves to expose students to consumers’ needs and wants in an on campus setting. It is particularly useful in situations where an introductory or “ice breaker” project is desired to heighten students’ awareness of how complex it can be to understand what consumers believe – and what they are saying versus not saying about those beliefs. Using a team-based approach, students interview a selected consumer on campus with the goal of understanding what that consumer enjoys in terms of work, hobbies or other interests. Each team then creates and builds a small gift box for their chosen consumer that accurately reflects what team members have learned about that consumer’s needs and wants. Feedback from the consumer determines how well each team has “hit the mark.” Brief team presentations and discussions back in the classroom help students summarize and capture their learnings.

The idea of creating a “custom” gift box is loosely based on the Japanese concept of creativity and quality in package design (Dubey, 2008; Shahmanesh-Banks 2003). Japanese firms, faced with a strong eco-friendly mandate to reduce disposable and excessive packaging, have turned to developing particularly creative and well-designed containers for high-value products. These containers appeal to the consumer, who often

elects to keep the package and put it to a supplemental use after the original product has been consumed (Shahmanesh-Banks 2003, p. 35). A brief discussion with students regarding the ideas of “value-added” packaging and reducing waste through sustainable use helps provide a foundation for why one might want to create a “custom” gift box for a consumer. Although not mandatory, the author has also found it beneficial to invite a guest speaker from the packaging or consumer products industries to share some “real world” packaging experiences with the students before they begin their projects.

Successful development and implementation of effective interactive/experiential projects requires careful thought and planning. Based on ten years of experience in teaching introductory marketing courses to two-year business program students, the author has found that the best projects – those that rapidly engage students’ interests and effectively convey major course concepts – will meet a relatively short, but very important set of criteria:

- The project will be relevant to the stated goals of the course as described on the syllabus.
- The project can be executed in a straightforward manner with clearly understood steps.
- The project generates insights that are different/complementary to what is learned in class.
- The project serves to stimulate higher-level discussion of course concepts.
- The project will have appropriate metrics to measure student learning.

Each of these criteria is met by the “Stylin’ Wrappers” project described here.

The premise of the “Stylin’ Wrappers” project is as follows. Small student teams (3-4 students each) all work for the fictitious Stylin’ Wrappers Company, a firm that custom designs and manufactures small gift boxes. The target market for the firm is consumers who would like to purchase a small, customized gift box for personal use or to use as a gift for someone else. In all cases, the gift box must meet the consumer’s needs and wants. The gift box must also be functional in that it must protect the contents placed within under reasonable conditions of abuse. Each student team identifies and works with a single consumer (referred to from this point on as the “client”) in order to achieve these goals. Project evaluation is based multiple criteria as described.

### **PROJECT INSTRUCTIONS**

Students are provided with a set of instructions that outline what is expected in each critical step of the project. Time is provided in class for teams to form and to discuss individuals on campus who they will

consider asking to participate as clients. Teams of 3-4 students are suggested; larger teams typically find it difficult to match schedules and get the work done. Once a team has formed, members need to learn as much as possible about the selected client, using consumer behavior research skills learned in class, so that the gift box may be designed appropriately. Teams are encouraged to interview the client at a mutually convenient time and advised that multiple meetings may be needed in order to fully grasp the client's needs and wants.

Student teams have a period of three weeks to design and construct a small gift box for the client. In terms of design, both the exterior and the interior of the gift box are important and must be created from scratch – pre-made boxes are not acceptable. In terms of function, each gift box must be strong enough to tolerate having a marketing text dropped on it from one foot above the package without damaging the delicate contents inside (one Ruffles® potato chip is used to simulate “delicate” contents). Teams may consult with other individuals as necessary during the design and construction phases of the project (fathers, friends and roommates tend to be very popular consulting resources), but must account for the cost of consulting services within the project budget. Teams are encouraged to share a preliminary design or “prototype” with the client and to request feedback.

A budget of no more than \$5.00 per gift box is stipulated. Small quantities of materials may be purchased, but most teams successfully employ scrap items found at home. To ensure a common ground regarding the prices of “construction raw materials,” teams are given a price list of 30-40 items and instructed to calculate the costs of their boxes. Examples of the materials used are provided in Table 1. The prices of items not included in the table are agreed upon with the instructor.

**Table 1. Representative Costs of Gift Box Construction Raw Materials**

<b>Item</b>	<b>Amount</b>	<b>Price</b>
Use of a Consultant	Per Hour	\$0.10
Cardboard	1 square foot	\$0.25
Tape, Heavy-Duty	6 inches	\$0.10
Construction Paper	8.5 x 11 sheet	\$0.05
Tissue Paper	8.5 x 11 sheet	\$0.02
Packing Peanuts	Handful	\$0.20
Fancy Bow	1	\$0.10
Glue	1 Tbs.	\$0.05
Pressed Wood	1 square foot	\$0.50
Spray Paint or use of Marking Pens	Per Side of Box	\$0.15
Copyright fees for artwork or pictures	1 Fee per Project	\$0.25

After all feedback has been obtained from the client, each team gives the completed gift box to the business department faculty secretaries, who act as independent judges of the quality of execution, in terms of the elegance of design and care in construction. The faculty secretaries also act as quality control evaluators by performing the “book drop” test on each gift box. Gift boxes that fail to protect the contents of the box, i.e., allow the Ruffles® potato chip to break, are disqualified and the team will need to start again from scratch. In essence, the faculty secretaries are acting as “top management” of the Stylin’ Wrappers Company by determining whether or not the company would be proud to call the completed gift box a product worthy of the name Stylin’ Wrappers.

At the conclusion of the project, each team delivers a short PowerPoint presentation to the class as a whole. The team presentation materials should include an introduction of all team members, with their roles and responsibilities, drawings or pictures of the gift box design, and a short explanation of the process that the team used to work with the client. The team should also explain how members balanced style and function – in other words, how the team satisfied both the company’s top managers (breakage resistance and overall quality) and the client (consumer-based needs and wants). A brief written report is also required, summarizing key learnings from completing the project.

### **PROJECT EVALUATION CRITERIA**

By completing the Stylin’ Wrappers project, students should meet three specific learning goals. First, students should demonstrate an increased awareness of the importance of listening critically to what consumers (the clients) are saying about their needs and wants. Second, students should demonstrate the ability to translate what they are hearing into a design and/or finished product (gift box) that captures and exemplifies the key elements of what they have learned from their clients. Third, students should demonstrate an increased ability to think and work collaboratively in a project team setting. The first two learning goals are of the highest importance when teaching classes of young, enthusiastic Gen Y learners who often focus a large portion of their energies on their own personal experiences while learning and may not, initially, listen acutely to what their clients have to say.

As described, the Stylin’ Wrappers project accounts for 10% of the grade in an introductory marketing class. On a 250-point scale, student teams receive up to 100 points for the design and execution of the gift box and up to 120 points for the quality and completeness of the in-class presentation and written

report at the end of the project. The use of formal grading rubrics with specified numbers of points for consumer insights, quality of design, strength, cost, thoroughness of the in-class presentation, etc., are employed, providing students, up-front, with a breakdown of exactly how they will be evaluated. The last 30 points are based on confidential ratings of each team member's performance by his/her peers on a given team. Project points are compiled and awarded by the instructor, based on conversations with the clients and the faculty secretaries, and on an evaluation of the presentations and written reports at the end of the project. All members of a given team receive the same grade. Small amounts of extra credit are awarded to 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place teams, based on the faculty secretaries' assessments of gift box quality.

## DISCUSSION

The Stylin' Wrappers project has been used approximately six times in introductory marketing classes taught by the author. The project is very popular with students, many of whom have heard of the project from friends in previous classes. These incoming students frequently enter the class on the first day with a client "pre-arranged" for the project. Similarly, faculty and staff also appear to enjoy the project, with many acting as "repeat clients."

For most students, completing the project significantly supplements the understanding of consumer behavior that they develop through the traditional classroom lectures and discussions. Invariably, students cite an increase in their ability to listen to consumers with an open mind – and to record what consumers are telling them – as a key learning, thus meeting the first learning goal. This is not surprising, considering the immediate feedback that the teams receive from their clients on the gift box prototypes and final designs. Team members frequently observe that their initial impressions of their client's needs and wants are incorrect. Sharing prototypes of the gift box reveals gaps in understanding and allows students to recognize situations in which their own personal biases and/or not fully listening to their client have inappropriately influenced their design. Students achieving this level of awareness have clearly met the second learning goal. Peer-level evaluations of team members are invariably taken very seriously by each team, with a good range in the scores generated across any given team. Qualitative comments on team interactions accompanying the formal evaluations strongly support the successful completion of the third learning goal.

The Stylin' Wrappers project serves as a rich source of material for post-project discussions, not only on consumer behavior, but also on topics including

building effective work teams, balancing multiple project priorities (design, function and cost), and meeting deadlines. On the central topic of consumer behavior, it is highly rewarding to see students thoroughly involved in their learning. For example, discussions during the end-of-project presentations are wonderfully robust. Students in the "audience" eagerly question the presenters regarding the decisions that they made throughout the project. Questions abound, such as, "How did you find *that* out about your client?," "What other options did you consider in designing your box?," or "Can we hear more about how you got your client to open up so much?" All are indicative of the active, involved learning that takes place with the gift box design project.

Students demonstrate a lot of creativity in their gift box designs, which range from rudimentary to highly artistic. There is rarely a functional failure in any final design. Students take great care to pretest their designs before adding finishing touches, and actually tend to over-engineer their gift boxes in terms of strength. With that detail out of the way, the creative designs reflect how well each team has understood its client's needs and wants.

Figures 1 through 5 illustrate examples of the gift boxes that were designed and constructed by student teams over the past several semesters in an introductory marketing course. For example, Figure 1 illustrates a gift box that was designed for a faculty member who loves to bake as a hobby. The student team learned that this client wanted a way to store

**Figure 1. Gift Box Designed for an Avid Baker**



recipe cards that were frequently in use. The team designed a gift box in the shape of a kitchen stove,

complete with a fold-down door where recipes could be inserted. The client was thrilled with the novelty of the design and the quality of execution.

Figure 2 illustrates a gift box design, in the shape of a somewhat “ghoulish” old-style coffin, that initially drew gasps from the audience since it was created for an older faculty member nearing retirement. As the student team explained, however, they learned from their client something that no one else had ever heard – his main hobby was studying the culture and history of New Orleans, including that city’s famous above-ground cemeteries. Taken in context, the gift box more than met the client’s expectations and he now uses it to hold his keys and other small items on his desk.

**Figure 2. Gift Box Designed for a Professor with a Hobby of Studying Old New Orleans Cemeteries**



Figure 3 illustrates a gift box that was designed for a member of the art department. The student team learned that the staff member had one favorite artist within the realm of modern art and that this artist was still relatively unknown. The gift box was designed as

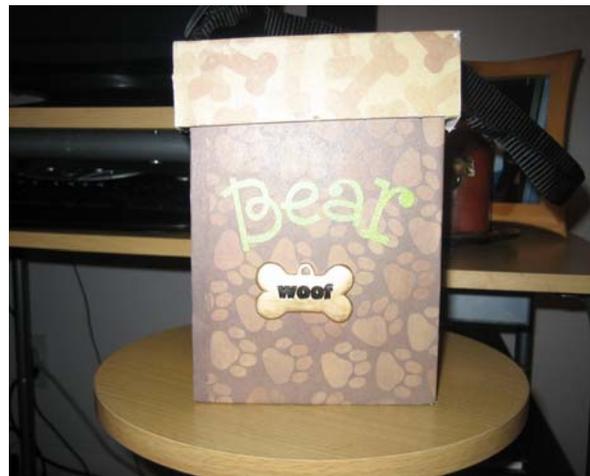
**Figure 3. Gift Box Designed for a Professor with a Love for Modern Art**



a simple pyramid with one side that opened to house paperclips and other small office items. What made the box unique, however, was that the student team searched out and found examples of the favorite artist’s work and used them to cover the box. The client was very impressed with the overall effort and the way that the student team went out of its way to learn about her interests.

Figure 4 illustrates the gift box that scored the highest number of points across all offerings of the project. Known as the “Care-E-Poo,” this gift box received rave reviews from the client, other students, the faculty secretary evaluators and the instructor. The team involved chose a staff member who loves to walk her dog, but hates to carry the obligatory little “baggies” of dog waste for disposal. A supply of plastic baggies, plus baggies of waste as necessary, are easily concealed and easy to carry. The client was absolutely thrilled with the end design and keeps it hanging next to her dog’s leash for walks. With suitable changes to increase durability, everyone agreed that this gift box might be a new marketable product for pet owners.

**Figure 4. Gift Box Designed for a Staff Member Who Loves to Walk Her Dog**



The creation and presentation of the “Care-E-Poo” gift box provided an excellent opportunity to transition the classroom discussion to the higher-level topic of “delighting” the consumer (Evans and Burns 2007, p. 1625-1627). When the consumer receives extra value that is beyond expectations, that consumer may move beyond the state of being totally satisfied and become a staunch and loyal supporter of the company’s offerings. A direct quote from the client about the “Care-E-Poo” was, “I will never go on a dog walk without it!” Students seeing the genuine positive feedback that the “Care-E-Poo” gift box received were

able to quickly bridge the gap between meeting the consumer's needs and wants and truly "delighting" the consumer.

With every interactive student project, there is variability in terms of the effort that the teams expend to complete the work. Figure 5 illustrates a gift box designed by a student team that did not spend enough time developing an understanding of the client's needs and wants. The team selected a history professor as the client and communicated with him only enough to secure his permission to participate. The team completed no personal interviews with the client and designed a gift box based on "what they thought that the client would like." The resulting gift box, a "general store" type country market, complete with a Confederate flag painted on the interior floor, did not appeal to the client at all. In fact, it was somewhat confusing to him since his main interest and hobby is the collection of early 20<sup>th</sup>-century advertising posters.

**Figure 5. Example of a Gift Box that Did Not Meet the Client's Expectations**



The "general store" gift box, however, provided for some of the richest and most eye-opening discussions in class. The student team members readily admitted that there really was no substitute for getting to know the client well. Their results were especially disconcerting since they had worked hard to construct the box, itself. (The "general store" box, purely from a quality point of view, was actually a very sound design.) The main take-away for the class from this discussion was exactly what this project was intended to show: *without understanding the consumer's needs and wants, even the best-executed product design may totally miss the mark.*

## SUMMARY

At the end of the in-class presentations, it is useful to discuss what students may want to do with their project materials and also to summarize main learnings. The actual gift boxes become the property of the clients, as a "thank you" for their participation. Students are strongly encouraged to keep copies of gift box photos, PowerPoint presentations and final written reports for inclusion in a portfolio of their completed work (see, for example, Klenowski, Askew and Carnell, 2006). Work portfolios, particularly those that show creativity, innovation, teamwork and other highly valued business skills, can help students secure internships and career positions by providing important points of differentiation for them versus other interviewees.

Student comments provide the most succinct assessment of the primary consumer behavior learnings from the Stylin' Wrappers project. Frequently cited statements include:

- Build a strong relationship with the client;
- Don't project your own preferences onto the client;
- Be creative and ask for client feedback on prototypes to create a better product;
- Start early and allow plenty of time.

Potential future applications of the Stylin' Wrappers project are many and varied. Instructors could easily adapt the project to follow a specialized theme, such as creating birthday or holiday boxes, boxes advertising favorite sports teams, or even boxes created exclusively from recyclable/biodegradable materials in the spirit of the move toward a "green" environment. Application to advanced marketing courses, including higher-level consumer behavior, marketing research, customer service, and/or new product development offerings would also afford novel learning opportunities for undergraduate marketing students.

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# A NEW MARKETING MODEL TO ENHANCE STUDENT LEARNING AND UNDERSTANDING

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## ABSTRACT

*In the classroom, marketing is often presented as a collection of marketing-related topics. This paper proposes a new visual aid that presents marketing as a continuous cycle and helps students to understand the roles and inter-relationships of all the marketing-related topics they will study during the course.*

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## INTRODUCTION

Completing a marketing course is an expectation for most students pursuing business degrees, whether they are pursuing a degree in marketing or another area of business. McNeilly & Barr (2001) pointed out that, “Understanding the implications of marketing is important to non-marketing majors, just as finance, accounting, and management are important to marketing majors.” But students not majoring in marketing may not have an interest in the subject matter until it becomes relevant to them. Vander Schee (2007) stated that, “Marketing professors often face the challenge of motivating students who seem disconnected, apathetic, and lack a basic understanding of marketing principles.”

Introductory marketing courses typically cover a variety of marketing models, principles, and decision-making tools. Unless the instructor makes a special effort to explain the connections between them, students are left to figure out for themselves, how these topics are interrelated and how they might be applied in the real world. Understanding these relationships would be easier if students had a visual framework to help them put the topics into context.

That teachers should incorporate visual aids into their lectures has historical support (Bohn & Jabusch 1982). Bohn & Jabusch quoted Eugene White (1970) who indicated that most learning is acquired by the eye rather than the ear, and that we learn more quickly, remember better, and are more deeply impressed when both of these senses are utilized. White indicated that visual cues improved recall, and the learning of verbal facts and concepts is likely to improve if those facts and concepts are presented with visual cues. Hyerle (1996) reviewed the relationships between visual learning, critical thinking, and cognition. Hyerle, Alper & Curtis

(2004) extended this work by discussing the value of ‘thinking maps’ for integrating theories. Hunt & Madhavaram (2006) pointed out that effective teaching of marketing strategy involves several marketing-related tools, all of which involve effective visual aids and imagery. The less concrete or more abstract the subject matter, the more likely that visual aids will enhance learning and understanding.

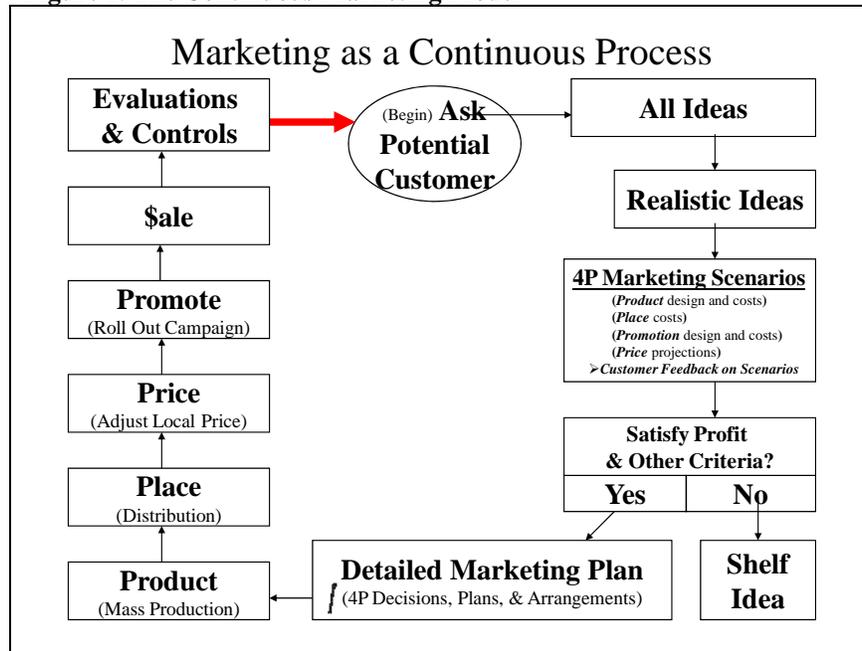
This paper proposes a new visual aid in the form of a model that presents marketing as a cyclical sequence of activities (Figure 1). The real advantage of the model is that it is simple enough to introduce during the very first day of an introductory marketing course, but allows the most complicated marketing principles and models to be associated with it as the semester progresses. Students with differing business interests quickly come to appreciate the broad scope of the marketing process, their roles within that process, and why the study of marketing is relevant to them. The model provides a framework for all the subsequent topics they will study for the duration of the semester.

## THE MODEL’S EXPLANATION

### The Research, Analysis, & Development Steps

Business owners, managers, and academics understand that it is better to discover what customers want and then provide it, than to provide products and services and then discover whether or not potential customers want them. The continuous marketing process begins, therefore, with a series of research and analysis steps (Figure 2). The boxes on the right list the topics often studied in a basic marketing course and indicate the relative points within the marketing process where which they might be applied in the real world.

**Figure 1. The Continuous Marketing Model**



**Figure 2. The Research and Analysis Steps**



Figure 2 shows that the process begins by asking potential customers questions to discover their problems, needs, and wants. From that data, a broad list of ideas for products and services that could satisfy those needs, is developed. By using the principles and tools listed on the right, the list of ideas is reduced to

those that are appropriate and realistic for the company to produce. Before producing a new good or service, however, marketing professionals perform analyses, within the 4P Scenario step, on the remaining ideas. Feedback is obtained from a sample of the target market and preliminary profit projections are computed.

Several variations of the marketing mix may be developed and evaluated until an optimum 4P marketing mix scenario has been developed. If the response from the target market and the profit projections are unsatisfactory, the product concept is

shelved and may be reconsidered again sometime in the future. However, if the projections are satisfactory, the marketing process continues with the development of the detailed marketing plan (Figure 3).

**Figure 3. The Marketing Plan Development Step**



**The Detailed Marketing Plan Step**

During the development of the detailed marketing plan, each of the 4Ps of the marketing mix is reevaluated and the final decisions about them are made. It is during this step that arrangements are also made with suppliers and distributors, production is scheduled, and detailed plans for the promotion campaign are developed. Pricing strategies are reevaluated once again and new estimates for production, distribution, and advertising costs are made, and sales and profit goals are evaluated once again. After the detailed marketing plan is finalized, the implementation steps begin, as defined in the marketing plan (Figure 4).

**The Implementation Steps**

After the detailed marketing plan has been finalized and all the necessary arrangements have been made, the implementation steps begin. Production begins, the products are shipped through the various channels of distribution, final price adjustments are made based on location and other factors, and the advertising campaign is rolled out. Sales to the customers begin and the results are compared with the sales goals and projections set forth in the detailed marketing plan. If unit sales and revenues vary significantly from those that were projected, appropriate control measures and adjustments are made.

**Figure 4. The Implementation and Control Steps**



While some students might think the sale and control steps are the final steps in the marketing process, they are not. In the increasingly competitive marketplace, keeping in close touch with customers' changing wants and needs is no longer an option, but is essential for continued success and prosperity. The long-term survival and prosperity of the company depends on marketers continuing the marketing process by regularly asking questions of the current and prospective customers. The bold arrow to the right of the Evaluations & Controls step represents the beginning of another cycle of the marketing process. This questioning step invites feedback on the existing products that may lead to improvements or generate ideas for new products. In either case, the marketing process continues as it had begun.

It is important that students understand that companies that maintain a regular stream of input from its target markets are those that tend to be the most successful on a long-term basis. Intuitively, one may conclude that those companies that consistently follow

the continuous marketing process as their business model, tend to be the market leaders within their respective industries. If explained well, students pursuing different business degrees begin to understand their individual roles within the continuous marketing process and begin taking an increased interest in the subject. The discussion below helps convince students that the benefits of a well-run marketing organization are substantial and it is important for them to study the subject in earnest.

## **DIRECT AND INDIRECT BENEFITS FOR CUSTOMERS AND COMPANIES**

### **Benefits for the Customer**

The role of potential customers within the continuous marketing process, and the three-part benefit they receive as a result, cannot be overstated. The continuous marketing process begins with potential customers providing input to marketers that are responsible for converting that input into ideas for goods and services. The goal at this stage of the marketing process is to propose product ideas that will be desired by, and helpful to, the potential customers in the target market(s) of interest.

The marketing process advances further during the 4P Marketing Scenario step. If responses to these concepts are favorable from the target market's point of view, and if the initial profit potential is favorable from the company's point of view, the idea progresses to the development of a product prototype. After the product prototype has been produced, input from the target market is requested once again. Potential customers provide feedback about the product design, place strategies, promotion themes and messages, and pricing estimates. This additional input is considered, and modifications to the 4Ps of the marketing mix are made as needed. As additional modifications in the 4P marketing mix are made, marketers will continue to seek additional input from a sample of the target market.

If, at any time during this 4P scenario development process, the feedback from the target market is unfavorable, the product idea would be 'shelved' for possible consideration at a later date. Only when the feedback from the target market and the revised profit projections are favorable, would the marketing process move on to the detailed marketing plan.

After sales have begun, feedback is sought from the target market yet again. Information is gathered to determine what the customers like and dislike about each of the 4Ps of the product's marketing mix. Adjustments can be made as consumer preferences indicate, and ideas for new goods and services can be

obtained. With this latest information, the continuous marketing process repeats itself through another cycle.

The successful application of the continuous marketing process is highly dependent upon input from the target market(s) at critical points in the marketing process. The benefits to the customers for their involvement in the marketing process consist of three parts: (a) customers receive *products* that they *want*, (b) at a *place* that is *convenient*, and (c) at a *price* they are *willing to pay*. Achieving this three part consumer benefit should be the primary objective of the entire marketing organization. As students begin to realize that the continuous marketing process is a business model that embraces the very purpose of the business' existence, they begin to gain an appreciation for their roles in the overall marketing effort.

### **Benefits for the Company**

While some of the benefits for the company that chooses to follow the continuous marketing process as a business model would seem obvious, there are other, less obvious benefits, as well. In reality, many companies do not practice all the steps of the continuous marketing process are still able to produce a reasonable profit. Therefore, to say that companies that follow the continuous marketing process would produce a profit, is not sufficient. However, those companies that consistently follow the continuous marketing process can be expected to generate *higher* profits than they would otherwise. A comparative term, such as *increased* profits or *higher* profits should be used to emphasize this most obvious benefit to the company.

Reducing risk in an increasingly competitive and less forgiving marketplace has been an important consideration for decades. Companies that follow the continuous marketing process reduce risk in several ways. It is obvious that the risk of a product failure is reduced when companies take the time to clearly identify what their customers want before they begin to produce products. Product failures may damage the company's reputation in the eyes of suppliers, distributors, customers, and the public at large. They also waste significant amounts of time and money and may distract attention from opportunities that may have produced better results. Intuitively, one can anticipate that those companies that faithfully follow the continuous marketing process improve their reputations and develop a stronger competitive position within their respective industries.

Most marketing professionals realize that it is easier to serve repeat customers than to find new customers for each new transaction. Therefore, most marketers are interested in developing and maintaining customer loyalty. Following the continuous marketing process, and obtaining customer input, provides

assurance that customers are receiving what they want. This should increase customer satisfaction, which in turn encourages customer loyalty and retention.

Additional benefits to the company relate to the employees' attitudes and corporate culture. Employee morale and loyalty are important to well-run companies, especially those that rely heavily on skilled and experienced employees. Consider first, the company that does not follow the continuous marketing process as a business model, that is, they do not keep in close touch with the needs and wants of its target markets. This company is likely to experience a greater number of marketing failures, and those failures eventually become known to the employees. They may begin to realize that their employer is stagnant or declining, and wages and benefits may no longer be satisfactory. Employees may become concerned about their long-term job security, and their morale is likely to decline. Decreased employee morale often results in lower productivity and less employee loyalty. Declining employee morale and loyalty is related to increased employee turn over. While some employees may remain with the company and hope for the best, others may seek better opportunities and security elsewhere. Employee turnover results in increased training costs, and inexperienced employees tend to be less productive.

Now consider the employee morale, loyalty, turnover rates, and training costs that might be expected in companies that do follow the continuous marketing process as a business model. While the marketing process does not eliminate all marketing failures, a greater proportion of successes and a smaller proportion of failures would be expected. Employees become aware of the successes and become more confident in their employers. They may benefit from those successes through improved wages and benefits, and they are likely to become more confident, proud, and loyal to the company. As a result, the company benefits from a more favorable corporate culture, employee turnover is likely to decline, new employee training costs should decline, and overall productivity is likely to increase.

Companies develop reputations within their communities. People within the immediate area have a general idea of which companies are strong, stable, and desirable to work for, and those that are not. One might expect that the more desirable companies are those that follow the continuous marketing process to guide their business decisions. When these desirable companies have job openings, one may expect they would receive a surplus of applications from job seekers. These companies can be more selective in their hiring practices and are positioned to hire only the best applicants. Once hired, employees of well-run companies are less likely to leave. Over time, the

experience and quality of the employees increase which produce many additional benefits for the company.

In summary, those businesses that follow the continuous marketing process as its business model, realize many direct and indirect benefits. These include: (a) increased profits, (b) reduced risk, (c) increased employee morale, (d) increased employee loyalty, (e) decreased employee turnover, and (f) increased quality of employees, all of which should lead to (g) greater overall productivity. Making business students aware of these advantages will help them to gain a new appreciation for the role of marketing when it is performed well on a consistent basis.

## CONCLUSION

The new model of the continuous marketing process presented in this paper serves several important objectives. With the proper discussions, business students, regardless of their particular area of concentration, quickly understand that marketing is much more than advertising or selling. They realize that marketing is an extensive, continuous process that requires knowledge and skills drawn from all the fields of business, and is supported by specialists in each area. The proposed model for the continuous marketing process provides the context that pulls all the various business majors together in a single, overall purpose.

The imaginative and insightful marketing instructor can use the model as a framework for all other marketing models and topics discussed during the course of the semester. Students will realize that, regardless of the particular business major they are pursuing, in one way or another, they are supporting the company's overall marketing process. This personal connection to the marketing process helps all business students to appreciate the importance of marketing in their careers. Hopefully, it will also encourage them to put forward a sincere effort to master the concepts presented during the course.

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# TEACHING BRAND STRATEGY: USING NASCAR AS AN EXAMPLE OF A WELL-BRANDED ORGANIZATION

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## ABSTRACT

*Few marketing concepts have garnered the attention that has branding. Spurred by the research of such noted academics as Philip Kotler, Kevin Lane Keller, and David Aaker, branding may be the single most researched marketing concept of the past decade. As a result, we have learned that branding is an all-encompassing marketing concept that is extremely difficult to address in only one or two undergraduate or graduate class sessions. The following paper provides details as to how NASCAR implements many of the elements of branding in one synergistic branding strategy. The study provides an educator with one cohesive example that can be used to explain numerous branding topics by discussing one, well-known organization.*

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## INTRODUCTION

Branding may be one of the most esoteric concepts addressed in the marketing curriculum. Virtually all aspects of marketing directly, or indirectly, impact a firm's brand, and consequently, branding and brand management are essential elements of nearly every undergraduate or graduate marketing course. Educators can no longer look upon branding simply as a discussion of brand marks, logos, slogans, and advertising. Rather, branding has evolved to represent the 'personality' of the company that is impacted by all functional areas of the firm. According to Rodger Roeser, president of Cincinnati-based Eisen Management Group, "It's what your customers think of you and say about you when they've left your company." ([www.businessweek.com](http://www.businessweek.com), 2008)

Given that branding is such an all-encompassing concept, addressing it within the framework of a single marketing class, or even discussing it in a cross-functional pedagogy, is a daunting undertaking. While many texts adequately present the branding concept within a single chapter, educators are finding it difficult to address the complexity of the concept in only one or two class sessions.

As such, the following corporate example focuses on the efforts of NASCAR (National Association for Stock Car Auto Racing), a well-known organization with multiple synergistic branding initiatives in place. This study can easily be used by educators to supplement their course materials and demonstrate select elements of a strong branding program. NASCAR is a shining example of an organization that successfully embraces the branding mantra and has developed and implemented a branding strategy that encompasses a wide range of marketing initiatives. It should be stressed that the following is not a detailed case study of NASCAR, but rather, an example of how a successful firm integrates multiple marketing initiatives into a well-organized branding strategy. These examples highlight various elements of the branding process. A more thorough discussion on branding can easily encompass an entire semester and focus on additional aspects of branding (see Appendix).

## BRANDING AND NASCAR

The American Marketing Association defines branding as a, "name, term, sign, symbol, or design, or a combination of them, intended to identify the

goods and services of one seller or group of sellers and to differentiate them from those of the competition.” (Keller, 2003, p. 3) Branding can also be considered a “promise” that differentiates a firm from its competition, and an endeavor that must be synergistically supported by virtually all of the touch points that exist with a firm and its stakeholders. To this end, branding requires a long-term commitment and represents an ongoing synergistic process, not an event (Chiranjeev, 2001; Brindson, 2007). Thus, the brand, and the image it portrays, must continually evolve over time.

NASCAR as an organization understands the nature of branding and the need to maintain a synergistically developed and implemented branding strategy. While it took only three days to initially establish NASCAR and its brand name in 1947, it has taken 60 years of strategic planning and implementation to build the brand to what it is today ([www.nascarfans.wetpaint.com/page/The](http://www.nascarfans.wetpaint.com/page/The), 2008). This commitment has allowed NASCAR to evolve and grow as an organization. As Darrell Waltrip says, "We are always going to have fans that love [racing] and buy into it and want to be a part of it. The big thing is to reach out. Mediocrity will ruin you. You can't sit still. You've got to grow the sport, create new fans and make it better for more people." (Rothschild, 2006)

### **REACHING NEW MARKETS VIA NEW MEDIA**

Before the mid-1970s, the only way to watch a NASCAR racing event was to attend a race in person. During the mid-to-late 1970s, NASCAR began to receive sporadic television coverage, and in 1979, the Daytona 500 was the first NASCAR event televised in its entirety, NASCAR started to rely on television as a branding medium. During the 1980s and 1990s, races began to receive more coverage, but because each track negotiated its own television contract, each race could potentially be shown on a different network ([www.nascarfans.wetpaint.com/page/television](http://www.nascarfans.wetpaint.com/page/television), 2008). This hindered NASCAR's exposure and presented a problem that NASCAR was not able to overcome until the turn of the century.

In 2001, NASCAR signed a comprehensive television contract with FOX and NBC that was worth \$2.4 billion dollars and enabled the televising of all the NASCAR races that season. Just four years later, another contract was signed for \$4.48 billion dollars (2), providing broadcasts in a total of 167 countries including Thailand, Pakistan, New Zealand and Venezuela (Rothschild, 2006). Such media coverage has, in part, accounted for a fan base of

over 75 million, 40 percent of which is women (Rothschild, 2006; [www.nascarfans.wetpaint.com/page/The](http://www.nascarfans.wetpaint.com/page/The), 2008).

### **CO-BRANDING**

Co-branding represents a collaboration in which two or more brands are used for one product or service. It leverages the brand equity of numerous brands to create distinctive products (or services) with distinctive differentiation (Ferrell, 2005). Co-branding allows for the brands involved to be marketed to a related target audience or potential target audience. The brands can then leverage the competitive advantages arising from a shared asset base and potentially greater profitability and brand equity (Davies, 2002).

When considering co-branding, criteria such as service/product fit between partners, market volatility or how often market characteristics change, financial arrangements and trust all have to be considered (Davies, 2002). A successful relationship with other firms is among the most important competitive advantages that can be held by any organization (Ferrell, 2005).

In the early 1970s, NASCAR was primarily sponsored by R.J. Reynolds Tobacco company and had limited sponsorships with Union 76, Goodyear Tires and Pepsi. Today, NASCAR has marketing and sponsorship deals with a wide range of Fortune 500 companies such as, Busch, Sunoco, Coca-Cola, Allstate, DuPont, Gillette, UPS and Craftsman Tools with Sprint Nextel alone paying NASCAR \$70 million annually for series title rights ([www.news-journalonline.com](http://www.news-journalonline.com)). Today, NASCAR sponsorship may be one of the best buys in the sponsorship arena. The combination of awareness, favorability, and effectiveness offered by NASCAR is unparalleled in the sports world or anywhere else (DeGaris, 2005). NASCAR offers a plethora of consumer products either as brand extensions or through a direct relationship with other firms. Currently, NASCAR has licensing and merchandising rights for watches, clothes, chairs, tables, grills, hats, clocks, flags, door mats, blankets, auto accessories, sunglasses and even food products.

### **DIFFERENTIATION OF THE NASCAR BRAND**

One of the strongest differentiating factors for NASCAR is the immediacy of the experience. NASCAR fans like the fact that the action is continuous and unpredictable. There are crashes, live entertainment, and an anticipation of the unknown dangers. (Santilli, 2007)

With only a single driver per racecar, NASCAR also offers one of the purest forms of sponsorship and the benefit of the 'human touch.' The driver provides a face and personality to fans, thus facilitating strong fan identification within the sport. NASCAR also allows multiple drivers to share the limelight throughout the race (IEG, 1994). From an owner's perspective, it is more efficient to manage the public relations opportunities of one driver as opposed to an entire team of athletes.

A similar dynamic can be observed in advertising and sponsorship during the competition. Within the NASCAR culture, a large amount of sponsorship signage around the track and on the drivers' cars has historically been acceptable and is perceived to be part of the NASCAR experience. While clutter is an issue that sponsoring organizations must consider, it does not appear to be viewed as negatively by the NASCAR fan base as observed in professional golf and tennis, more conservative and traditional sports.

NASCAR also differentiates its sport through connections cultivated within the media and Hollywood. Brian France, grandson of NASCAR founder Bill France, Sr. and new CEO of NASCAR, realizes that to remain successful, NASCAR must continuously attract new fans. He understands that to attract and retain a young fan base year after year, the promotional strategy requires the support of Hollywood and films such as *Talladega Nights* (Rothschild, 2006). The film features strategic brand placement which includes the official NASCAR Nextel Cup logo and corporate sponsors such as Nextel and Bass Pro Shops.

NASCAR is attempting to further differentiate itself in order to attract other, more diverse market segments. In recent years, NASCAR has made it a priority to create awareness among diverse ethnic groups and among women. Called the 'Drive for Diversity,' this program has been in place for seven years (Weidner, 2005).

Innovative co-branding relationships have helped differentiate the NASCAR brand and catapult it into new markets. The partnership between NASCAR and Harlequin (romance novels) has created much awareness among women who may not have even been otherwise exposed to the sport and provided an outlet for emotional branding strategies (Talcott, 2006). Another effort to attract women and younger people to NASCAR includes a joint venture between the 'Three Doors Down' rock band in which Dale Earnhardt, Jr. participated in a music video and the band members drove his car in a race. The partnership between Cartoon Network and NASCAR is another example of sponsorship diversification

directed at specific market segmentations such as the 6-11 year old consumer (Ryerson, 1997).

## BRAND EQUITY

NASCAR brand equity is the value that accrues to a product or service by having the NASCAR brand attached to the offering. Recent research from DeGaris (2005) reflects that NASCAR sponsorship benefits include the following:

**-The ability of fans to recognize and appreciate sponsors' contributions:** 93% of fans said that corporate sponsors are 'very important' to NASCAR while 76% agreed that, without corporate sponsors, there would be no NASCAR.

**-The increased probability that fans will 'like' corporate sponsorship of NASCAR:** 51% of fans agreed that when they bought a NASCAR sponsor's product, they felt like they were contributing to the sport, and 47% of fans agreed that they *like* a sponsor's brand more, because it sponsors NASCAR.

**-Many fans make a strong connection with a particular driver:** 56% of fans agreed that drivers actually use the products they endorse, and that the drivers were 'real athletes,' good role models, and credible endorsers (DeGaris, 2005).

Despite all the efforts made by NASCAR to engage the customer, fan interest showed its first stages of decline during the last season. This development has driven NASCAR to make changes in how the circuit presents itself to the fans. One major change is the move to return to ESPN for broadcast rights for the series (Ryan, 2006). This move was made in order to reach the casual sports fan and the younger audience (Lemke, 2007). Other changes include revising the scoring metric for the championship series, putting more emphasis on winning rather than consistency, and creating a closer race during the final ten races of the year (Clarke, 2007). The end measure of these efforts is whether the fans are responding positively to the changes. While this is difficult to assess, some indication can be found in the blogosphere. NASCAR.com has several forums where fans log on to comment on the state of the sport. A recent thread addressed the issue of why more fans are not watching the final playoff races. Responses to this issue included: the homogeneity of the driver/owner teams taking the individualism out of the sport, competition with other sports, and poor broadcasting ([www.community](http://www.community)).

## BRAND LOYALTY

A strong sense of community is really the driving force behind NASCAR. Thus, the NASCAR

brand driver is one word: Community. A brand driver is the initial catch that brings potential fans into the fold, a “simple statement of what your brand stands for.” (Adamson, 2006, p. 221) Brand drivers must be concise and meaningful because they are the embodiment of everything the brand was, is, and will be. It is comparable to a vision statement because it encapsulates all aspects of the brand.

When there is an emotional component to the branding process, the brand takes on a ‘positive, proactive role’ in the life of the consumer and a bond is formed. This bond causes the consumer to desire the brand and to increase his/her need to be associated with the brand (Thomson, 2005). The surest way to attain this level of loyalty is to enable the consumer to become a stakeholder (Hulberg, 2006). Becoming a stakeholder lends to the co-creation of the brand and provides the only way that the brand’s meaning can transition from a benefit level to an emotional one (Thomson, 2005). NASCAR’s brand driver is the word ‘Community’ because brand loyalty is elevated when consumers are driven by emotion. The NASCAR website is customized to emphasize the brand driver (Adamson, 2006). When a fan or prospective fan visits the NASCAR website, ‘Community’ is a link that can be easily accessed. This area allows fans to meet, discuss, and establish emotional bonds.

### **Brand Community**

Brand community is extremely important for any organization seeking to establish a lasting bond with its customer or fan base. Previous research indicates that brand loyalty must be developed beyond satisfaction and that it is much more dynamic and complex than the original models suggest. The body of literature on brand loyalty reflects that integration into a brand community, fostered by life-experiences and facilitated by the marketer and the brand community, is a key driver of loyalty (McAlexander, 2003). Brand communities are similar to subcultures in that they are marked by shared meanings, consciousness, traditions, and rituals. Working as brand advocates, brand communities take on important roles such as sharing information, propagating the culture and the history of the brand, and providing feedback and assistance. A significant part of the consumer experience of the brand is derived from the experience within the community (Chen, 2006). From a customer-experiential perspective, the brand community is a network of crucial relationships such as those seen between the customer and the brand, between the customer and the firm, between the customer and the service in use, and among fellow customers (McAlexander, 2002). It

is through these brand communities and interchanges that further brand-customer understanding and loyalty develops (Chen, 2006).

### **Customers as Brand Ambassadors**

Cultivating an integrated brand community grounded by the consumers' total-life experiences provides diverse benefits (McAlexander, 2002). One such benefit is that highly attached fans serve as brand ambassadors and spread positive word-of-mouth to others. Community-integrated customers serve as brand missionaries, carrying the marketing message into other brand communities (McAlexander, 2002).

NASCAR fans serve as brand ambassadors and are unusually loyal. They are more forgiving with regard to product failures or lapses of service quality, and they are less apt to switch brands, even when confronted with superior performance by competing products (McAlexander, 2002). Even potential rival racetracks can be strong ambassadors for the brand. The Rockford Speedway (located in Rockford, Illinois) hosts NASCAR sponsored events. Rather than view NASCAR tracks as competition, this speedway embraces the benefits they derive from the NASCAR connection. The Rockford Speedway is a brand missionary and carries the NASCAR message to the community through television and radio advertisements as well as through the actual racing events it sponsors.

### **Emotional Branding**

Fans that have a strong interest in NASCAR and follow the sport diligently do so because of their emotional connection to the brand. Emotional branding is the strongest level of branding. Emotional branding is essential because it is the emotional aspect of products and their distribution systems that will be the key difference between consumers' ultimate choice and the price that they will pay (Gobe, 2001). When a company is able to brand at this level, the consumer sees the brand as playing a positive, proactive role in their life. These consumers are portrayed as enthusiastic partners who engage in intimate dialogues with other brand users and brand managers to create mutually beneficial, identity-enhancing, community-building, and loyalty-sustaining meanings (Thomson, 2005). This emotional connection can be observed through the strong sense of belonging exhibited by the fan base. NASCAR is able to achieve a high level of emotional branding because the fans see it and feel it. NASCAR drivers are accessible and connect with fans at events and are family-oriented people who really do care about their fans and sponsors (Pyne, 2002).

## Drivers and the Emotional Brand

NASCAR drivers help elicit emotions in fans through their personalities and individual attributes. Clark and Steinberg (2004) depict how NASCAR racing has built its fiercely loyal following on the backs of its drivers' unique personalities: the raw grit and rough-hewn wiles of Junior Johnson; the dignity and determination of Richard Petty; and the heart and stubbornness of the late Dale Earnhardt.

NASCAR's efforts to be customer-oriented and build emotional relationships are critical in the building of its brand image (Agarwal, 2005; Lemon, 2004; Poulsson, 2004; Sartain, 2006; Whelan, 2006). Consumers today expect brands to know them intimately and individually (Gobe, 2003). Moments of truth or touchpoints occur in a variety of ways when a brand comes in contact with and emotionally impacts the target market (Crosby, 2003). Some examples of touchpoints include media advertising, Web sites, partners, sales and workforce, displays, technicians, training classes, special events, and the 'service' process. These 'moments of truth' are comprised of both the rational and emotional features which are important to the customer.

## Experiencing the Brand

Dramaturgy, the final component of event-marketing, occurs when the organization creates an emotional experience for the customer, thus bringing the brand image to life and capturing the imagination of the target audience (Whelan, 2006). NASCAR tries to capitalize on the fact that the act of driving is an everyday experience for most individuals. This enables fans to imagine themselves as the driver and increase their connection to the sport (Moyer, 2004). Increased connection facilitates attachment, which in turn, strengthens emotional ties.

## CONCLUSION

Brands are built on powerful emotional connections through an extremely wide variety of touch points. NASCAR delivers these connections through event-marketing, emotional branding, brand communities, customer understanding, brand drivers, differentiation, co-branding, and the understanding that once a brand has been created, it must be monitored and allowed to continuously evolve. The NASCAR brand has existed for over 50 years and looks to be on the 'right track' for many, many more successful years. Thus, NASCAR will provide educators with a good example of a brand that most can relate to (as drivers) and appreciate for their diverse marketing initiatives.

## APPENDIX Branding Strategy Outline

- I. Brand – Definition
- II. Brand Equity
  - A. Business Week's Most Valued Brands
  - B. Tangible and Intangible Components
  - C. Benefits of a Strong Brand
  - D. Brand Loyalty
- III. Brand Positioning and Differentiation
  - A. Brand Audit
  - B. Brand Metrics
- IV. Emotional and Rational Branding
  - A. Brand Identification
  - B. Brand Communities
- V. Co-Branding  
--sponsorship
- VI. Branding Marketing Mix
  - A. Unique Brand Elements
    1. Brand Name
    2. Logo/Brand Mark/Symbols
    3. URL
    4. Slogan
    5. Jingle
  - B. Product
    1. Brand Extension
    2. Brand Contraction
    3. Brand Architecture
  - C. Price
  - D. Place - Branding Channel Strategy
  - E. People
    1. Internal Branding Strategy
    2. Brand Ambassadors
  - F. Promotion
    1. E-Branding
    2. IMC
    3. Brand Placement
    4. Sponsorship
- VII. Conclusion – The Virtues and Sins of Branding

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# CHOICE-BASED STRATEGIC DESIGN OF SHOPPING CENTRES

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## *ABSTRACT*

Shopping center operators need a clear understanding of the choices customers make in determining where to shop in order to build and redevelop the most attractive shopping destinations. This paper demonstrates discrete-choice analysis (DCA) as an effective method for ascertaining the key drivers in choosing a place to shop, and will highlight the usefulness of the DCA approach by sharing selected findings from a recent study retail shopping center study in Finland.

Understanding customer choices in the Finnish marketplace is highly complex due to the role(s) shopping centers play in consumers' daily lives (e.g., grocery shopping, public libraries). Consumers are bombarded with different combinations of stores, services, dining and entertainment options, among many other factors, such as competing grocery stores, hypermarkets and even public libraries, in determining where to go shopping. At the same time, shopping malls are undergoing major changes as traditional anchor tenants are no longer viable, and as more and more shoppers are frustrated by the perceived hassle of visiting a mall.

The study conducted by the authors identified ten core market drivers (and associated levels). The findings of the authors' recent study indicate that the Espoo, Finland marketplace is very homogeneous, and that few differentiating factors exist between and among customer segments. Further adding to the competitive environment is the fact that nearly 50% of any given shopping center's most frequent shoppers (i.e., those visiting at least once per month) are also the most frequent shoppers of at least one other competitor shopping center. Some notable findings include the desire for more up-market offerings in a variety of retail categories, including dining.

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# EXAMINING CONSUMER-BASED BRAND EQUITY IN TURKISH BANKING INDUSTRY: DOES BANK TYPE INFLUENCE BRAND EQUITY?

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## ABSTRACT

In recent years, branding and brand equity has received a great deal of attention. Managers need to decide how to position their brands and tailor their marketing mix to the needs of their market(s) that they are targeting consistent with the brand's positioning. In service industries including the banking industry, service quality level plays a significant role in achieving the desired positioning, building brand image, customer loyalty, and ultimately creating brand equity. Because banks differentiate themselves through serving the needs of different segments with a different mix of services and products, perceptions of customers may differ across different types of banks regarding their service quality and brand equity dimensions.

This study examines whether (1) consumer-based brand equity significantly differ across three bank types—state owned, privately-owned domestic, and foreign, (2) the consumer-based brand equity dimensions are positively and significantly related across the three types banks in the Turkish banking industry, and (3) consumer profiles (i.e., age, gender, education, and income) significantly influence the bank brand equity perceptions for each type of bank.

Drawing from the literature, a survey was developed to measure brand equity with brand awareness, perceived quality, brand loyalty, brand image, brand association, and organizational association. Data were collected from 607 adult customers of the three types of banks in Turkey. In comparing the sample to the estimated 2008 population demographic distribution of Turkey, the sample profile was similar to the Turkish population in gender, age, education, and income distribution.

Although the survey included the measurements of the brand awareness, perceived quality, brand loyalty, brand image, brand association, and organizational association dimensions in order to measure brand equity, the factor analysis revealed only two factors that have discriminant and convergent validity—perceived quality and brand loyalty. Based on these two brand equity dimensions used in testing the hypotheses, the findings indicate that consumer perceived quality and brand loyalty are significantly higher for privately-owned banks than state-owned and foreign banks. However, there were not statistically significant differences in either perceived quality or brand loyalty between state-owned and foreign banks. Additionally, perceived quality was positively and significantly correlated with brand loyalty. Customers with higher education and income, and also females perceived higher service quality for and felt more loyal towards the private banks. The results of this study demonstrate the challenges the foreign banks may face in building brand equity in other countries, which could be pertinent to the products and services they offer. Based on the results, recommendations are provided for improving perceived quality and brand loyalty for the banking industry. Suggestions for future research are also offered.

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# SPECIALTY RETAIL STORE CUSTOMERS: HOW HEAVY USERS DIFFER

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## ABSTRACT

*Surveys completed by 221 customers show how heavy users of a specialty retail store differ from other customers. Heavy users showed greater preference for friendly store personnel and for being recognized by the store personnel. Heavy users also gave greater share of wallet to the store.*

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## INTRODUCTION

Despite the important role specialty retail stores play in the economy and in the provision of jobs, there has been relatively little research examining such stores and their customers. Much of the work that has been done has looked at specialty apparel stores, and generally larger stores rather than the small retail stores examined here. Since heavy users are often crucial to a small store's continued operation, it is important to understand how such customers may differ from others.

## LITERATURE REVIEW

### Heavy Users

The concept that there is a relatively small group of customers who account for a disproportionate share of a company's business was discussed by Twedt (1964) and Cook and Mindak (1994), who referred to these customers as heavy users. The relatively greater importance of some customers is sometimes referred to as the 80/20 rule, though it is rarely the case that 20 percent of customers actually account for 80 percent of a firm's business.

Most research on heavy users has focused on their demographic characteristics in an attempt to describe the group and perhaps explain why they purchase such large amounts of product. However, this approach is criticized for several reasons. First, researchers at times cannot find any distinguishing characteristics of heavy users. Second, if such characteristics are found, they may be incidental, or unimportant, or explain nothing beyond the obvious. Finally, demographics may not be of much help in developing useful marketing strategies.

More recent research has attempted to move away from heavy user demographics to identify non-demographic variables that might provide a better understanding of the heavy user concept. An important

step in this direction was research on use of travel agents that showed that compared to other customers, heavy users were more involved (enthusiastic and excited), innovative and knowledgeable, and were opinion leaders concerning the product (Goldsmith, Flynn and Bonn, 1994). In addition, heavy users gathered more information about the product from all media sources (books, magazines, TV, newspapers, etc.). However, there were no demographic differences between heavy users and other users in terms of age, family income, gender, and education level. The travel agent research was replicated in Singapore with virtually identical results (Goldsmith and Litwin, 1999) and again for wine consumption (Goldsmith and d'Hauteville, 1998).

A study of purchasers of fashion clothing again replicated the earlier findings on involvement, innovativeness, knowledge, and opinion leadership, but also identified another characteristic – price sensitivity. Heavy users were found to be less sensitive to price than others (Goldsmith, 2000).

Another study of heavy users examined different methods for profiling heavy and light users and found that comparing the averages of different consumer groups has important shortcomings (Wansink and Park, 2000). The authors suggest a different approach, a hybrid two-stage cluster analysis which they found a better diagnostic technique for creating heavy user profiles. In addition, the study found six lifestyle factors that differentiated heavy users (active lifestyle, family spirited, homebody, intellectually stimulating pastimes, TV lover, and pet lover) and five personality characteristics including, mentally alert, social, athletic, carefree and stubborn.

### Share of Wallet

Customer satisfaction researchers have recently begun to look not just at repurchase intent, but at share of wallet. Share of wallet is defined as the proportion

of purchases in a particular category that a customer makes from a particular manufacturer or service provider (e.g., Cooil et al., 2007). The findings to date on the relationship between share of wallet and other variables have been equivocal. Research in this area has generally focused on financial services and grocery stores.

For example, Cooil et al. (2007) found satisfaction and share of wallet to be positively related, although income and length of the customer-bank relationship negatively moderate this finding. In other words, high satisfaction yields greater share of wallet, which would appear to make intuitive sense, but this finding is less applicable to wealthier customers and, curiously, to those who have been with the bank the longest. By contrast, Du et al. (2007) found no association between length of relationship and share of wallet. They also found that wealthier customers were more likely to have accounts in multiple banks, thus reducing the share of wallet in any one bank. Baumann, Burton and Elliot (2005, 2007), also studying the banking industry, found customer satisfaction a predictor of share of wallet. Gremler and Gwimmer (2000, 2008) found rapport between retail store employees and customers to be an important predictor of satisfaction and loyalty, though they do not appear to have looked specifically at share of wallet.

An earlier study involving retail grocery stores in Sweden found that customer satisfaction had a positive but modest effect on share of wallet for the primary grocery (Magi, 2003). Both economic shopping orientation and a personal relationship with store personnel showed a negative moderating effect, while a positive effect was found for heavy (high volume) buyers. A study involving business-to-business markets found a positive, non-linear association between satisfaction and share of wallet, though the results varied significantly depending on the job function performed by the respondent (Keiningham et al., 2003).

Studies of loyalty programs demonstrate the influence of factors other than satisfaction on share of wallet. For example, share of wallet has been found to be positively related to membership in a loyalty program and negatively correlated with distance from grocery stores (Meyer-Waarden, 2007). Credit card loyalty programs were found to influence share of wallet only to the extent the programs were perceived as attractive (Wirtz et al., 2007). Store expertise (specialized knowledge of store personnel) has also been found to increase share of wallet (Friedman and Brown, 2009).

## HYPOTHESES

Based on the previous findings from the literature,

we hypothesized that heavy users would show greater levels of customer satisfaction than non-heavy users (H1). We also hypothesized that heavy users would provide a greater share of wallet to the store studied (H2). We also hypothesized that heavy users would be more likely to mention convenient location (H3), service (H4) and selection (H5) as reasons for shopping at the store, and less likely to mention price (H6). Because those who make large purchases of dance shoes and apparel would have a greater incentive to learn about these items, it stands to reason that if heavy users are purchasing at the store studied rather than via catalogues or the Internet, then those users would seem likely to consider the store to have greater expertise and themselves to have less. We therefore hypothesized that heavy users would have higher views of store expertise (H7) and lower estimates of their own expertise (H8).

Following on the work of Gremler and Gwimmer (2000, 2008), among others, we included questions regarding the shopping preferences of customers. These questions were as follows:

I think personal contact with store personnel is important.

I think it is important to be recognized by the store's personnel.

I shop only in stores where I know the staff is friendly.

We hypothesized that heavy users would register greater agreement with these than would other customers (H9, H10, and H11 for the three questions, respectively).

## METHODOLOGY

A mail survey conducted among the customers of a small retailer of dance shoes and apparel located in central Pennsylvania. The survey included multiple choice and Likert-type scale questions on satisfaction, intent to purchase again, word of mouth intent, store employee experience, customers' own expertise, demographics, the amount of money spent at the store, the share of wallet the store received, a question asking which of several possibilities were the reason(s) for shopping at the store.

Following a pretest, the modified survey was sent to a random sample of 682 customers taken from the store's customer list. The store owner sent an e-mail message a week before and a week after the mailing an e-mail message alerting customers to the survey and asking for their cooperation. Each letter contained a survey, cover letter, self-addressed, postage-free envelope, a blank card to be returned with name and contact information if the respondent wished to be included in a drawing for three store gift certificates. Eventually a total of 208 useful surveys were returned

for a response rate of 31 percent. Following this, in order to obtain a larger sample of heavy users, surveys were sent out to an additional 31 customers identified as heavy users not included in the initial sample. 13 of these replied for a total of 221 survey responses, of which 26 were from heavy users (defined as spending over \$300 a year at the store) and 195 from other customers.

## RESULTS

To determine whether heavy users actually scored at higher levels than other customers as hypothesized, we examined T-statistics to compare the means for those customers. Where Levene's test for the equality of variances indicated that the variances were likely to be equal, we used equal variances. Where Levene's test indicated the opposite, we looked at the readings using unequal variances. Because the hypotheses were directional, we used a one-tailed test for significance. All data analysis was conducted using SPSS 16.0.

Perhaps because satisfaction levels were so high overall, there was not a significant difference between heavy users (4.08 of 5) and others (4.12), so H1 was not supported.

As hypothesized, heavy users did indeed provide a significantly greater share of wallet than others. Heavy users purchased an average of 85 percent of their dance supplies from the store studied versus 63 percent for others. This was significant, with a T-statistic of -5.553, and a p value of .000. (Negative T-statistics mean the levels were higher for heavy users, due to the way the data were coded.) Unsurprisingly, heavy users of the store studied bought significantly less from other dance stores (9 percent versus 19 percent, T-statistic of 3.495,  $p = .001$ ). However, differences in purchases from catalogs and through the Internet were not significantly different, perhaps because the levels were so low (accounting for 5 percent or less in each case). Therefore, H2 was supported.

There were no significant differences in the number of customers mentioning various reasons for shopping at the store, so H3 through H6 were not supported.

Heavy users also did not rate either store expertise or their own expertise significantly higher or lower than other customers, so H7 and H8 were not supported.

Heavy users were most affected by the store's personal environment, showing significant differences on all three questions involving personal contact. They felt personal contact was more important (4.81 versus 4.48, T-statistic of -2.98,  $p=.003$ ), that they wanted to be recognized at the store (4.50 versus 4.05, T-statistic of -2.269  $p=.012$ ), and that they would shop only in stores where the staff is friendly (4.15 versus 3.73, T-

statistic of -1.942,  $p=.027$ ). Thus, H9, H10 and H11 were all supported.

Demographic factors including income and age were not significantly different for heavy users than for others. Nearly all respondents were female, so this was not considered.

## DISCUSSION

The basic contribution of this study is to identify psychographic reasons as being important distinguishing characteristics of heavy users, specifically the preference for a friendlier store environment. This could enable specialty store owners to segment the market on this basis, to target customers looking for this type of store environment, making the store not just a place to buy things, but a place where there is positive social interaction. Store owners will need to be sure their store personnel are friendly and make a special effort to remember the heavy users. In this way, a store can attract or retain heavy users.

Even though this better environment does not necessarily influence customer satisfaction, it does seem to be important to the heavy users and thus is a way to keep those important customers from defecting to other stores. While perhaps more of a threat in the future, the Internet and catalogs were not significant threats, but that could be different for different types of specialty retailers.

This study clearly has a number of limitations, chiefly that it looks at a relatively small number of heavy users from a single store of a single type of specialty retailer. Further work is necessary to establish whether these patterns hold for other types of specialty retailers.

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# CULTURAL INFLUENCES ON WEB SERVICE QUALITY PERCEPTIONS OF E-RETAILING CONSUMERS

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## ABSTRACT

Internet-based retailing is growing and increasingly becoming popular around the world. Increased research interest in the quality of e-retailer service has led to the development of domain-specific models. Through a systematic scale development effort, Parasuraman et al. (2005) developed a 22-item E-S-QUAL scale which consists of four dimensions: efficiency, fulfillment, system availability, and privacy. In addition, an 11-item scale was developed in the same study to measure the quality of service recovery offered by the website. This sub-scale, which was called E-RecS-QUAL model, consists of three dimensions: responsiveness, compensation, and contact.

The objective of the present study is to integrate these two models into a comprehensive framework and to propose an extended model that incorporates the influences of cultural factors. Data collected from Chinese and American university students were used for an empirical test of the extended model. LISREL 8.80 was utilized to test the fit of the proposed model.

The findings of this study show that some cultural dimensions do have impact on web-based service quality perceptions while others do not. Individualism/collectivism is not related to the perception of service quality dimensions. However, uncertainty avoidance and long-term orientation seem to influence the dimensions of E-S-QUAL and E-RecS-QUAL models. Since purchasing from an internet retailer is fraught with greater uncertainty, it is understandable that uncertainty avoidance would influence the perceptions of the service quality. Long-term orientation too predisposes consumers to be more tolerant of the service lapses and to view e-retailer performance more favorably. As proposed, all of the path coefficients are positive, except the LTO-Compensation link, in keeping with the theorization of Furrer et al (2000). Consumers with greater need to avoid uncertainty and a long-term orientation appear to have more favorable perceptions of quality. The implication for international retailing is that pleasing the consumers in China is perhaps easier than pleasing their American counterparts.

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# TECHNOLOGY INTEGRATION IN SMALL AND MEDIUM SIZE ENTERPRISES

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## ABSTRACT

*This study explores how web technologies are used by SMEs to conduct marketing activities. The empirical evidence supports the claim that SMEs are highly dependent on the web for maintaining customer relationships and product promotion, but less dependent on the web for fulfilling orders, satisfying service requests, and advertising venues.*

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## INTRODUCTION

The proliferation of the internet-based technologies has created a business environment for small and medium-sized enterprises (SMEs) to be more competitive, to form business partnership with companies around the globe and to conduct business with their customers online. Implementing web-based technologies provides businesses with a platform to connect with customers, business partners, employees, and suppliers via the Internet, extranets, and intranets. The internal and external connectivity of information and electronic communication technology enables companies to become more efficient by lowering costs, increasing productivity, and to improve responsiveness to customer needs.

The benefits of conducting business online outweigh the costs for most organizations (Barua, et al, 2001; Lefebvre, et al. 2005; Straub and Klein, 2001). However, the review of the literature shows that SMEs are using the Internet in most part for electronic mail and advertising and not taking full advantage of available technologies when compared to large organizations (Fillis et al., 2004; Peet and Ritchie, 2002; Quayle, 2002; Grandon and Pearson, 2004). Small and medium-sized organizations must make sure that the implementation of a new technology is in line with their organizational goals and in turn create positive outcomes for the organization. Having a well developed strategy that includes flexibility and adaptability for launching, maintaining, and updating a new technology is critical. When considering technology strategy companies must identify the areas of the business that will be affected by the new technology implementation. The plan should include security

measures and provide methods for earning the trust of the customers, business partners and suppliers.

Small and medium-sized businesses are under pressure to compete with large organizations in their industry and establish a strong customer base. By implementing an appropriate technology such as electronic business SMEs can create and sustain a competitive edge in the marketplace. Managers/owners of SMEs should understand how their company can benefit from the new technology in order to utilize the full potential of technology implementation.

## METHODOLOGY

The objective of this research is to examine how small and medium size enterprises (SMEs) use web-based software applications to conduct the marketing activities listed in Table 1. In this study, we adopted the European Commission's definition of SME; that is, firms that have fewer than 250 employees are considered small to medium size. However, firms having fewer than 10 employees were excluded and considered not suitable for this research.

Internet usage in the European Union and Sweden grew by 210% and 68% respectively between 2000 and 2008. About 56% of the populations in the European Union member states and 77.3% of the Swedes use the Internet (Internet Usage in Europe, 2008). Given that the use of electronic technology transcends geographical boundaries in the business world, the study sought data from 500 randomly selected SME Swedish firms and sample selections were not limited to a single industry or sector.

**Table 1. Marketing Related E-Business Activities**

Marketing and Promotion
Order Taking
Order Fulfillment
Product Promotion
Product Customization
Customer Service
Web Advertising
Marketing Strategy
Pricing Strategy
Customer Relationship Management (CRM)
Maintain Competitive Position

Mailing to the selected firms furnished 67 usable responses which constituted a 13.4% response rate. Respondents provided their opinion regarding the overall applicability of web-based software applications on a categorical scale from 1 to 5, where 1 or 2 indicated disagreement that Internet applications are being used for respective marketing activities (1 represents a strong disagreement); 3 indicated neutrality or uncertainty; and 4 or 5 indicated agreement that Internet applications are being used for respective marketing activities (5 represents a strong agreement). The central tendencies of responses were evaluated to determine how common web technologies are used for marketing and promotion purposes.

### DATA ANALYSIS

The categorical variables listed in Table 1 were transformed into zero-one dichotomous variables, where a value of one (1) acknowledges that the respondent is certain that web applications are being used for respective marketing efforts, and a zero value (0) indicates otherwise. Each dichotomous variable was averaged to obtain certainty proportion coefficients, defined as an estimated percentage of all firms that actually use the World Wide Web. It is reasonable to conclude that certainty proportions exceeding 0.50 suggests a general consensus among respondents that the web is being used intensively to implement marketing functions. Certainty proportions below 0.50, on the other hand, may suggest that the web is not being used to its fullest potential, if not seldom or rarely used.

Estimates of certainty proportion coefficients are shown in Table 2. Parametric one-sample Z tests were used to determine whether or not the estimated proportions are significantly different from 0.50,

using five percent level of statistical significance. If the estimate exceeds 0.50, then there is a consensus that web technologies are definitely being used to carry out respective marketing activities. If the estimate falls below 0.50, then web technologies are not being used or not fully used by the majority of SMEs. The objective of the statistical test is to reject the null hypothesis in favor of the alternative hypothesis, so definitive conclusions can be made with regard to common institutional practices involving web technologies.

The relative magnitude of the computed Z statistics will prescribe the acceptance or rejection of the null hypothesis. These values are interpreted as the number of standardized deviations an estimated proportion is from the hypothesized value of 0.50. If the computed Z equals +2, then the estimate is two standard deviations above 0.50. If the computed Z equals -2, on the other hand, then the estimate is two standard deviations below 0.50. Under the null hypothesis,  $H_0: \pi = 0.50$ , there is inconclusive evidence that the majority of SMEs fully utilize the web for marketing functions. Under the alternative hypothesis,  $H_a: \pi \neq 0.50$ , there is conclusive evidence the majority of SMEs are definitely using web technology (when the estimated proportion is well above 0.50) or definitely not using web technology (when the estimated proportion is well below 0.50). If the null hypothesis is actually true, then estimated proportion computed from the sample will fall within  $\pm 1.96$  standard deviations ninety-five percent of the time, while the estimated proportion will fall above +1.96 or below -1.96 standard deviations five percent of the time. Therefore, using the five percent significance level, estimated in certainty proportions within  $\pm 1.96$  standard deviations of 0.50 are not considered statistically significant, and the null hypothesis of  $\pi = 0.50$  is accepted.

The standard deviation used in the denominator of the Z statistic is based on the hypothesized certainty proportion under  $H_0: \pi = 0.50$ . As a result, all one sample parametric Z tests will be most conservative for two reasons. First, the standard deviation of proportions will be maximized if a centrality parameter of 0.50 is used. Second, the relative frequency of sample proportions observed under repeated sampling will conform to a normal distribution. We can argue strongly that parametric tests will be the most powerful because probability of rejecting a false hypothesis will be maximized.

### EMPIRICAL RESULTS

Customers expectations and needs change over time due to numerous individual and environmental

influences. Satisfying customer needs require an effective marketing strategy that includes a customer relationship database with information about customer's buying behavior and preferences. E-business implementation and web-based technologies enable companies to collect accurate, timely, and relevant data about their customers. Integrating e-business data with back-office operations can enhance key customer relationship outcomes such as sales processing, order fulfillment, and the development of more effective promotions. For example, an up to date database makes it possible for marketing and sales managers to view how current and prospective customers are reacting to new

marketing programs, what each customer is buying, and how they feel about pricing and customer service. The ability to better serve each customer leads to customer loyalty as well as improvement in the products and services.

There is a general consensus that SMEs are dependent on the web for customer relationship management (CRM), product promotion, sustaining market position and serving customers (see Table 2). However, web based applications are not used as frequently or to full potential with respect to customer service, order taking, advertising and pricing strategy.

**Table 2. Certainty Proportions: Use of Web Technology for Marketing Activities**

Marketing Activity	Certainty Proportion	Standard Deviation	Z Statistic
Advertising on the Web	0.40	0.061	-1.59
Customer relationship management	0.78	0.061	4.52
Customer service	0.76	0.061	4.28
Keep up with competition	0.57	0.061	1.10
Marketing Strategy	0.51	0.061	0.12
Order fulfillment	0.37	0.061	-2.08
Order taking	0.22	0.061	-4.52
Pricing Strategy	0.12	0.061	-6.23
Product promotion	0.55	0.061	0.855
Product/service customization	0.48	0.061	-0.37

### The Overall Impact of E-Business on the Study Groups

To analyze the overall impact of e-business on the survey participants several contingency tables of dichotomous zero-one variables were constructed and analyzed to discern the association between marketing activities. The relative frequencies of consistent responses, where Activity A = 1 and Activity B = 1 or Activity A = 0 and Activity B = 0, were used to assess the direct correspondence throughout the sample, such as customer relationship management and customer service verse order taking and order fulfillment. For instance, 80% of small firms indicated that they use the web for customer relationship management and customer

service activities, or none of these activities. In other words, for eighty percent of the sample, the two activities are perfectly correlated. In contrast, sixty-eight percent (68%) of large firms indicated that they use the web for customer relationship management and customer service activities or none of these activities. Due to elements of uncertainty or neutrality in the responses, these statistics (as disclosed in Tables 3) may suggest stronger or more compelling associations among firm activities than Pearson correlation coefficients. The analysis is limited to those company activities that are likely to be closely connected on theoretical grounds. For instance, it is hypothesized that customer service and product promotion tend to go hand in hand with customer relationship management initiatives.

**Table 3. Empirical Conditional Probabilities of Using Web Applications**

Activity A	Activity B	Pr(A B)	Pr(B A)	Correspondence
CRM	Product Promotion	0.95	0.67	71%
CRM	Customer Service	0.88	0.86	80%
CRM	Order Taking	0.88	0.25	38%
CRM	Order Fulfillment	0.80	0.38	45%
Order Taking	Order Fulfillment	0.28	0.47	61%
Pricing Strategy	Product Promotion	0.75	0.16	52%

The association between firm activities can be directly revealed by evaluating a series of empirical conditional probabilities, which are calculated by dividing the joint frequency of Activity A = 1 and Activity B = 1 by a certainty proportion coefficient. For instance, the probability that a firm engages in Activity A, given that they are engaging in Activity B, equals the relative frequency of Activity A = 1 and Activity B = 1 divided by the relative frequency of Activity B = 1 (percentage of firms that use the web for Activity B). If a conditional probability estimate exceeds 0.50, then there is a general consensus that Activities A and B coincide or considered to be concurrent within the enterprise. If a conditional probability estimate is below 0.50, then the general opinion is that Activities A and B are weakly related or independent. Hence, empirical conditional probability estimates can suggest the relative strength of association between company activities involving the Internet.

For SMEs, activity associations as prescribed by conditional probability estimates tend to be strongest among marketing activities, particularly CRM and product promotion, and CRM and customer services. For over 70% of the sample, CRM and product promotion, and CRM and customer service are perfectly correlated. Given that the typical SME uses the web for CRM, there is an estimated 86% chance that the same firm will use the web for customer service as well. Given that a typical SME uses the web for customer service, product promotion and order fulfillment activities; there is a very high probability that the same SME will use the web for customer relationship management as well. The converse of this argument does not appear as strong, however.

### SUMMARY AND CONCLUSIONS

The increasing dissemination of web-based technologies and especially e-business are allowing companies to be more competitive by reducing costs, to be more responsive to customer needs, and adding value to their products and services. This study

analyzed data for e-business integration and web-based applications in Swedish SMEs.

Based on an overall assessment of the certainty proportion coefficients, e-business has revolutionized the way Swedish companies engage in marketing efforts to enhance efficiency, customer satisfaction; hence, profitability and company reputation. There is strong evidence that SMEs use the Internet mostly for product promotion and distribution. The Internet has definitely changed the way companies sell their products, provide quality service, and maintaining customer relationships. Future comparative studies can focus on how SMEs use web technologies differently for marketing purposes in the context of manufacturing versus service oriented companies, and in other business decisions.

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# MARKETING HIGHER EDUCATION TO THE WIRED GENERATION: HOW SOCIAL MEDIA IS CHANGING COLLEGE ADMISSIONS

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## ABSTRACT

*These findings are based on survey research with a statistically valid sample of 453 four-year accredited U.S. colleges and universities. The results show strong movement to adopt these new channels of communication but some red flags regarding their integration into the overall marketing plan and the logistics of their implementation.*

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## INTRODUCTION

It's no surprise that social media has changed the landscape of college admissions. The current generation graduating high school has been exposed to the internet since childhood, and as such have been dubbed the "wired generation." Be it wired or wireless, the 16-24 year olds of today are constantly connected — plugged into music players, cell phones, the internet, instant messenger, perhaps all on the same device. This world of interactivity and hyper-communication has fundamentally changed how teenagers and young adults receive and process information. How can a university reach the eyes and ears of an audience that is largely responsible for over one **billion** text messages sent per day in the United States? (See CTIA Semi-Annual Wireless Industry Survey.) Furthermore, how do you maintain the attention of a generation entirely raised upon broadband internet and instant gratification?

For the approximately 2,000 four-year accredited colleges and universities in the U.S., the name of the game is recruiting the best students. It is a highly competitive process often influenced by factors that are more subjective than objective and more emotional than logical. In this challenging environment, social media (in the form of blogs, podcasts, message boards, social networking, videos and wikis) has become an important new marketing tool.

This study examines the familiarity with, usage of, and attitude towards social media by the Admission Offices of 453 U.S. colleges and universities in 49 states. To date it is the most comprehensive study done of American institutions of higher education and their use of social media.

## METHODOLOGY

In the spring of 2007 a large Northeastern university conducted telephone surveys with 453 U.S. colleges and universities in 49 states. All calls were made using a systematic random sample from the University of Texas directory of four-year, accredited institutions. The directory lists approximately 2000 schools that fit that description. Each school was called back at least three times before moving on to the next institution on the list and then resuming the sampling interval. (An additional 2,000 schools listed, but not included are two-year schools, specialty schools, and those not accredited by their state, some religious schools, etc.). The survey instrument included quantitative questions on adoption and use as well as interval scales to measure familiarity and intention to adopt in the future. (For a white paper from this study see Barnes and Mattson, 2007.)

The responding institutions are diverse in student size (from under 50 students to over 50,000), annual tuition (from less than \$1,000 to over \$40,000), funding (69% private, 31% public) and location (49 states are represented). The sample includes well-known private schools like Duke, Carnegie Mellon, Vassar and Wesleyan as well as many large state universities like the University of Arizona, University of Pennsylvania, University of Wisconsin and University of Massachusetts. Statistical tests were performed on the data and results are reported. This study is valid at +/-4% with a 95% confidence level.

Given that higher education has a culture that is simultaneously incredibly innovative and slow to change, it is important to ask how colleges and universities are responding to the new wave of social media. The research was structured to answer the following questions:

- Are colleges and universities familiar with social media?
- Are colleges and universities using social media? If so, how effectively?
- How does the adoption of social media in higher education compare with that of other groups?
- Do colleges and universities consider social media important?
- Do colleges and universities use search engines and/or social networking to recruit and research prospective students?

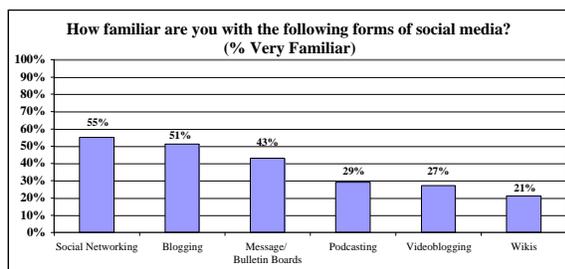
## FINDINGS

### Are Colleges and Universities Familiar With Social Media?

Respondents were asked to rank their familiarity with each technology from “very familiar” to “very unfamiliar.” The social media that was most familiar to college admissions departments is social networking with 55% of respondents claiming to be very familiar with it. Fifty-one percent report they are very familiar with blogging. In fact, as the graph below shows, a significant percentage of admissions departments are very familiar with the technologies studied. Even the technology least familiar to admissions officers (wikis), is very familiar to 16% of those surveyed.

This level of familiarity with social media tools is high and translates into usage. It would appear that college admissions officers are moving in the direction of becoming familiar with new tools of communication at a rapid rate. (See Figure 1.)

**Figure 1: Familiarity with Forms of Social Media**



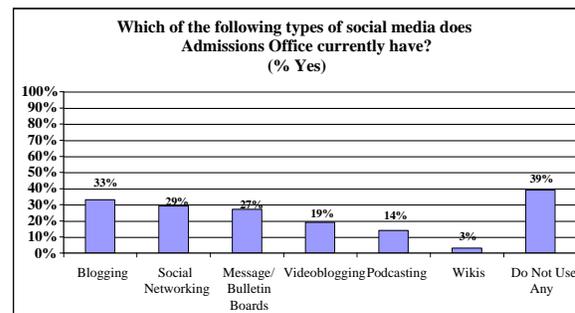
### Are Colleges and Universities Using Social Media?

In this study, sixty-one percent of the respondents use at least one form of social media. Blogging is the most common form with 33% of admissions departments using it. In total, 151 or 33% of the 453 schools participating in this study reported having a blog. Those with a blog are virtually all using other forms of social media as well. (Wikipedia defines a

blog as... *a web site where regular entries are made and presented in reverse chronological order.*)

Twenty-nine percent use social networking (Face Book, MySpace etc.), 27% use message boards, 14% use podcasts and 3% use wikis. Many respondents reported that faculty often set up wikis for research projects and sometimes students for group projects, but it was not one of the tools that admissions commonly used. (In addition to these, schools reported using chat rooms, instant messaging and email to reach prospective students or alumni.) (See Figure 2.)

**Figure 2: Social Media Currently Being Used**



### Are Colleges and Universities Using Social Media Effectively?

At first glance, higher ed and social media appear to be a case study in the timely adoption of new technology. Certainly it is encouraging to see so many schools using these new tools. Upon further analysis, it becomes clear that there is room for improvement as we look at the implementation of the most popular tool, blogging. The survey asked about blog logistics like accepting comments, promoting the blog and planning for the future of the blog. The answers to these and other questions from schools with blogs are surprising and may be a cause for concern.

The mantra of the blogosphere is “conversation.” From the pioneering book *Naked Conversations*, the word conversation had come to define the essence of blogging. It is for this reason that all the advice on blogging includes discussion on the importance of frequent posts and comments.

In this study 37% of those schools with blogs did not accept comments. By any measure, this is a problem if the goal is to connect with prospective or alumni through ongoing conversation with the school. For students and their parents looking to have a conversation online about particular aspects of university life, the lack of interaction through comments can be significant. With more and more schools moving into multiple channels of social media, schools that don’t allow for conversation will quickly be passed by.

Another blog characteristic that allows ease of conversation and increases participation is the use of “RSS” feeds. RSS stands for Really Simple Syndication and is a widely used blog feature. Readers can subscribe and be notified when any new posts or comments are published on your blog. Notification can come by email or even text message if the reader chooses that option. This simplifies the blogosphere for readers who may want to keep up with a certain conversation or be informed of new information without having to check the blog of interest every day to see if there is something new.

In this study, 46% of schools had an RSS feed available and 31% allowed email subscriptions. If students cannot easily connect and reconnect with a blog conversation, it is unlikely they will return. Some students are now reporting that they are choosing schools because of the relationships developed through the blog. Every school should make it easy for students to be informed of new information appearing on their blog. It is quickly becoming a necessary feature of any blog.

There are other areas for concern in this study. Admissions officers with blogs were asked how they publicize them. The most popular response was putting a link to the blog on the school’s home page. Other responses included emailing or mailing announcements. Some advertised their blogs in other admissions materials and many did not promote their blogs at all.

When asked how the admissions office measured the success of their blog, the most popular response was the number of hits the blog received. This is a common measure of a blog’s popularity. The concern here is that many schools did not measure the success of their blogs in any way. There are many measures of success currently utilized from the number of unique visitors to time spent on the site. Many bloggers look at links, downloads, participation in games or sweepstakes, publicity the blog receives in the mainstream media etc. These evaluation tools help to position the blog so that it responds to the needs of its readers in the most effective way.

When asked what the future plans are for the school’s blog, the most popular answer was that there are NO future plans for the blog. This is disconcerting considering the swift movement and evolution of blog technology. It is now possible to include audio downloads (podcasts), video and live chats as part of any blog.

Despite all this, when asked if they felt their blogs were successful, 86% of schools with blogs in this study said yes. This is consistent with studies in business that have consistently shown those using social media are satisfied with it and feel it provides positive results.

Those schools not currently using social media, or a particular tool, were asked if they planned to in the future. Forty-two percent plan to add a blog, making blogs the most popular tool now and for the foreseeable future. Podcasting and video will probably be added quickly as part of the blog growth.

Social media use by admissions departments is being driven by familiarity and their recognition of the increasing role of social media in today’s world. It is not surprising that 88% of admissions departments feel that social media is very or somewhat important to their future strategy. The value placed on social media translates into use of this new communications channel. The more important a school’s perception of social media is to their marketing strategy, the more likely they are to be incorporating some form.

**Table 1: Perceived Importance of Social Media with Use of Social Media**

		Use of Social Media
Perceived Importance of Social Media for Marketing Strategy	Spearman’s rho of Sig. (2 tail) N	.279 .000* 453

\*Significant at the .000

**Do Colleges and Universities Use Search Engines and/or Social Networking To Recruit and Research Prospective Students?**

A significant proportion of schools are beginning to research students via search engines (26%) and social networks (21%). While certainly the traditional factors will still play dominant roles in admissions decisions, no longer can students place damaging material online without potential consequences. The search engines used most often are reported to be Google and Yahoo while the social networking sites include Face Book and MySpace.

The admissions officers interviewed for this study reported using search engines and social networking sites to verify information or research students who were candidates for scholarships or entry into high demand programs with limited spaces. In all these cases the reported intent was to protect the school from potential embarrassment. Online research appears to be more of a precaution at this point or a source of additional information for critical decision making.

The search engines used most often are Google and Yahoo while the social networking sites include Face Book and MySpace. The value of these social networking sites for college admissions offices cannot be underestimated. As more and more young people

take up residence in these online networks, a presence will be mandatory.

### **Are They Listening?**

It is clear that admissions offices are now communicating in new ways. The next question is are they listening to what's being said about their school online? Fifty-three percent of the schools in this study report they monitor the internet for buzz, posts, conversations and news about their institution. All schools indicating that they are currently engaged in monitoring social media were selected for further analysis. Spearman's correlations were done on that group to determine if there are relationships between monitoring behavior and other variables studied.

Those schools that monitor online activity as it relates to them tend to be schools with higher tuitions, private rather than public. They tend to be users of all forms of social media including blogs, podcasting and video. These schools are also more likely to research students online via social networking sites.

Perceived importance of social media to the school does translate into monitoring behavior. Those schools with a culture where online communications are respected as having value are more likely to fully embrace that activity.

The bottom line is that most schools that use social media care about how they are being received in

social media. They are gathering critical strategic information by listening to what is being said about themselves and their competitors in the social media world.

This study provides a clear picture of where colleges and universities are in relationship to these new social media technologies. The findings will help in developing marketing strategies for the years ahead as all schools compete to reach today's wired generation.

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# ENHANCED CLASS COMMUNICATION THROUGH SEGREGATED SOCIAL NETWORKS – AN EXPLORATORY STUDY

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## ABSTRACT

Group projects can support learning objectives that are directly related to course material, such as marketing research skills, or indirectly related, such as communication skills. In this study, the authors used a social network that was distinct from other social networks students might use – a segregated social network (SSN) – as a marketing research class communication tool. The SSN was employed to enhance Integration Learning, which is learning the management of information flows. Student perceptions related to the benefits and features of the SSN were assessed and found to predict agreement that the tool should be used for future marketing research classes.

The students of the Marketing Research class were exposed to a novel communication tool to aid in their classroom learning. This tool was a social network that was meant solely for the purpose of the course and was not linked to any other networks or courses. The SSN was used to augment communication between instructor, students and peers. Managing information, staying organized and communicating effectively with other members of the class leading to integrative learning were essential features of the course. An SSN was used in lieu of the existing tools like Blackboard as this option gave more control to the members of the network to achieve the course objectives.

www.Ning.com was selected as the platform to host the SSN for the class. This tool is designed to enable people to set up their own networks and is not specific to academia. However, it has features similar to other networks (Facebook, Myspace etc.) which enable the members to customize their home pages and allows a varied means of communication between the members (blog post, discussion forum, comments, and messages; widgets like chat and calendar).

We saw this SSN as aiding learning in three distinct ways – (a) realized benefits from improved performance in the course, (b) the communication related features of the tool which aided in realizing the benefits of the tool and (c) the entertainment related features that would enhance learning without being academic. All three factors were hypothesized to have a positive impact. This impact was expected to be seen in the likelihood of students to recommend the tool for future classes and projects. We expected the benefits of having the greatest effect followed by communication and entertainment features of the network respectively.

A set of questions pertaining to the each of the factors – (Benefits – 4 items, Communication – 4 items, Entertainment – 3 items) and the likelihood of recommendation of the tool (2 items) were asked from the students exposed to the tool. A total of 44 usable responses were obtained. A regression analysis using the summated scales of the items was performed and the results supported our hypotheses. The three factors had an adjusted  $R^2$  of 0.759 and the test had a power of 1.000

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# CONFLICTING VIEWS OF MARKETS AND ECONOMIC JUSTICE: THE MARKETING RESPONSE

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## ABSTRACT

*Contrary to the view of Carrithers and Peterson (2006), this paper suggests that business disciplines are far from monolithic in their understanding of corporate social responsibility (CSR). The marketing view is contrasted with other discipline-specific views of CSR, and recommendations are made for the teaching of CSR to marketing students.*

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## INTRODUCTION

In an article published in the *Journal of Business Ethics*, Carrithers and Peterson (2006) (hereafter referred to as C&P) proposed that a dangerous pedagogical gulf exists within the teaching of markets and capitalism at American universities. This gulf is the result of a serious flaw, an “educational disconnect,” between business faculty who support market-based economics and liberal arts faculty who teach that capitalism promotes economic injustice. Both groups are alleged to present Corporate Social Responsibility (CSR) so differently that students have great difficulty reconciling the opposite positions they hear, and consequently, are often left confused and frustrated. As a result of perceived student confusion, C&P cautioned business faculty to present a more complete and nuanced view of CSR, making certain that students understand the assumptions inherent in the various economic models of which it is comprised.

C&P have charged that when CSR is presented in courses taught by liberal arts faculty, the treatment tends to be anti-business and ignores many of the benefits of free market perspectives. Similarly, liberal arts faculty complain that CSR is often presented in the business school as value-neutral, without the support of a coherent theory of ethical behavior. Consequently, there exists some degree of distrust regarding the other’s handling of the material. In spite of the need for comprehensive preparation in business ethics, business faculty have tended to dissuade students from taking the ethics courses taught by liberal arts faculty, or downplayed the significance of the materials covered. C&P make a compelling argument that an intellectual divide exists and that change in the nature of the coverage of CSR is warranted.

But there are some flaws in C&P’s argument. The first flaw is the presumption that the economics-based

“free-market” perspective is universally accepted and taught by business faculty. This is certainly not the case among marketing faculty, where the CSR perspective has undergone several iterations since the marketing discipline separated itself from economics at the beginning of the last century. In fact, marketing literature has developed in directions that favor some of the aspects of the same CSR model that C&P identify with the liberal arts. The second flaw is the contention that Catholic Social Teaching (CST), which C&P identify as the prototypical viewpoint in the liberal arts, is fundamentally anti-business and teaches that capitalism promotes economic injustice. In fact, CST defends business and free market capitalism as superior to other systems of wealth distribution. When CST is understood in the proper context, the “gulf” between what is taught about CSR in the business school and what is taught in liberal arts is not really very wide. There would appear to be as much difference among the alternative views of CSR within business disciplines as there exists between business and CST.

Accordingly, the purpose of this paper is (1) to review the development of CSR as presented in the marketing literature, (2) to contrast the marketing view with that of market-based economics, and finally (3) to examine the similarities between the marketing view and C&P’s description of the liberal arts perspective. As a result, it is hoped that a little clarity can be brought to our understanding of CSR and how it can be taught to business students.

## Corporate Social Responsibility

Business entities are created in order to fulfill a specific need in society. Individuals come together to form businesses because of the belief that a group of individuals, acting together, can fulfill society’s need better, more completely, or more efficiently than

individuals acting alone (Thorne, Ferrell and Ferrell 2005). Consequently, businesses are perceived to have obligations to society, and these obligations are called *corporate social responsibility* (Thorne, Ferrell and Ferrell 2005).

The literature describes at least five distinct models of CSR, including (1) profit maximization, (2) moral minimum, (3) marketing concept, (4) stakeholder concept, and (5) societal concept. All of these models require that businesses, first and foremost, obey the law. The *profit maximization* model posits that businesses serve society best by making decisions and implementing actions that maximize the return on invested capital (Reekie 1982). This action creates shareholder wealth that can be invested by the individual shareholders in other projects of their choosing (including charitable works to address social concerns, if shareholders are so motivated).

The *moral minimum* model posits that in addition to generating profits and obeying laws, businesses have the additional responsibility of cleaning up their mistakes and messes so that their operations have no negative impact on society (Engelland and Eshee 2007). Thus, the business that strip mines coal from the earth has the responsibility of creating parks and recreation areas where the mining took place; or the business that produces tobacco has a responsibility to pay for the medical bills of those who get sick from consuming its products. A growing body of court decisions supports this view.

The *marketing concept* model posits that businesses have the responsibility of not only generating profits, obeying laws and cleaning-up after themselves, but they also have an obligation to balance the needs of customers and of the organization in creating maximum value for both (Kotler 1972). In fact, success in generating profits was clearly linked to how adept the firm was able to understand the needs of customers and marshal firm resources to meet those needs better than the competition.

The *stakeholder* model posits that businesses exist to benefit customers as a first priority, and that in order to benefit customers long term, businesses must return value to all entities that have a “stake” in their success (Gregory 2007). These entities include shareholders who deserve a good return on their investment; employees who deserve good wages, benefits and working conditions; suppliers who deserve consistent and fair opportunities to supply the business; and a community at large that deserves a clean environment and the benefits of favorable economic growth.

The *societal concept* model (also called the *corporate citizenship* model) expects more from business enterprises than profits, cleaning-up messes or merely benefiting those with a stake in the business. Under the *societal concept*, businesses have the

responsibility of using their resources, capabilities and scale to improve life across all areas of society: to help improve education, alleviate poverty, eliminate prejudice, cure misery and a host of other humanitarian goals (Abratt and Sacks 1988). Advocates of this model presume that large corporations have a great potential for doing good and have a moral responsibility to fulfill that potential well.

### Development of CSR in the Marketing Literature

Which of these five models does the marketing literature advocate? Evidence suggests that the marketing literature has undergone at least four periods of development regarding its understanding of corporate social responsibility. During the earliest period of development, marketing’s responsibility was focused upon cost and efficiencies in the distribution system, a perspective very much in line with *profit maximization*. Later, marketing began to be concerned with reciprocal benefits for both producers and consumers, and this attitude formed the basis for what became known as the *marketing concept*, an idea that treated consumer satisfaction as the means to achieve profit maximization. More recently, marketing began recognizing that business not only is informed by consumer actions and concerns, but business plays an essential role in helping shape society for the better, in other words, the *societal concept*. Lastly, the marketing literature has moved to adopt the *stakeholder* model, wherein multiple stakeholders derive benefit from business operations. Marketing now views corporate social responsibility as returning value for employees, suppliers, shareholders and communities in addition to serving customers well. Each of these ideas is developed in the following paragraphs and summarized in Table 1.

**Profit Maximization.** The marketing discipline was born at a time when the industrial revolution was manifest and there developed an increasing need to “go to the market” instead of requiring the market to come to the producer. Marketing initially focused on the linkage between buyer and seller, and was primarily concerned with the role and efficiency of middlemen (distributors and wholesalers) used to help manufacturers reach markets (Cherington 1920; Johnston 1918). Consequently, early treatment of CSR, although not expressed in so many words, reflected support for the traditional profit maximization view of business enterprise. The early literature reflects a great deal of emphasis on managing the distribution of goods from producer to consumer to improve efficiencies and reduce costs (Johnston 1918). Still, the literature recognized that customers have different wants and needs, and different likes and dislikes. Marketers were therefore advised to distribute

in certain effective low-cost ways that aligned with the preferences of customers (Johnston 1918). A concern for customers would grow and flourish in the next period of development.

<b>Table 1</b> <b>Historical Review of Corporate Social Responsibility (CSR) in Marketing</b>		
Period	Years	Understanding
Profit Maximization	1900-1950	Marketing focused on the linkage between buyer and seller, and was primarily concerned with the deployment of middlemen used to help manufacturers reach markets. The major concerns were reducing costs and improving efficiencies.
Marketing Concept	1950-1975	Marketing began to place the customer on the same par as the organization, and the principal justification for an organization's existence became the satisfaction of customer wants and needs while at the same time meeting organizational objectives.
Societal Concept	1975-1990	Marketing grew to understand that an organization exists not only to satisfy customer wants and needs while satisfying organizational objectives, but it also has a responsibility to preserve and enhance society's long term best interests.
Stakeholder Concept	1990-present	Further refinement of the societal concept led to an understanding that multiple stakeholders should have valid claims on the success of the organization. Stakeholders include customers, employees, suppliers, shareholders and society at large.

**Marketing Concept.** By the 1950's, the responsibility of marketing had undergone redefinition

from a focus on producer interests to a more balanced focus on value for both producers and consumers. The literature began focusing upon buying motives and attitudes, buyer characteristics, consumer behavior and the effects of business on society, even endorsing initiatives by the U. S. government to move from an attitude of Laissez Faire to increasing government regulation and control to protect consumer interests and fulfill corporate social obligations (Maynard and Beckman 1952). Students of marketing were taught to evaluate how well marketing discharges its social tasks (Vaile, Grether and Cox 1952).

In 1962, President John F. Kennedy's address to congress reflected the political mood of the times. The speech, later referred to as the "Consumers' Magna Carta" (Weiss 1968), proclaimed four consumer rights: (1) the right to safety; (2) the right to be informed, (3) the right to choose, and (4) the right to be heard. The marketing literature began reflecting these rights, and the expectations of participants other than managers became more clearly formulated in the marketing worldview (Bartels 1967). An "environmental approach" was promulgated by some during this period that incorporated outside constraints on marketing activities (Hunt 1991). As a result, marketing thought leaders began to write about the rights of consumers to influence product design, marketing practices and overall quality of life (Kotler 1972). Thus, the "Consumer Magna Carta" implied that profit and immediate consumer gratification are not a sufficient fulfillment of marketing's responsibility. Rather, marketing has the added responsibility of making sure that products and activities are life enhancing (Kotler 1972).

By the 1970's, employees through unions, competitors through regulation, and consumers through the consumer movement had made a significant impact on marketing's understanding of the role of the firm in society. Further, social institutions such as family, church, school, government, military and leisure were recognized as impacting culture and in turn, affecting what is deemed acceptable in society. Marketing was now conceived not simply as an economic and managerial activity, but a social process in which the social consequences of marketing activity were one of the key components (Bartels 1967; Fisk 1967; Holloway and Hancock 1964). The process was deemed to be influenced by the values of its participants and those of society in general (Bartels 1970). These ideas blossomed into what became known as the *societal concept* in marketing.

**Societal Concept.** After several decades of consumerism, the marketing literature began reflecting a further development in the understanding of social responsibility. A number of books written during the 1960's fueled the consumer movement and caused

marketers to more fully explore social responsibility dimensions. These included Ralph Nader's *Unsafe at Any Speed* (product deficiencies in the Chevrolet Corvair), Vance Packard's *Hidden Persuaders* (marketing's sinister side in influencing people), Rachel Carson's *Silent Spring* (marketing's contribution to a deteriorating environment) and Jessica Mitford's *American Way of Death* (deceptive practices in the funeral industry). As a result of books such as these, together with an empowered media calling business to task, consumers increasingly became dissatisfied with product performance, deceptive and unsafe practices, and the handling of complaints (Abratt and Sacks 1988).

Under the *societal concept*, the primacy of profit was replaced with the primacy of customer welfare; the belief in unfettered free enterprise was replaced by the need for appropriate government intervention; the belief that a product is good if it sells was replaced by a recognition that firms must promote proper consumption and that not all products should be sold; and the belief that profitability implies consumers have been well-served was replaced by the recognition that the interests of buyers and sellers are often in conflict and must be reconciled (Bell and Emory 1971; Moyer 1972; Nickels 1974). Marketing was now seen as a facilitating partner with society, whereby marketing assists in creating incentives to both customers and suppliers that enhance the creation and distribution of values (Sheth, Gardner and Garrett 1988). In return, governments must accept the role of safeguarding the interests of both consumers and suppliers (Sheth, Gardner and Garrett 1988). By the late 1980's, dealing appropriately with societal issues was a clear trend in marketing thought (Hunt 1991), even though mainstream marketing textbooks rarely provided a formal endorsement of the societal concept as the favored CSR model.

**Stakeholder Concept:** Marketing's development of the *societal concept* led to further conceptual and empirical research regarding inter-relationships within the business system. Analysis of business experience in tackling social concerns led to a further understanding of the tensions involved in determining what might be good for society (Luo and Bhattacharya 2006). Cause-related marketing projects sometimes back-fired by engendering politically-charged adverse reaction from special interest groups (Carrigan 1995; Luo and Bhattacharya 2006; Sen and Bhattacharya 2001). The results were often not as successful as anticipated. Generalized broad-based social investments were reduced in scope to target specific homogeneous market segments. This resulted in a more responsive "market orientation" toward the customers that provide revenues, the employees that supply hard work, and the shareholders that provide risk capital. Shareholder

value was seen more as a control principle, rather than the purpose of the firm (Koslowski 2000). Marketing scholars came to see competing entities as simply one of many stakeholders, all entitled to a return on their contribution to the success of the business (Chonko 1995).

Contemporary marketing literature reflects that suppliers, employees, investors, communities, political groups, trade associations, and government entities belong on the list of stakeholders of a business (Donaldson and Preston 1995). Obviously, there is difficulty in assimilating and vetting the various conflicting demands of stakeholders, and this process requires specialized tools to facilitate implementation (Shah and Bhaskar 2007). The key to success is stakeholder communication at a level of intensity more appropriate to partnership rather than targeting (Gregory 2007). But by no means have we reached a resolution as to how to maximize the value created for multiple conflicting stakeholders. In spite of these difficulties, since the 1990's the American Marketing Association and the majority of marketing management texts reflect a *stakeholder* orientation when describing the social responsibility of business.

### Classic Market-Based Economics Perspective

Unlike the current view within the marketing discipline, the economics discipline generally assumes that individual producers can be relied upon to act according to the *profit maximization* model. In addition, economics assumes that individual buyers will seek out the best products and best prices, and that governments will not interfere with free markets (McCarty 1988). Classical economics is based upon a free market perspective in which all the actors behave with rational self interest and all have perfect information about products and markets. Producers compete against each other to sell more goods by lowering costs or improving value. Where there is scarcity, buyers offer higher prices and this attracts additional producers to bring the market into equilibrium. When taken together, these independent decisions by buyers and producers are posited to bring about the best result for society, without the need for government intervention regarding prices and production. Society prospers and grows as if an "invisible hand" were guiding it (Smith 1776).

Classical economics embraces Milton Friedman's idea that there is one and only one social responsibility for business enterprise: to increase profits for shareholders while staying within the rules of the game (Reekie 1982). To operate any differently would mean departing from the system which has made free enterprise economies some of the wealthiest in human history. Furthermore, the structure of corporations is

such that shareholders may remove management that is not successful in returning maximal profits (Reekie 1982). Management recognizes this fact and is motivated accordingly.

### Liberal Arts Perspective

Just as C&P's identification of traditional economics-based profit maximization as the dominate view in business instruction may have been an oversimplification, so too may their selection of Catholic Social Teaching (CST) as the dominate view in liberal arts instruction. Be that as it may, CST does provide an appropriate example of a body of teaching that supports a *societal concept* view of CSR. CST is based upon Biblical values and has a long tradition of development in the writings of Christian scholars over the years, especially Thomas Aquinas and Pope Leo XIII. CST defends the combination of free enterprise and democratic governments as a preferred approach to organizing economies, while rebuking socialism and its control over individual freedom (Leo XIII 1891).

CST advocates that socially responsible business decisions respect four core values: (1) the equal dignity of all human persons, (2) the focus on the common good, (3) subsidiarity in participation, delegation and authority, and (4) solidarity with all, especially those who are poor or disadvantaged (Stabile 2006; Wishloff 2004). These principles are presented as the permanent, universal and fundamental parameters of reference for evaluating social interactions.

CST supports the *societal concept* model of CSR. Although profitability is acknowledged as important, it is not sufficient to legitimize the firm. Rather, the justification of any enterprise is the contribution that organization makes to human flourishing (Wishloff 2004). In other words, is what the firm is doing worth doing at all? Is there genuine value being offered? Are human needs being served well? CST proposes that no matter what the firm's product or service, the firm must be oriented toward public service so that it contributes to the building of an authentic civilization of truth and love (Wishloff 2004).

### Where is the Dangerous Pedagogical Gulf?

So, we now return to C&P's contention that a dangerous pedagogical gulf exists between the teaching of corporate social responsibility in the business school and the teaching of corporate social responsibility in the liberal arts. In reality, and contrary to C&P's implication, *profit maximization* is not universally favored or taught by all business disciplines in the business school. *Profit maximization* is taught in economics, perhaps, but not in the marketing discipline. If the body of knowledge known as

Catholic Social Teaching, which is essentially a *societal concept* model, is representative of what is taught in the liberal arts, then the differences between business and liberal arts can hardly be classified as a "gulf." Still, there is room for improvement in how we teach students about corporate social responsibility, and in that vein, the following recommendations are offered.

First, getting the essential nature of business right should be a first concern in business education, as everything else builds from that perspective. Students need to understand corporate social responsibility in order to perform successfully in the future as business leaders. Second, we do have differences in CSR viewpoints within the marketing discipline, within business disciplines, and with our colleagues in the liberal arts. It does not work to benefit students when we minimize or ignore those differences. Third, marketing faculty should spend more time covering CSR issues in their courses. Finally, marketing faculty must be open to working with faculty in other disciplines to more fully explore fundamental issues of CSR so that student understanding and preparation becomes more mature, pragmatic and functional. Faculty dialogue and cooperation is very desirable, in this regard.

Does the teaching of *profit maximization* in one academic silo while teaching various derivations of other later concepts in another academic silo really cause confusion and lack of synthesis in our students? Not necessarily, especially if each of these approaches are developed and explained, and a little history lesson is provided to place corporate social responsibility in perspective. Marketing thought has experimented with at least four of the five corporate social responsibility models (*profit maximization*, *marketing concept*, *societal concept* and *stakeholder concept*), and review of this history in marketing classes would be valuable in helping students understand the basic assumptions, strengths and weaknesses of each CSR model. A healthy debate regarding CSR is beneficial for students, faculty and business in general.

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# ETHICS OF TURNAROUND MARKETING STRATEGY: A WICKED PROBLEM APPROACH

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## ABSTRACT

*Micro-marketing and macro-marketing problems are often treated as “ordinary” problems that are deterministic and having a closed-solution from a bounded set of solution alternatives. However, quite a few marketing problems are “extraordinary” and “wicked” since they tend to arise from non-deterministic, socially complex and economically turbulent environments. We argue here that many marketing problems a) are “wicked,” b) to begin with, one can merely tame (rather than totally resolve) them using distributive and corrective justice principles, and c) over time with each successive resolutions, organizations can learn paths toward more complete resolutions. We discuss marketing and strategic implications of this novel approach to “wicked” marketing problem.*

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## INTRODUCTION

Ordinary marketing problems (e.g., ineffective promotional marketing, declining sales, eroding market share, or shrinking customer bases) are definable and consensual. In solving the ordinary problems, managers generally follow six linear steps: a) define the problem, b) generate a number of solution alternatives, c) specify criteria by which solutions can be evaluated, d) apply criteria for evaluating solutions and select the one to be implemented, e) implement the solution, and f) seek feedback on the effectiveness of the solution and its implementation.

Rittel and Webber (1973) first proposed the notion of “wicked” problems as opposed to ordinary tame problems. These are problems that cannot be resolved with traditional analytical approaches. Ackoff (1974) called such problems a “mess” and Horn (2001) called them a “social mess.”

## CLASSIFYING PROBLEMS

Rittel and Webber (1973) visualized three basic types of problems:

- *Simple*: Both the problems and the solutions are known or definable. Tame problems allow us to work “inside the box.” Problem-solution is a user-centered design.
- *Complex*: The problem is definable but not its solution space. The major task is to do some planning such that your major stakeholders buy into its goals. Problem-solution is a multiple-user-

centered design of planning, agreement and deliberation.

- *Wicked*: Both problems and their solutions are not definable. Stakeholders have multiple viewpoints about the wicked problems, their goals, and their consequences. There may not be any agreement on the problem, its nature, its goals, or its consequences among its multiple stakeholders. Wicked problems force us to work “outside the box.”

Treating wicked problems as tame misdirects energy and resources resulting in ineffective solutions, and often such solutions create more difficulty.

Wicked problems are ill-defined, ambiguous and associated with strong moral, political and professional issues. They are also often triggered by structures of social injustice, inequity and violence. Since they are strongly stakeholder-dependent, there is often little consensus about what the problem is and its solution (Ritchey 2005). Any attempted solution process is likely to be far from linear and is possibly highly iterative.

## WICKED MARKETING PROBLEMS

Many product design issues involve overcoming wicked problems. Marketing often thrives on innovations and most innovations involve design considerations, and hence, are wicked problems. Firms generate many patents simply to lock them down so they can prevent other companies from pursuing them. Some companies even use the income from lawsuits and licensing from those (unused) patents as a main

source of revenue. At the same time, we have a shortage of innovations in areas of housing, education, transport, energy and ecology. All these and other cross-functionality aspects of innovations make them wicked problems.

For instance, P&G owns over 30,000 patents to their name, but only 10 percent of them generally show up in its product lines. While venture capitalists tend to invest on firms that command superior executive intelligence (rather than merely on “ideas”), such skills are rarer (while ideas are plentiful).

Of course, not all innovations have to be directed to market-ready products; they could also be used to launch brilliant marketing programs that strengthen brand equity of existing flagship brands, or to develop and retain customer loyalty. Wal-Mart uses innovative designs for optimal supply chain management while Dell uses innovative designs for selling computers online.

Thus, wicked problems arise when an organization must deal with something new, with change, and when multiple stakeholders have different ideas about how the change should take place. If the requirements for a process of change are volatile, if constraints keep changing, if stakeholders disagree, and if the target of change keeps moving, then in all likelihood, we are dealing with a wicked marketing problem.

### CHARACTERIZING WICKED PROBLEMS

What makes a problem wicked? Rittel and Webber (1973: 161-169) believe that wicked problems have ten characteristics:

1. Wicked problems are *not easily definable*. One cannot easily formulate wicked problems with a well-defined statement. You do not understand the problem until you have developed a solution. Every solution investigated exposes new aspects of the problem, requiring further adjustments.
2. Wicked problems have *no stopping rules*. The search for problem formulation and resolution never stops. This is also because the wicked problem is continually evolving and mutating. There are no optimal solutions for wicked problems. There are only “satisficing” solutions – you stop when you have a solution that is “good enough” (Herbert Simon 1969). For instance, when does a car become “safe” enough as to stop researching on car safety?
3. *Solutions to wicked problems are not objectively true or false*, right or wrong, but only judgmentally better or worse, good enough or not. Different stakeholders judge different solutions as simply better or worse from their viewpoints. Their judgments often vary and so also their goals and objectives for the problem-resolution.

4. There is *no immediate and no ultimate test of a solution* to a wicked problem. Solutions to wicked problems generate *unexpected consequences* over time, making it difficult to measure their effectiveness.
5. *Every solution to a wicked problem is a “one shot operation”* as it is not possible to discover a solution to a wicked problem by trial and error. Every solution you try is expensive and has lasting foreseen and unintended consequences that may spawn new wicked problems. For example, the real effectiveness of a new car design can be measured only after its introduction. At that point, the sunk cost is excessively high to abandon that design and the only choice left is to try full-scale marketing of the new car model.
6. Wicked problems *do not have an exhaustively describable set of potential solutions*. It is difficult to know whether all possible resolutions to wicked problems have been identified and assessed.
7. Every wicked problem is *essentially unique and novel*. Often, some particulars of the problem override their commonalities.
8. Every wicked problem is a *symptom of another wicked problem* with which it is entwined. They involve a good deal of mutual and circular causality, and the problem must be considered at many causal levels.
9. *The cause of a wicked problem can be explained in numerous ways*. The choice of explanation determines the nature of the problem’s solution. That is, a wicked problem *involves many stakeholders* who have different ideas on tracing its causes.
10. Executives confronted with a wicked problem *have no right to be wrong*; they are liable to the consequences of the actions they take to resolve the wicked problems. The aim in wicked problem resolutions is not to find the truth, but to move towards improvement.

Note that even if a problem does not meet all the criteria of a wicked problem, we can still classify it as an “ill-structured” problem (Simon 1973) that is often characterized by a lack of agreement on problem statement, solution paths, and solutions that are plagued with high degree of uncertainty. If it verifies too few of the listed criteria, then it can be categorized differently (e.g., simple or complex). The key characteristic of all wicked problems is that they involve people, multiple stakeholders, personal goals and objectives that may be mutually conflicting (Becker 2007).

By definition, wicked problems cannot be solved, but can be “managed” or “resolved” to a certain extent. The whole process of managing wicked problems is dynamic. This iterative or non-linear process of

problem formulation is often opportunity driven (Conklin 2006).

Simple problems, on the other hand, have well defined and stable problem statements; they have limited solution spaces within which one can explore and find a definite final solutions, and therefore, stopping points to signal the solution. They have solutions that can be objectively assessed as right or wrong, good or bad. Simple problems have solutions that can be easily tried and abandoned without serious unintended consequences.

### **HOW TO RECOGNIZE A WICKED PROBLEM?**

Many factors generate wicked problems, but the point is not to determine if a problem is wicked or not, but to have a sense of what contributes to the wickedness of a problem. The sources of a problem's wickedness are many (Conklin 2006). Reckless corporate cost-containment methods create also wicked problems (e.g., downsizing, plant shut downs, plant relocations, massive layoffs, offshore outsourcing, sweatshops, child labor, forcing suppliers to lower prices beyond their breakeven point, and the like).

Increasingly, today's CEOs as strategists face wicked problems for which they are ill-equipped (Camillus 2008). Wicked problems arise amidst market uncertainty and turbulence, excessive shareholder pressure, credit crunch, and other unprecedented challenges. They involve many stakeholders with different values and priorities. Convergence of industries can also create wicked problems. For instance, computer industry and the internet have changed the postal mail, music, sports entertainment, film, TV, radio, telephone and intellectual property industries radically. Similarly, computers and the internet have profoundly impacted the bio-medic, bioinformatics, and biometric industries thus creating wicked problems.

### **Current Wicked Problems in Marketing**

There are many simple and tame problems in marketing, but also a growing number of wicked problems. Many simple or complex problems of the past have since grown to be wicked. Examples of this include healthcare, car safety, drug safety, air pollution, consumer and merchant fraud, as well as the marketing of casinos, cigarettes and pornography. In what follows, we present a set of marketing problems that have become wicked with advances in digitization, globalization, outsourcing and other advances in the business world.

## **RETAILING CHAINS IN A WAVE OF BANKRUPTCIES**

The consumer spending slump and tightening credit markets are unleashing a widening wave of bankruptcies in American retailing. Hence, thousands of store closings are expected to reconfigure suburban malls and downtown shopping districts across U.S. Even retailers that can avoid bankruptcy are shutting down stores to preserve cash through what could be a long economic downturn. This is a wicked problem.

Steve & Barry's is a privately owned national clothing chain and known for its fast growth. It reinvented its business about two years ago, expanding from their roots of selling cheap collegiate apparel by introducing celebrity brands and fashionable items for women, at lower prices (Wilson 2008). The company ran into a cash squeeze after defaulting on a loan in March 2008 by the commercial lending unit of General Electric, and could not secure other loans. Steve & Barry are facing a wicked problem.

However, the wicked problem of retailing slump may continue. Because retailers rely on a broad network of suppliers, the cash-short retailers have to postpone payables to the tune of millions of dollars, which in turn is hurting suppliers. For instance, when they filed for bankruptcy, Sharper Image owed \$6.6 million to UPS. Many of the furniture sellers that filed for Chapter 11 reorganization (e.g., Bombay, Levitz, and Domain) were faced with a wicked problem of turning their firms around, in a short time.

### **Wal-Mart's Wicked Problems**

However, even Wal-Mart is currently facing a "wicked" problem. As it tries to grow faster, its numerous stakeholders are watching it nervously. Wal-Mart is experiencing slower growth rates in the U.S. Wal-Mart's practices such as low wages, lack of adequate employee benefits, "ignoring" inner-city consumers, and sourcing from sweatshops are being criticized. There is increasing pressure for action to resolve the above issues. The recently released movie on Wal-Mart portrays several case studies of people and entire neighborhoods affected by the world of Wal-Mart. Attempts to resolve these issues will undoubtedly create new issues. Clearly, this is a wicked problem for Wal-Mart.

### **Starbucks Inc.**

Early July 2008, Starbucks announced it would shutter 600 of its underperforming stores and lay-off some 14,000 employees in the process. It has significantly scaled back plans to open new outlets. The current recession in the U.S. is hurting countless

retailers and restaurant chains. The coffee bar chain has grown exponentially to 16,000 stores in 2008 (11,000 in the U.S. and 5,000 abroad). The company was long renowned for its expertise at selecting prime locations for its ubiquitous stores. Recently the firm has been experiencing a decline in same store sales. Some of the internal wicked problems faced by the firm include:

- a) To meet its growth plans it relaxed its standards for selecting new store locations.
- b) Its recent overexpansion in some regions and putting stores too close together in others has backfired.
- c) Starbucks has too many licensed stores in bookstores and supermarkets and which cuts into sales of more profitable company-owned stores.

### **Chrysler LLC**

Bob Nardelli (CEO) is using aggressive and creative ways to save the troubled company. He cut unprofitable models and is pushing for quality improvements. Recently he broke new ground by offering gas incentive and later, zero-percent financing for 72 months, even on small models. Chrysler has abandoned leasing as cost-prohibitive, and is planning to trim and consolidate dealer network. The company has been on a losing streak for many quarters and some analysts doubt if it could survive as an independent entity forever. Hence, with a high rate of cash burn and declining sales, Chrysler faces a set of wicked problems.

Table 1 summarizes the above retailing problems and establishes the degree of their wickedness using Rittel and Webber's (1973) ten criteria. As is clear from Table 1, each problem has its own intensity of wickedness and hence, the corresponding complexity of an effective solution. Thus, each wicked problem calls for unique analysis and careful resolutions.

### **How Do We Resolve Wicked Marketing Problems?**

The first step, therefore, in coping with a wicked problem is to recognize its nature, its complexity, its degree of wickedness (Conklin 2006). Flexibility is the key to the solution of a wicked problem (Becker 2007). The most fundamental rule for handling wicked problems is that they must not be treated like tame problems. The problem formulation is not independent of its solution, and vice versa. The appropriate way to tackle wicked problems is thoroughly to discuss them. Consensus emerges through the process of laying out alternative understandings of the problem, competing interests, priorities and constraints. Wicked problems are resolved through discussion, consensus, iterations, and accepting change as a normal part of the process.

There is a tendency in most of us to see problems as tame and to avoid wicked problems through a systematic denial of complex and ill-structured issues, a phenomenon that Chris Argyris (1996) called "skilled incompetence." Hence, an efficient way to resolve wicked marketing problems is not to deny but to recognize them.

Wicked problems demand an opportunity-driven approach. There are plenty of opportunities for marketers in "un-targeting" vulnerable groups such as children and teenagers for harmful products (e.g. Tobacco, alcohol, illicit drugs, "fatty" foods, guns and gambling).

Takeuchi and Nonaka (1986) use the Rugby term "Scrum" for adaptive processes that world-class companies use to resolve wicked problems of developing and marketing new products. An essential feature of Scrum is that it forces incremental action that creates basis for stakeholder dialog and project feedback. Scrum provides a way for the development team to make regular progress even if the problem is not well understood. Scrum enables the stakeholders regular opportunity to discuss the problem and reach consensus incrementally (Schwaber and Beedle 2001).

### **What Should We Avoid In Resolving Wicked Problems?**

Conklin (2006) suggests two significant rules to avoid taming wicked problems:

1. Do not lock down the problem definition.
  2. Do not give up trying to search for a good solution to the problem.
- Camillus (2008) offers two more suggestions:
3. *Involve key stakeholders* (e.g., customers, employees, creditors, suppliers, and shareholders).
  4. *Keep the focus on action at all times.*

The main feature of a wicked problem is that you do not understand the problem until you have a solution. We need much cooperation, collaboration, coherence and compassion in defining wicked problems and identifying possible solutions. We need to develop a shared understanding of the problem and a share commitment to its solution.

### **OUR APPROACH: DISTRIBUTIVE AND CORRECTIVE JUSTICE**

We submit that all wicked problems that are social and political in character are embedded in a social and macromarketing space such that their solutions call for principles of distributive and corrective justice. Rawls (1971) defines justice as giving to others what rightfully belongs to them. The theory of distributive justice is particularly relevant when different stakeholders put forth conflicting claims on society's

**Table 1. Establishing Wickedness of Current Retailing Problems**

Characteristic of Wicked Problems	Waves of retailing chain bankruptcies				Fannie May and Freddie Mac		Subprime market crisis
	Wal-Mart	Starbucks	Chrysler	Mac			
Not easily definable	X	x	?	x	x	x	
No stopping rule	X	x	x	x	x	x	
Solutions are not objectively true or false	X	x	x	x	x	x	
Solutions have unexpected consequences over time	X	x	x	x	x	x	
Solutions are not learnt by trial and error	?	?	?	x	x	x	
Solution set could be inexhaustible	X	?	?	x	x	x	
Problem is essentially unique and non-classifiable	?	x	?	x	x	x	
Symptom of other wicked problems	X	x	x	x	x	x	
Involve many stakeholders	X	x	x	x	x	x	
Executives resolving wicked problems have no right to be wrong	X	x	x	x	x	x	
X -totals	8	9	6	10	10	10	

rights and duties, benefits and burdens, and when not all claims can be satisfied. In such cases, the standards of distributive justice are generally taken more seriously than utilitarian considerations (Hare 1978; Rawls 1958). The moral right to be treated as free and equal persons is the basic egalitarian foundation of distributive justice (Vlastos 1962).

When a wicked problem (such as product safety) and its resolutions could profoundly affect individual lives, those in decision making positions have a responsibility to inform affected publics in a timely manner. Failure of this violates the rights of stakeholders. Hence, a wicked problem is a justice problem. Moreover, if this process mandates the redistribution of such information between various stakeholders (based on comparative claims of involved parties), then the resolution process of wicked problems becomes a distributive justice problem. Further, if the solution to the social wicked problem corrects the injustices that the problem has created, then the solution process is within the domain of corrective justice.

Corrective justice (CJ) is concerned with the fair terms of responsibility in sharing benefits and costs of wicked problems. Weinrib (1995) defines CJ as the idea that liability rectifies the injustice. Aristotle (1964) contrasts CJ with DJ as two different forms of justice. CJ deals with voluntary and involuntary transactions

and focuses on whether one party has committed and the other party has suffered a transactional injustice. DJ, on the other hand, deals with the distribution of whatever is divisible among the participants. That is, CJ defines transactions, whereas DJ defines fairness in distribution or allocation of social burdens and benefits. Weinrib (2002) argues that CJ elaborates principles that govern local or particular interactions, while DJ elaborates principles of normative global interactions. CJ and DJ differ in the way they construe equality. DJ divides benefits/burdens in accordance with some criterion that compares the relative merits of the participants. DJ thus embodies a proportionate equality – a share according to one’s merits. CJ, on the other hand, focuses on the maintenance and the restoration of equality of partners that suffer from a wicked problem. This equality consists and exists in each partner having what lawfully belongs to him or her. Injustice occurs, when, relative to this baseline, one party gains at the expense of the other. The law corrects this injustice by restoring the original or initial equality. Thus, CJ is a rectifying function while DJ is a distributive function. Thus, CJ and DJ complement each other, and we invoke both justice theories in assessing wicked problems and their resolutions.

Injustice arises in the absence of equality, when one person has too much or too little relative to another. Any design of resolving wicked problems is

unjust if it implies unequal information sharing, collective intelligence, and collective responsibility between the stakeholders involved in wicked problems.

### **The Domain of Distributive and Corrective Justice in Wicked Problems**

Most wicked problems in marketing call for designing a solution that minimizes social wrongs and enhances common good. Hence, they come under the purview of distributive and corrective justice. All marketing projects involve designing something- either tangible or intangible or both. Both artistically and technically, designing is the process of creating something new (e.g., a safer car, a more fuel-efficient car, a more effective business software or a less intrusive surgical procedure). Any design problem is a problem of resolving tension between what is needed and what can be done given our resources. The world of what is needed is often determined by the customer, the market, the marketing and the sales department, the government or the advocacy groups. The world of what can be done is often decided by our resources such as available capital, engineering talent, human skills, technology, materials, software developers, patent rights and the like. The two worlds could be different; the demand world is marked by social complexity while the supply world is marked by technical complexity; the more different they are the more wicked is the problem. If the two worlds cannot agree on what the problem is, how can they agree and align on its solution? For instance, every customer (demand) need has a price tag, and the design process (supply) is about designing solutions that are feasible and cost effective (Conklin 2006).

To work effectively on wicked problems, the team members must gain the greatest possible collective understanding related to the problem by ensuring that all members can freely and equitably share their information, knowledge, experience and wisdom on a given problem. Most wicked problems being social in character should build solution-processes that safeguard the principles of distributive and corrective justice. Do not rush for answers before asking the right questions and defining them correctly. Use brainstorming questions instead of answers.

As Toulmin (1996) suggests, action research that seeks solution to problems comes in many varieties, including cooperative inquiry, participatory action research and solution design. Collective action research must not “instrumentalize” people, that is, use people as “means” for the researchers’ ends (Sullivan and Porter 1997). All stakeholders to a wicked problem must be committed to social justice (e.g., empowerment of the oppressed and marginalized), be it

distributive or corrective justice (Blythe, Grabill and Riley 2008).

Because wicked problems often occur in social contexts, they tend to involve moral issues. Kohlberg (1981) argued that our moral development follows six incremental stages. That is, we are moral when we take action to 1) avoid punishment, 2) serve our own needs, 3) be esteemed by others, 4) abide by law and authority, 5) abide by moral contracts or standards, and 6) bring about a just and fair world with universal rights. Wicked problems that imply morality and ethics cannot be resolved with the moral development at the first four levels. Most public servants are still at stage four – abiding by law and authority. We have some hope with stage five – we have a moral contract with society to deal effectively with wicked problems. We can best handle wicked problems with the principles of justice, fairness and universal rights. The principles of distributive justice and corrective justice operate at the sixth stage of moral development.

### **Correlativity as the Central Principle of CJ**

We use CJ as a theoretical doctrine that highlights the role of correlativity as the organizing idea implicit in the relationship between the stakeholders of a wicked problem. The rectification function in CJ operates correlatively on all parties: the wrongful gain of the one (defendant) must be returned to the other (plaintiff) who was deprived of it. That is, CJ is correlatively structured in the sense that it simultaneously works on both parties in righting the wrong. Justice is thereby achieved for both parties through a single operation.

Applied to social wicked problems, CJ involves three critical factors:

- a) *Correlatively structured problem*: what belongs to one stakeholder group in the wicked problem (e.g., rights, benefits) has been taken by another stakeholder group or groups;
- b) *Correlatively structured injustice*: the stakeholders to a wicked problem are connected with the same injustice. What one stakeholder group does and what another stakeholder group experiences are not independent events - they are the active and passive poles of the same injustice. That is, what one group does counts as injustice only if another corresponding group suffers and because of what the first group does, and vice versa.
- c) *Correlatively structured solution-design*: what one stakeholder group took from another stakeholder group is now returned to the first group, and vice versa.

Liability consists in a legal relationship between two parties, each of which position is intelligible only in the light of that of the other. One stakeholder party

cannot be held liable without reference to the harm imposed by the corresponding other stakeholder group. Similarly, one stakeholder party's entitlement exists only in and through the correlative obligation of the corresponding other group.

CJ emphasizes correlativity also in relation to the stakeholder party's right to justice and the other party's duty not to interfere with that right. The injustice that CJ rectifies deals with one group having something or having done something that is incompatible with the other group's right in relation to what the first group does. Right and duty are correlated when one's right is the basis of the other party's duty, or when the scope of one's duty includes avoiding the infringement of the right that the other suffered. Under these circumstances, the reasons that justify the protection of the one party's right are the same as the reasons that justify the existence of the other party's duty. The vice versa is also true if the one stakeholder group has more power, knowledge or information than other groups.

The CJ approach to wicked problems is a balancing position. For instance, CJ must balance between Type I error (rejecting as false what is in fact true) and Type II error (accepting as true what is in fact false). The former is a loss of opportunity or an error of omission, while the latter is a factual loss and an error of commission. Given human nature that frequently leads one to commit both Types I and Type II errors, a CJ approach seeks to avoid both types of error and rectify them (when necessary) in a timely manner (Hubbard 2007).

Every wicked problem involves risk and a resolution implies a preventive or reactive action to contain risk. Technically, risk depends upon the nature of the threat (intent + capacity) while preventive action depends upon the level of risk plus the nature of the consequences plus the resources available for the preventive action. Risk, however, is not only a technical matter of assessing the nature of the threat, but also depends upon the people and institutions that interpret it, and our confidence in such institutions (Hubbard 2007). If wicked problems like poverty, crime, violence, terrorism, pollution and corporate fraud continue to persist for decades, if not for centuries, it is because we underestimate the risk involved and our preventive actions are too weak and/or too politically correct.

### **Applying DJ and CJ to a Wicked Marketing Problem**

Selling safe and effective education to children is a wicked marketing problem. School violence and crime is a wicked problem that destroys the marketing of education. As an urgent and relevant wicked problem, we consider the issue of increasing violence and crime

in our schools. Every wicked problem can be considered as a symptom of another problem. Table 2 (column 1) describes the problem of school violence and crime as a set of interconnected symptoms. A wicked problem is a set of interlocking issues and constraints that change over time, embedded in a dynamic social context. Currently, the symptoms included in Table 2 seem adequately to describe the problem; but more symptoms may emerge in time and some existing symptoms may disappear.

We cannot understand the wicked problem of school violence and crime without knowing about its context, and we cannot meaningfully search for information without the orientation of the solution concept. The immediate social context of school violence and crime has to with its social symptoms that we have listed in Table 2. School violence and crime is relatively new, and possibly dates from violence and crime in movies, TV, and other youth media, proliferation of guns, violence and abuse at dysfunctional homes, drug addictions, violence and crime portrayal on the Internet, violent toys, violence in video games, media sensation of crime, and horror stories. The appropriate way to understand the wicked problem of school violence is to discuss it with relevant stakeholders. Chief among these stakeholders are parents, teachers, students, school administration, pastors, and local law and other officials. Consensus can emerge through the process of laying out alternative understanding of the problem, competing interests, priorities and constraints. Dialogue may help at least to analyze the problem in a well-bounded manner. Wicked problems are best "tamed" through discussion, consensus, iterations, and accepting change as a normal part of the process. It is an adaptive process. Most public policies and business policies are developed in this manner. Most new product development and marketing projects can be resolved using such adaptive processes.

We could explain the causes of school violence and crime in numerous ways. There are many stakeholders involved in the problem of school violence who will have various and changing ideas about what might be a problem, what might be causing it, and how to resolve it. We have listed nine resolutions identified with this problem. A wicked problem such as school violence is a set of interlocking causes and constraints that change over time, embedded in a dynamic social context. We have not included highly technical modern solutions such as electronic tethering of students, electronic surveillance of all school premises, electronic noise and gun detectors, and the like. The list of both symptoms and solutions in Table 2 is illustrative and not exhaustive. We have assessed each solution by its perceived capacity to contain problem symptoms and ranked it

**Table 2. A General Morphological Analysis of the Wicked Problem of Crime and Violence in Schools**

Problem Symptoms (Symptoms Space)	Problem Resolutions (Solution Space)							
	Beefed Police Vigilance in School	Fighting Student Addictions	Parent Training	Teacher Training	Tougher School Discipline	Eradicating Poverty	Student Training	Rewarding Good Behavior
1. Street crime and gangs		x				x	x	x
2. Increasing high school dropouts		x	x	x	x	x	x	x
3. Decreasing high school graduation rates		x	x	x	x	x	x	x
4. Peer pressure		x			x		x	x
5. Boredom in schools				x	x		x	x
6. Unqualified teachers				x	x			
7. Dysfunctional homes			x			x	x	x
8. Non-cooperating parents			x	x	x	x	x	x
9. Poverty and destitution						x		x
10. Student addictions	x	x	x	x	x	x	x	x
11. Wealth and too much pocket money			x		x		x	x
12. General moral decay		x	x	x	x	x	x	x
13. Permissiveness in schools	x	x	x	x	x		x	x
14. Inadequate laws	x							x
15. Lack of police vigilance	x							x
16. Too many guns	x							x
17. Too many criminals						x	x	x
18. Cultural deprivation						x		x
19. Spatial deprivation or inbreeding						x		x
20. Degraded (ghetto) neighborhoods						x		x
21. Genetic conditioning								?
22. Phrenologic aberrations								?
Totals on Symptoms Control	5	7	8	8	10	12	12	19

κ = Column resolution can potentially control and correct row symptom of school violence and crime.

accordingly in terms of its efficiency. The rank is based on principles of corrective justice – the more symptoms a solution controls and corrects, the more correctively just it is.

## CONCLUSIONS

Wicked problems are those for which each attempt to create a solution changes the understanding of the problem. Considering marketing problems as wicked gives us a better insight in resolving them. The problem definition evolves as new possible solutions are considered and/or implemented (Rittel and Webber 1973). This is very true in handling wicked problems in marketing. A specific illustration of this is the wicked problem of school violence – the more symptoms and solution you research, the more the domain of the problem changes. That is, the problem statement is not independent of the solution, and vice versa.

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# HOW ENVIRONMENTALISM IMPACTS MARKETING STRATEGY: RENEWING THE DISCUSSION

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## *ABSTRACT*

Several years ago, academicians and the business community began a discussion on how environmentalism was impacting and, presumably, would continue to impact marketing strategy. To some, the consideration of ecological issues sets forth yet another hurdle to be overcome; others have adopted pro-environment stances as an opportunity to develop competitive advantage. In this paper, the authors endeavor to reignite the discussion on how environmentalism is impacting marketing strategy.

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# THE CORPORATE WEBSITE AS A TOOL FOR COMMUNICATING CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF PHARMA.ORG

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## ABSTRACT

*This study examines key Webtexts from PHRMA.org in order to analyze how this pharmaceutical industry advocate uses framing to communicate its commitment to corporate social responsibility (CSR). The results reveal that PHRMA.org deploys four strategic frames to promote the pharmaceutical industry's CSR reputation: knowing, competing, protecting, and educating.*

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## INTRODUCTION

One of the most difficult tasks of twenty-first century corporate advocacy is defending the interests of the large transnational pharmaceutical makers because of the intense negative publicity directed at the industry in the last decades of the twentieth century. Taking advantage of a series of high profile safety lapses, dramatic increases in product prices, and controversial marketing practices, opponents have deftly manipulated media reporting in a way that advanced their hostile agenda and that virtually demonized the entire pharmaceutical industry. As a result, the climate of opinion regarding the pharmaceutical industry has turned ever more negative despite a handful of public relations victories. The industry responded to this threatening trend by forming an aggressive, savvy lobbying group called PHRMA, which in turn has put up a purpose-specific advocacy Website named PHRMA.org that is skillfully attempting to reframe the debate over the role that pharmaceutical makers play in the national healthcare sector.

## BACKGROUND

Corporate social responsibility (CSR) emerged as one of the dominant discourses of organizational communication during the 1990s. Carroll (1991), perhaps the most widely cited authority in the field, divides CSR into a four-level pyramid. At the bottom, a corporation must successfully pursue maximum economic profitability. Next, a business must always be aware of and comply with all laws and regulations—at every level in the communities where it operates. At the third level, a business must go beyond

legal and regulatory mandates and operate in a way that respects the concerns and values of society at large—and be prepared to adjust to new values and concerns. On the final level, a business must support—in a manner that it determines most effective—educational, religious, artistic, social welfare, or other philanthropic endeavors.

Recent surveys show an increasingly strong acceptance of CSR among the consuming public, especially in North America and Western Europe. Maignan (2001) detected a pronounced preference for CSR among consumers in three Western European countries and the U.S. The 1999 Millennium Poll, conducted in 26 countries, found that over sixty percent of the respondents desire companies to far surpass their basic legal and economic obligations (Zadek 2001). Cone's 2004 survey of U.S. consumers recorded a dramatic 21 percent increase in public support for CSR over a seven-year period. Roughly eighty percent of Americans in the Cone survey declared that a business's CSR reputation influenced actions ranging from purchasing to investment decisions.

Battered by controversy and crisis, the CSR reputation of the pharmaceutical industry has steadily declined since the 1960s. Part of this decline was clearly due to product safety concerns. In 1962 the Thalidomide controversy erupted in the U.S. and Europe and resulted in highly unfavorable publicity stemming from government investigations. During the 1970s, the Dalkon Shield contraceptive device controversy raged, and by 1985 its producer, A.H. Robins, was forced to declare bankruptcy (Pinsdorf 2004). 2004 was an especially bad year for pharmaceutical makers. Paxil from GlaxoKlineSmith was linked to patient suicides, and Vioxx was linked to fatal strokes. Perhaps even more important in the

public relations environment, however, have been the spiraling, often double-digit annual increases in prescription drug costs to consumers as well as the related reporting of bloated pharmaceutical corporate profits (Dezenhall & Weber 2007). A 2008 poll jointly sponsored by *USA Today*, the Kaiser Family Foundation, and the Harvard School of Public Health reported the following: approximately 80 percent said the cost of medicine was “unreasonable,” 70 percent said that pharmaceutical makers were too focused on profits, 64 percent favored more government intervention in drug pricing, and 40 percent reported problems ranging from not being able to afford to fill prescriptions to skipping or taking lower-than-prescribed doses of medications (Silverman 2008).

To make matters even worse, a coalition of trial lawyers, consumer groups, social activists, reform NGOs, and politicians favoring government-provided universal healthcare has leveraged these controversies through the mass media to advance their own agenda. This agenda includes, among other demands, patent law revisions, tax code changes, marketing restrictions, broader product liability laws, legalizing prescription drug re-importation, and aggressive federal anti-trust actions, all pursued in a way that would significantly disadvantage the pharmaceutical industry.

In response, pharmaceutical industry leaders joined to form a strong, saavy, aggressive lobbying organization, PHRMA, whose public face and voice is PHRMA.org. It is sponsored by over thirty-five of the largest American drug corporations along with the subsidiaries of the largest European and Japanese drug corporations. PHRMA is based in Washington, DC, and its Website is a multi-million dollar operation backed by over twenty full-time lobbyists. It is headed by Billy Tauzin, formerly a powerful Republican congressional representative with many influential ties in the capital. PHRMA.org is also hyperlinked to Innovation.org and allied with the widely publicized Prescription Partnership for America (PPA.org), whose best known spokesperson is the African-American celebrity, Montel Williams.

### FRAMING

Frames are central to all public debates in a democracy, and therefore, understanding framing is essential to understanding how PHRMA.org engages its adversaries (Price, Tewksbury & Powers 1997; Johnson-Cartee 2005).

Frames are compressed cognitive packages of concepts, information, judgments, arguments, claims, and value statements. As such, frames operate on an ideological, rhetorical, and axiological level. Frames rely on appeals to ethos, pathos, and logos, especially

causal arguments. Frames argue how a society should work as well as the proper relationship among its members; they also foreground fundamental assumptions on social priorities and problems. In these ways, frames play a central role in shaping how individuals perceive reality, construct issues, and form opinions (Entman 1993; Hallahan 1999; Andsager 2000; Johnson-Cartee 2005; Reber & Berger 2005). Frames possess one other pertinent characteristic. Research demonstrates that a more resonant, more rhetorically effective frame can displace or at least partially suppress a less powerful frame (Fairhurst & Sarr 1996).

In North America and Europe, contending policy elites foster the creation of frames to advance their often conflicting action socio-political agendas. These frames are then selectively embedded in media reporting on public issues, because media actors rely heavily on frames to compose and to develop their texts. Inasmuch as societies in North America and Western Europe are so media saturated, frames are fundamental to any understanding of the conflict between PHRMA.org and its opponents (Johnson-Cartee 2005; Entman 2007).

### ANALYSIS

Four Webtexts were chosen to show how PHRMA.org promotes the pharmaceutical industry’s CSR claims. These four Webtexts were also chosen to show how critical parallel texts are implicitly suppressed.

The Webtext that supports PHRMA.org’s claim to economic responsibility is “What Goes into the Cost of Prescription Drugs.” This text deploys a “competing” frame that presents the story of drug costs in terms of marketplace competition cause/effect. PHRMA must compete for investment dollars, or its R&D dollars would dry up, and that would halt the development of all new medicines. The Website repeats an oft-repeated statistic that an average new FDA approved drug costs over \$100 million. Again, a marketplace frame is used to justify the industry’s pricing practices. These drugs are also involved in worldwide competition and make a significant contribution to the U.S. foreign trade balance of payments. The “competing” frame is intended to suppress “monopolizing” and “misleading” frames coming from critics who contend that high prices are a consequence of monopolistic patent laws and that the industry conceals the fact that 40 percent of its R&D costs are subsidized directly or indirectly by the federal government (Robinson 2001).

The Webtext that supports PHRMA.org’s claim to legal responsibility is “Medicine Safety.” This text deploys a “protecting” frame in order to narrate how

PHRMA partners with the FDA to produce drugs within the established legal framework that are as risk free as humanly possible. Additionally, “Medicine Safety” deploys a model-defense frame to explain how—in rare instances—drugs with unacceptable side effects find their way into the marketplace. The “protecting” frame is intended to suppress a “co-opting” frame coming from critics who contend that the industry has co-opted or compromised large segments of the medical testing community—thereby creating the potential for disasters like Vioxx (Robinson 2001).

The Webtext that supports PHRMA.org’s claim to ethical responsibility is “Research and Development.” This text deploys a “knowing” frame to explain how PHRMA goes beyond its economic and legal responsibilities to create knowledge of how diseases work. The “knowing” frame is intended to suppress an “owning” frame coming from critics who contend that pharmaceutical companies strategically aim to own selected, usually chronic, illnesses and thus do not often compete with one another to provide drugs for the same medical condition (Robinson 2001).

The Webtext that supports PHRMA.org’s claim to philanthropic responsibility is “Direct to Consumer Advertising.” This text deploys an “educating” frame to explain how PHRMA’s ubiquitous DTC advertising efforts are actually an ongoing educational effort. Because DTC advertising educates patients about diseases and treatments, it is the foundation of a more effective patient/doctor relationship. DTC advertising educates and empowers patients with accurate, up-to-date information about the benefits and risks of important available drug treatments. The “educating” frame is intended to suppress a “manipulating” frame coming from critics who contend that DTC advertising manipulates patients into requesting expensive, unneeded drugs and that the cost of DTC advertising significantly increases drug costs for all consumers (Robinson 2001).

## CONCLUSION

According to Bostdorf and Vibbert (1994), corporate advocacy like that of PHRMA.org must effectively function in three ways. It must:

- Promote a positive image--PHRMA.org positions the pharmaceutical industry an ethical player that generates far-reaching knowledge about disease and the treatment of disease.
- Deflect attacks—PHRMA.org constructs an industry whose pricing practices are tied to its obligations to its investors as well as one that plays a positive role in the U.S. balance of trade.

- Establish key premises for future discourse—PHRMA.org associates the industry with public service efforts to educate and empower health-care consumers. PHRMA.org also frames the industry as one producing life-saving drugs within the framework of federal law and the FDA regulatory regime.

Of course, the final outcome of the historic debate on the role of the pharmaceutical industry in national healthcare is unclear at this time. Will the industry be able to reframe the debate on favorable patent laws and tax provisions? Most important, will the industry be able to reframe the related debates on pricing, profits, and government regulation? The answer to these questions depends in large part on the pharmaceutical industry’s ability—through channels like PHRMA.org, Innovation.org, and PPA.org—to communicate a genuine commitment to CSR. However, one thing is clear: The stakes for the pharmaceutical industry are enormous, perhaps running into the hundreds of billions of dollars, and thus potentially making the prescription drug wars one the greatest public relations clashes of the twenty-first century.

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# INCREASING THE LEVEL OF ENGAGED LEARNING: IMPACT ON STUDENT SATISFACTION AND ACADEMIC PERFORMANCE

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## ABSTRACT

*This study focuses on a longitudinal application of engaged learning used in an undergraduate marketing course in an attempt to increase student satisfaction and performance. The study covers six consecutive semesters of one course taught by a single instructor. The purpose was to engage students, increasing their perceived value of class time activities, and consequently favorably impacting student satisfaction and performance. Evidence supports increased SET scores, but exam scores did not show consistent improvement.*

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## INTRODUCTION

Most academic institutions rely heavily on Student Evaluations of Teaching (SET) scores to measure teaching effectiveness. This measurement is often used in conjunction with other measures, but at some institutions it is the sole or primary measure on which personnel decisions are justified. In many cases SET scores are used to assist instructors in improving course content or pedagogy. Yet there is still considerable conflicting opinion on the validity of SET scores as a measure of teaching effectiveness as it relates to student performance.

A substantial body of research supports a positive relationship between SET scores and student performance. Cohen (1981) provides a meta-analysis of multi-section validity studies to establish "strong support for the validity of student ratings as measures of teaching effectiveness." Marsh and Roche (1997) support the effectiveness of SET scores as an indicator of effective teaching when using a multidimensional measure, while rejecting a single criterion approach. Often the student performance measure used has been based on the student's perception of learning (e.g., Clayson and Haley 1990).

Numerous studies, including some very recent ones, have called into question the direct relationship between SET scores and student performance. Beyers (2008) reasons that "the real lesson is that students are not generally well versed in pedagogy, so their evaluations often have more to do with their emotional experiences than learning." In a study of undergraduate accounting students, Yunker and Yunker (2003) found that there was a negative

relationship between student evaluations and student performance. Wilson (1998), after discussions with a number of faculty and upon reviewing several studies stated that "faculty (too often) dumb down material and inflate grades to get good reviews." Gramlich and Greenlee (1993) make a direct comparison of SET and final exam scores. They report that the "commonly used SETs and the degree to which students actually learn the course material--the two do not seem to be closely related." Sproule (2002) suggests that the use of student evaluation data to determine instructor performance "is tantamount to the promotion and practice of pseudoscience...."

This paper addresses the relationship among pedagogical applications designed to increase student engagement and the impact on both SET and exam scores.

## LITERATURE REVIEW

Literature support of engaged learning pedagogy is substantial. Following are a few of the most recent research outcomes about engaged learning practices. Hawtrey (2007) found that economics students demonstrated a distinct fondness for experiential learning activities. Koppenhaver (2006) extols the benefits of active learning and team learning exercises, as well as the negative impact of absenteeism on those benefits. Hamer (2000) recommends using a modified lecture format to give students time to reflect and discuss the lecture content with their classmates. As discussed by Duhon, Bushardt, and Daniel (2006), experiential exercises are often the best tool for learning specific skills, such as 'giving feedback to employees.'

Marriott and Lau (2008) note that utilizing an online interactive assessment tool resulted in students perceiving greater engagement, motivation, and learning. For a discussion on students as consumers who demonstrate a preference for engaged learning, see Hawtrey's (2007) literature review. The broad category of engaged learning, including situational and experiential learning, offers a pedagogical tool to increase interest and involvement. The intent of engaged learning is to affect motivation to attend class and apply oneself, thereby resulting in greater student satisfaction and performance.

Examples of engaged learning may include in-class exercises, such as assignments related to application questions, short essays, mini-case studies, and short videos that are followed by class discussions. To increase student preparedness and involvement in class discussions, Brynes and Brynes (2007) recommend the use of weekly content quizzes on the reading assignments. Content quizzes consist of questions that require students to apply the concepts in the reading assignments, as opposed to simply knowing term definitions. Quizzes can be made more active by using technology, such as a student response system that provides immediate feedback. One such response system is suggested by Laverie (2006): (1) An instructor poses questions using a projector, (2) the students submit answers on their laptops, and (3) the results are immediately charted and displayed. At institutions using online learning systems, an instructor can ask students to take an online quiz while in class; wait for their answers to be submitted; review the overall results to determine the knowledge deficits in the class; and address these topics within the same period. Such quizzes combined with group/team exercises emphasize the importance of class attendance and active participation in class activities. Course grading that supports this activity reinforces the engaged learning process.

### **PROPOSITIONS**

Previous research suggests positive impact on student satisfaction and performance due to engaged learning practices. The fundamental motivation for this study is to apply engaged learning pedagogy to determine its impact on student satisfaction and academic performance. The first proposition says that an increase in the amount and types of engaged learning delivered in a course will positively impact SET scores. The second proposition states that an increase in the amount and types of engaged learning delivered in a course will positively impact student

performance, as measured specifically by exam scores.

### **METHODOLOGY**

Over six consecutive semesters, a total of twenty sections of a professional selling course were examined. The professional selling course is a typical undergraduate, three-credit elective in a business program. During the three years of the study, each semester involved three or four sections with between 25 and 30 students each. The course met twice a week for a period of 1 hour and 25 minutes. Time spent on lecture versus a variety of exercises, such as group/team activities, video followed by discussion exercises, and quizzes, was tracked. Outcome measures included student evaluation of teaching (SET) scores, an estimate of attendance, and exam scores.

The SET survey consisted of five closed-ended Likert-type questions. Student responses were anonymous. After grades were officially posted, the instructor received a summary report that contained only the frequency of responses in each category for each of the five questions. Attendance was measured periodically, but points were not awarded directly for attendance.

In chronological order, the semesters were from the fall of 2005 to the spring of 2008. Before the start of each semester, modifications were made to the course after considering the course outcomes of average SET scores, attendance, and exam scores. General student feedback and classroom observations made by the instructor were also considered. See Table 1 for the design of the Professional Selling course and the related pedagogical changes made during the six semesters.

#### **Semester I**

The first semester of the study established a baseline for the course that consisted of three exams, two major projects, a role play, and a final sales presentation, were completed individually. A written assignment and oral presentation were required for each. Both projects remained the same throughout the study. Lectures were about 70 minutes in length. To elicit participation while lecturing, the instructor called on students to answer questions, express opinions, and share ideas. As a result, the lectures did involve some engaged learning. Occasional in-class exercises were completed by students and consisted of application questions found at the end of the

**Table 1. Design of Professional Selling Course Over Six Semesters**

Semester	Lecture Time	In-Class Exercises	Quizzes	Attendance
I	70 minutes	minimal	none	90%
II	50	minimal	none	75
III & IV	30 - 40	variety	paper	91
V & VI	25 - 30	variety & video	online	95

Note: Starting in semester II lecture slides were given to students prior to class.

textbook's chapters. After each class discussion about the answers, students were asked to submit their written answers. During the lectures, students were expected to take notes because copies of the lecture slides were not provided.

By the end of the first semester, student feedback and classroom observations informed the instructor that most students did not read the assigned chapters, reluctantly took notes, and struggled to pay attention during the later part of the lectures. But they did respond favorably to the occasional in-class exercises.

### Semester II

The second semester had lectures shortened to 50 minutes, and students were given electronic copies of the lecture slides at the start of the semester. In-class exercises were added to the end of each normal class period and completed in small teams. These exercises consisted of application questions that were found at the end of the textbook's chapters.

During semester two, the instructor observed that students appeared to physically fatigue after 30 to 40 minutes of lecture. Additionally, by using informal roll call counts throughout the semester, the instructor noticed that the overall number of students who attended class declined from 90% to 75%. The cause of this decline was probably due to giving students the lecture slides, rather than expecting them to take notes in class. On the positive side, anecdotally students did express to the instructor strong approval about receiving the lecture slides, working with teammates, and doing in-class exercises.

### Semesters III and IV

In semester three and four, a quiz was added to the start of every normal class period and based on the assigned readings. The quizzes were intended to increase class attendance and improve student preparedness; and were graded in-class by the

students or after class by the instructor. Lectures were shortened from 50 to 30-40 minutes in order to create time for the quizzes. A variety of in-class team exercises were incorporated into the course, including experiential surveys, mini-case studies, application questions, and crossword puzzles.

Student feedback on teamwork exercises and shorter lectures continued to be favorable. Overall attendance bounced back to the first semester level of about 90%. Students appeared to like the variety of in-class exercises and told the instructor that the quizzes helped them prepare for the exams. Throughout the semester, the instructor observed that students were noticeably more attentive and energetic during class.

### Semesters V and VI

In the final year of the study, the quizzes were administered electronically using the university's online system. The system allowed the instructor to immediately identify the most frequently missed questions, and conduct a short review of the answers to these questions. The quizzes were graded in-class automatically using the university's online learning system, thereby providing students with immediate feedback. Lectures were shortened from 30-40 to 25-30 minutes. The extra 10 to 15 minutes gained from this change allowed for an additional in-class exercise in the form of a short video on selling, followed by a brief class discussion. A modification in course grading was to deemphasize the importance of exams as a consequence of an increased point value of in-class work.

Student feedback was highly favorable regarding the shorter lectures and videos on selling. Attendance rose to an average of 95%. When comparing semesters five and six to the previous semesters, the instructor observed that students were being more attentive during lectures, participating more frequently in class discussions, and demonstrating an increased level of interest in their in-class assignments.

**Table 2. ANOVA Comparing SET Scores across Semesters**

Variable	Semester:	I(a)	II(b)	III(c)	IV(d)	V(e)	VI(f)	F-value
Total SET Score		16.23	17.42	18.83	19.10	19.21	20.41	7.13 ( $p < .01$ )
Fisher's LSD		c,d,e,f	c,d,e,f	a,b,f	a,b	a,b	a,b,c	

Letters designate statistically significant differences using Fisher's LSD at  $p < .05$

## RESULTS

To determine if statistically significant differences existed across pedagogical changes to SET and exam scores an ANOVA was calculated. As shown in Table 2, the omnibus F suggests that there were statistical differences for many of the SET variables across the six application periods. Specifically, there were indications ( $p < .01$ ) that the total SET scores differed by semester. To determine where the difference in these means occurred, the post hoc analysis employed the Fisher's LSD tests. Examination of the differences across semesters for total SET scores revealed scores increased from period to period. As reported in Table 2, compared to the baseline semester, semesters III-VI had statistically significantly higher scores, while Semester II was not statistically different from the baseline. So it appears that the greatest improvement in SET scores occurred with the initial implementing of engaged learning. Further additions and refinement raised the SET scores, but the statistical significance was only from Semester III to Semester VI during the later part of the study. Overall, there was an increase in the total SET score of 4.18 from the baseline to period IV.

The class average exam scores ranged between 83-87% ("B" letter grade level) throughout the study. The ANOVA summarized in Table 3 shows, however, that there were statistically significant changes over time. The omnibus F revealed statistical differences that were then investigated through post

hoc tests. The post-hoc results revealed that exam scores in Semester II significantly increased. This improvement may be related to the fact that students were given the lecture slides, thereby making exam preparation less difficult. Surprisingly, the third semester had a significant decline in exam scores, but there was no significant change compared to the baseline. Exam scores rebounded in Semester IV with a statistically significant increase of 2.43. Semester V also had higher scores than in the previous semester, but the difference was not statistically significant. There was a decline in the Semester VI scores of 2.3 points compared to the Semester V scores; however, the exam scores in Semester VI were not statistically different than those in the baseline semester. In fact, there was a 1.17% increase in average exam scores from period 1 to period 6. This does not represent an appreciable change in average student performance, since the resulting final average exam score was still a solid "B" average.

In general, the results show mixed success in support of the propositions. As predicted the SET scores increased methodically and substantially with every increase in engaged learning. Conversely, there was not an appreciable gain in student performance on exams. It is important to note that the increased SET scores were not achieved at the cost of performance. Instead, there was a slight gain in overall exam scores.

**Table 3****ANOVA Comparing Student's Total Exam Scores across Semesters**

Variable	Semester:	I(a)	II(b)	III(c)	IV(d)	V(e)	VI(f)	F-value
Total Exam Score		83.20	86.40	83.13	85.56	86.68	84.38	4.18 ( $p < .01$ )
Fisher's LSD		b,d,e	a,c	b,d,e	a,c	a,c,f	e	

Letters designate statistically significant differences using Fisher's LSD at  $p < .05$

## IMPLICATIONS

In support of the first proposition, the researchers found that increasing engaged learning has a positive impact on student satisfaction with the course and instructor. As engaged learning increased and the passive learning of lecture time decreased, SET scores improved. The findings suggest that systematically increasing and varying engaged learning applications boosts students' interest, involvement, and satisfaction with classroom activities. By replacing increments of lecture time with engaged learning pedagogy, as the primary in-class delivery tool, instructors may find a useful strategy for increasing SET scores.

Contrary to the popular belief that engaged learning pedagogy improves student performance (as stated in the second proposition), the impact of engaged learning on exam scores was inconsistent and statistically indeterminate. Although the course changes led to higher SET scores, no compromise to academic standards was discovered, as some studies (e.g., Yunker and Yunker 2003) have suggested might happen. In fact, slight gains in exam scores were observed during the study. Learning is complex and has many confounding influences, such as student characteristics and situational factors. The application of engaged learning should continue to be studied with the purpose of finding applications that will improve academic results in addition to student evaluations of teaching.

This research has implications for teaching college courses as follows: Increasing the number of active learning activities can be used to replace parts of lectures without adversely affecting student learning, as measured by average exam scores. In-class exercises, including short videos followed by class discussions, are effective ways to promote engaged learning. Quizzes can help to ensure a high level of class attendance; especially if lecture slides are provided to the students. Quizzes and exams administered electronically during class periods are viewed favorably by students. Lastly, academic rigor in a course can be maintained if a course format is structured for this purpose.

## LIMITATIONS

The possibility exists that the instructor became more proficient at conducting engaged learning throughout the study. The greatest improvement in SET scores however, was immediate and the rate of improvement declined as the study progressed. So it seems unlikely that the dramatic initial changes were the result of the instructor progressing up the learning

curve. Even though it may not be significant since student body demographic characteristics evolve slowly, shifts in student characteristics were not measured. Particular attention to these characteristics would be advised in future research. As the research unfolded, it became evident that attendance may be a critical influence on performance and future studies should include a precise measurement of this factor. Finally, the findings are limited by the average class size and nature of the course, which was an upper level elective in a traditional business program.

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# ARE MBA STUDENTS EXPOSED TO SALES?

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## ABSTRACT

Salesperson selection has been a vexing challenge for sales managers for many years. One popular source of new sales representatives has been found on college campuses, college graduates. As the complexities of many sales jobs have increased, many firms have responded by recruiting students with MBA degrees. However, little is known about MBA students regarding their academic exposure to personal selling in their MBA programs.

Based on the increasing importance of recruiting MBA students, this research represents an exploratory analysis of MBA student exposure to sales and sales-related concepts and the relationships existing between student exposures and the students' sales behaviors/attitudes. Specifically, the research was designed to answer the following questions: Have MBA students been exposed to personal selling concepts in their MBA course curricula? What sales-related topics were included in the course in which these concepts were discussed? How does the exposure to sales-related topics affect MBA students in terms of their behaviors?

To answer the three main research questions, one-hundred seventy MBA students provided information regarding the degree to which sales concepts were discussed in their graduate marketing classes and the specific topics which were discussed. These students also indicated the likelihood of engaging in specific sales-related activities/behaviors. The findings indicate only sixty percent of MBA students were exposed to sales concepts in their graduate marketing courses. Of those students who had been exposed to personal selling, the results show the degree to which specific subtopics were included: sales skills (90.2%), product knowledge (81.4%), customer satisfaction (81.4%), customer knowledge (79.4%), and company knowledge (64.7%). Of the sales skills included, the most included sales skill was questioning (62%), closely followed by the presentation (60%). A comparison of the relationship between exposure to sales and the students' attitudes/behaviors regarding specific sales activities was assessed using a series of t-tests. The findings reveal that exposure to sales-related concepts in MBA courses is positively related to the students' likelihood of engaging in positive sales activities/behaviors.

The findings suggest that firms interested in employing MBA graduates in sales would be well-advised to determine whether these students have been exposed to sales concepts in their MBA marketing courses. This suggestion is based on the fact that those students who reported exposure to sales-related concepts in their graduate courses indicate a greater likelihood of engaging in specific positive sales behaviors/skills. The findings also suggest that MBA programs might reassess their courses to include more sales-related concepts. Such a suggestion is based on the fact that relatively few students had been exposed to sales in their graduate marketing courses (60%). The number declines rather dramatically when one begins to assess the inclusion of specific sales skills. In addition to the implications, suggestions for future research were provided.

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# CONFERENCE PEER-EVALUATIONS: DO THEY IDENTIFY THE STUDIES WHICH WILL SUBSEQUENTLY BE PUBLISHED IN HIGH-QUALITY JOURNALS?

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## ABSTRACT

Conferences are one of the priority means of communicating knowledge. However, there are questions around whether the conferences peer-review system is capable of identifying the importance of studies that subsequently have a large impact in the study field. In this context, our study analyses the relationship between the degree of acceptance/rejection of conference-papers and the quality of subsequent publications. It also examines the determinant factors of evaluations made by reviewers in terms of the characteristics of the authors and the manuscript submitted to a scientific conference. To this end we use information obtained from the 2004 edition of a marketing conference held annually in Spain; to be precise the XVI Meeting of Marketing Academics.

The relationship between the acceptance/rejection of the conference-papers and the quality of the subsequent publications is analyzed through a regression model which is estimated by quasi-maximum likelihood using a Negative Binomial specification. The ranking position of the scientific journals in which the conference-paper is published is used as quality indicator. Furthermore, we propose several models to analyze the differences in the peer-evaluation given to the conference-papers, considering as explanatory variables those related with the domain (behavioral, quantitative, management) and orientation (conceptual, empirical or methodological) of the conference-paper, the author characteristics (previous conference-papers, member of the scientific committee, university ranking, number of authors, professors and doctors), and the formal characteristics of the study (number of words in the title, results tables, equations, footnotes and references).

Our results show that the acceptance of a conference-paper by the analyzed conference is associated with better quality subsequent publications. Consequently, the peer-review system adequately captures the contribution of conference-papers. The results also reveal that a quantitative approach, an innovative methodology, the number of conference-papers presented at previous editions of the conference and the number of references have significant positive effects on the evaluation received by a conference-paper. Conversely, the number of footnotes has a significant negative effect. Therefore, the conference participants should pay attention to the above mentioned factors in order to obtain higher evaluations.

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# THE IMPACT OF FAITH-BASED MARKETING ON CONSUMERS' PERCEPTIONS

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## ABSTRACT

*This study will examine the impact of faith-based marketing on consumer behavior in terms of **fit** (perceived link between faith and firm), **motivation** (profit vs. social), and **subtlety** of the technique used. An experiment will test the impact on consumers' attitudes and intentions toward the firm and the advertising initiative.*

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## INTRODUCTION

The use of corporate social responsibility (CSR) and cause-related marketing (CRM) are common methods employed by companies to improve their corporate image and/or brand image, and to ultimately increase sales. The use of religious messages or symbols has been avoided in the past as marketers were unsure of consumers' reactions to the use of religion to sell products. Recently some companies have started to use faith-based marketing including advertising or other faith-based initiatives. Because religion is an important part of culture and can have a significant influence on an individual's behavior including shopping behavior (Essoo and Dibb 2004), it makes sense that the use of faith-based marketing techniques could influence a consumer's perceptions of a firm and purchase intentions.

Current examples of faith-based marketing vary from subtle to prominent displays of religious messages. On the subtle end of the spectrum, Chick-fil-A restaurants use signage at their retail locations stating that they are closed on Sunday so that their employees can worship and spend time with their families. However, the company's "official statement of corporate purpose" states that "we exist to glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-fil-A." Another example is Tyson Foods, which has added a section on their website titled "Giving Thanks at Mealtime" that includes a list of prayers that can be downloaded. Interstate Batteries recently ran a 30-second television commercial called God's Love on Dish Network. Entertainment venues around the country, particularly sporting events, are combining faith-based marketing with event marketing and sponsoring "Christian Music night" at the ballpark or "Faith Day" at basketball games as a vehicle to sell tickets.

Although some organizations may adopt faith-based programs for purely altruistic reasons, many

organizations adopt programs like these based on their belief that consumers will reward the company for the support of the consumer's faith. However, prior research confirms that it is unlikely that consumers will blindly accept these promotions as sincere. Based on numerous studies of corporate social responsibility (Osterhus 1997; Lantos 2001; Strahilevitz 2003; Lorge and Brewer 1998; Bhattacharya and Sen 2004), this study will use the concepts of fit, motivation, and subtlety to examine the impact of faith-based marketing on consumer beliefs, attitudes and intentions.

## LITERATURE REVIEW

### Fit

For CSR, fit is defined as the perceived link between a cause and the firm's product line, position, and/or target market (Varadarajan and Menon 1988). For this study, the cause will be "faith" and its associated activities such as prayer, worship, etc, and the relationships will be evaluated as high-fit or low-fit. Fit is an important element in terms of consumer behavior because it has been shown to influence (1) how much thought people give to the relationship between the company and the cause; (2) the types of thoughts generated in terms of positive or negative; and (3) the evaluation of the company and the cause separate from the relationship (Becker-Olsen et al. 2006; Lafferty and Goldsmith 2005). Research has shown that low-fit is considered to be negative by consumers and generates more negative thoughts than high-fit (Forehand and Grier 2003). Additionally, a lack of fit is likely to call into question the firm's motives and consumers may evaluate a company negatively if they perceive the low fit to be unskilled use of marketing tactics (Simmons and Becker-Olsen 2006).

## Motivation

Based on attribution theory, we can expect consumers to seek to determine firms' motives for faith-based initiatives. For example, although the fit between Tyson, a food company, and the "Giving Thanks at Mealtimes" program may be relatively high, consumers may question the company's motives in light of recent allegations against Tyson (racial discrimination, unsafe working conditions, harassment, inhumane treatment of animals, etc.). When exposed to a firm's faith-based initiative, usually through some form of marketing communication, the consumer is likely to assign one of two primary types of motives: profit-motivated or socially-motivated. Consumers are more likely to believe that the firm is profit-motivated because of the intuitive belief held by most consumers that social initiatives are primarily motivated by corporate self-interest (Webb and Mohr 1998).

## Subtlety

Previous research in to CSR had examined the concepts of fit and motivation extensively. However, the construct of subtlety is new to this study. In early discussions, it became apparent that the idea of subtlety might play a part in consumers' reaction to faith-based marketing. The examples discussed earlier show the broad spectrum of marketing techniques on this continuum. Chick Fil-A's 'closed on Sunday' approach is obviously more subtle than a website dedicated to prayer and promoted by the Tyson Foods or a 30-second television commercial promoting God's Love sponsored by Interstate Batteries. Another notable example of an obvious or prominent technique is a product line that was offered in Singapore called Looking Good for Jesus cosmetics featuring scents such as Virtuous Vanilla. Consumers were offended and the products were pulled from the shelves.

## Hypotheses

- H1: Low fit between the firm and the faith-based marketing initiative will result in a greater number of thoughts (H1a), thoughts that are less favorable (H1b), thoughts that are more focused on firm motive (H1c), more negative attitudes towards the firm (H1d), beliefs about the firm as less credible (H1e), and lower likelihood of purchase intention (H1f) than high-fit between the firm and the faith-based initiative.
- H2: Profit motivated versus socially motivated faith-based marketing initiatives will result in a greater number of thoughts (H2a), thoughts

that are less favorable (H2b), thoughts that are more focused on firm motive (H2c), more negative attitudes towards the firm (H2d), beliefs about the firm as less credible (H2e), and lower likelihood of purchase intention (H2f).

- H3: Obvious techniques versus subtle faith-based marketing techniques will result in a greater number of thoughts (H3a), thoughts that are less favorable (H3b), thoughts that are more focused on the technique itself (H3c), more negative attitudes toward the firm (H3d), beliefs about the firm as less credible (H3e), and lower likelihood of purchase intention (H3f).

## METHODOLOGY

This experiment is modeled after experiments conducted by Becker-Olsen, Cudmore, and Hill (2006) to test the impact of social initiatives (homelessness, domestic violence, etc.) on consumer behavior. A convenience sample of undergraduate and graduate students at Illinois State University was used for all rounds of pre-testing and the final survey. Four rounds of pre-testing were conducted. The purpose of the first round of pretesting was to identify two equally well-liked and familiar firms to be paired with a set of equally appropriate and degree of subtlety faith-based initiatives. A list of eight companies were given to a group of respondents (n=84) to evaluate liking and familiarity of each company. The results showed that Under Armour, a sports apparel company, and Applebee's restaurant were equally well-liked firms and equally familiar. Likewise, a list of six faith-based initiatives were given to a group of respondents (n=84) to evaluate appropriateness and the degree of subtlety of the faith-based initiative. Likert-type scales were used for evaluation. Based on our results, a prayer website for a company was viewed to be an obvious marketing technique and sponsoring a Christian music night at a minor league baseball game was viewed to be a subtle marketing technique.

The next two rounds of pre-testing were necessary to ensure that the firm and technique pairings were representative of the intended fit, motivation and subtlety manipulations. Under Armour sponsoring a Christian music night at a minor league baseball game was presented as the high fit alternative because of Under Armour's connection to professional sports. Likewise, Applebee's introducing a prayer website was considered to be a high fit because of the meal time connection to prayer. Applebee's paired with Christian music night at the ballpark and Under Armour introducing a prayer website represented the low-fit

options. Motivation was manipulated using statements such as “The company seeks to take advantage of the popularity of Christian music and reach new customers” (profit motivation) or “The company’s founder believes that faith is important to his company, its employees and Applebee’s customers and hopes that the website will be inspirational to everyone who views it” (social motivation). Round two of pre-testing did not result in a significant difference between motivations and therefore another round was required in which stronger wording was used to present profit and social motivation. The final round of pre-testing was done to test the eight different conditions required for a 2X2X2 factorial design. A total of 98 respondents participated in this final round of testing using the following procedure:

1. Participants were asked to (1) evaluate their feelings about the two different firms using likert-type scales, (2) list what they know about the firm, and (3) to indicate how likely they are to recommend or purchase from the firm using likert-type scales.
2. Participants were then given a newspaper clipping containing three business news items, one of which will include information about the experimental firm and its faith-based marketing initiative. After reading the articles, subjects were asked to repeat the three tasks listed above followed by a set of scaled belief measures about the firm including measures of corporate ability (firm makes good products), corporate credibility (is a firm I can trust), and corporate positioning (firm clearly communicates what it stands for).
3. Finally, subjects will be asked to (1) rate the fit using the items from the pretest; (2) determine the perceived motivation for the faith-based initiative using scaled items; and (3) rate their attitude toward the faith-based initiative; and (4) list any other thoughts they have on faith-based marketing initiatives.

The final survey was sent to all students at Illinois State University who had not opted out of research in the form of an online survey. Students were directed to one of the eight different versions of the survey based upon the day of the month they were born. A total of 3,479 students completed the survey. Additional data was collected including two measures of religiosity, religious affiliation, and other demographic variables. Data analysis will include hypothesis testing along with other effects such as the impact of the religiosity of the respondent or the religious affiliation of the respondent. The results of this research will add a new

dimension to the growing body of CSR research and has implications for marketing practitioners interested in pursuing faith-based marketing initiatives. Although the use of convenience samples (students) is common in research of this nature, future research should include the use of a more diverse sample in terms of age and education.

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# CONSUMER DECISION- MAKING IN RELIGIOUS VIRTUAL COMMUNITIES: AN EXAMINATION OF LURKING AND POSTING BEHAVIOR

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## *ABSTRACT*

The word-of-mouth exchanges that take place in virtual communities provide a tremendous amount of information and social benefits. While researchers have tried to characterize peer-to-peer communication that occurs within computer mediated environments, there has been a limited amount of research conducted on electronic word-of-mouth communication (eWOM) within specific types of communities.

Researchers have explored eWOM by considering the factors that motivate consumers to participate in virtual communities; however, researchers have not examined how individual factors such as personal vs. social identity influence eWOM. Most important, researchers have not examined the actions that community members take after engaging in lurking or posting behaviors.

This research explores eWOM within one specific type of virtual community, religious social networks. While many organized religions face shrinking congregations, shifting of members and changing perceptions of acceptable worship, religious virtual communities have proliferated in record numbers. This research explores some of the factors that may influence community members to participate in religious social networks. A conceptual model is developed to consider the relationship between social-identity, involvement and trust during decision-making. Specifically, this research suggests that community members' decision-making within religious social networks may be influenced by the level of religiosity they possess and by their desire to manage their self-identities. This model proposes that trust in other community members and trust in the specific community will moderate the member's decision to engage in posting or lurking behavior.

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# IS HAPPINESS RELATIVE TO INCOME: AN EXPLORATORY STUDY

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## **ABSTRACT**

Does money buy happiness? The average American Family income has increased from \$3,546 (\$3,1943.02 adjusted for inflation) in 1947 to \$66,863 in 2001 (Current Population Survey, 2001). One would think that with a rise in income, our happiness levels would increase as well. However, based on the data from the General Social Survey (GSS) data set from 1972-2002, it seems there is no correlation between our rise in income and levels of happiness. This paper explores why Americans focus on materialism and consumption when there is little or no rise in happiness levels. American dream really that a dream or is it a façade?

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# RE-EXAMINING THE HELICOPTER PARENT: WHAT EVERY MARKETING PROFESSIONAL IN HIGHER EDUCATION SHOULD KNOW

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## ABSTRACT

*This research seeks to determine specific differences regarding “areas of concern” between helicopter and non-helicopter parents during the college selection process. Research findings indicate that a consistent clustering of economic factors is preeminent for both the helicopter and non-helicopter parent. A comprehensive review of parental concerns and an engaging marketing strategy, “EMS”, are offered.*

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## INTRODUCTION

According to Word Spy, an online educational dictionary and resource, helicopter parent is a concept that has been in existence since 1991. Word Spy can be found at: <http://www.wordspy.com/words/helicopterparent.asp> and provides the earliest citation of helicopter parent as “a nosy grown-up who's always hovering around. Quick to offer a teacher unwanted help.” Word Spy gives credit to Ned Zeman (1991), the author of Buzzwords, found in a *Newsweek* article. In essence, a helicopter parent is a mother or father who seems to interfere with their child's transition to college, and university professionals are not pleased.

In the past fifteen years, not much has changed in the conceptual meaning and tone when using the term helicopter parent. However, two recent national studies warrant serious reexamination of this phenomenon. The first was offered by the Art and Science Group (Bartini and Hesel, 2007), a marketing consultant to higher education. Their national online survey of high school seniors found that students are generally satisfied with the current level of their parents' involvement in the college planning process. They further suggest that students reported very little unwanted or intrusive parental behavior. The second study, reported in the *U.S. News & World Report* (Graves, 2007) reviewed the National Survey of Student Engagement findings and suggested that helicopter parents do more good than harm. The author further avers, “a student who has involved and caring parents does have an advantage — not just in the college application process but in life.” (Graves, 2007)

These national surveys suggest two divergent perspectives regarding the helicopter parent. The first is somewhat negative and views parents as obstacles; the second is somewhat positive and views parents as actively engaged. An opportunistic enrollment manager may ask — is a profitable market niche being ignored?

## A BRIEF BACKGROUND

*The Chronicle of Higher Education* defined helicopter parents as those parents who persistently hover around during orientation, hampering their child's transition to college (Wills, 2005). These parents were intimately involved in selecting and scheduling courses for their child. Rainey (2006) defined a helicopter parent from a quantitative perspective, viz., over thirty percent will contact their child daily, and seventy-five percent will drop in once or twice a semester. Rainey stressed that the number of helicopter parents is large or at least growing. One year later, *The Christian Science Monitor* (2007) reviewed the results of a large study involving 10 public universities. Their findings indicated that anywhere between 60 and 70 percent of parents exhibit some form of “helicopter” behavior, suggesting that this parental behavior is “chronic” and ubiquitous. Since personal contact with helicopter parents appears imminent for university professionals, an immediate and critical question arises. What marketing communications strategies are currently in place for those engaged helicopter parents?

## RESEARCH QUESTIONS

Thom (2007) summarized the term helicopter parent as an educational label with a negative connotation. Graves (2007) in her review of the National Survey of Student Engagement findings suggests that helicopter parents do more good than harm. For the purpose of this research, the issue of whether a helicopter parent is positive or negative for student development will be left to the sociologist or psychologist.

For marketing in higher education research, it is important to understand common themes that a helicopter or non-helicopter parent may elucidate, specifically for the purpose of developing a strategic competitive advantage. If previous estimates are correct, i.e., up to 70 percent of parents are helicopter parents, three research questions become critical for enrollment managers:

1. Is there a significant difference between helicopter and non-helicopter parents regarding areas of concern prior to enrollment?
2. What questions or areas of inquiry do helicopter and non-helicopter parents request most frequently? And,
3. Can an engaging marketing strategy be developed that addresses the primary concerns of helicopter parents?

## METHODOLOGY

An applicant pool [N = 2000] from a regional, private Midwestern university was selected for examination. Applicants were classified and assigned according to the number of contacts each student or parent had with the university prior to enrollment. Helicopter parent was given a three-fold operational definition: (1) parents who had more contact with the admission counselor than their son or daughter; (2) parents who made additional contact with faculty or student affairs directors (i.e. residential, student activities, counseling, etc.); and (3) this group of parents had more contact with the admission department than the average student applicant or parent.

A helicopter parent was assigned to a self-selected group because they made more contact with the admission representative, faculty, or student affairs director than did the applicant, their son or daughter. Moreover, a helicopter parent made more contact with the university than the average parent in the population pool. All parental contact responses were documented using the admission department's internal tracking system. Qualitative parental responses were sorted, categorized, and clustered according to content.

## RESEARCH FINDINGS

Three questions were posed in this study. First, is there a significant difference between helicopter and non-helicopter parents regarding areas of concern prior to enrollment? Second, what questions or areas of inquiry do helicopter and non-helicopter parents request most frequently? The third question, "Can an engaging marketing strategy be developed that addresses the primary concerns of helicopter parents?", will be addressed in the "Discussion and Research Implications" section.

The findings to the first two research questions are enumerated in Table 1. A functional acronym spells out 'ELEVATE.' However, the 'ELEVATE' model is not listed in rank-order, according to frequency or intensity. It is simply a mnemonic device that a marketing professional can employ as a communication strategy. The actual rank ordering, from most frequently occurring response to least frequently occurring response for helicopter parents is E1; L; V; E2; E3; A; and T. For non-helicopter parents, the rank order is E1; V; L; E2; A; E3; and T. No significant difference was found. Moreover, with respect to proportional concern within each area, no significant differences were found. However, helicopter parents did have proportionally more concern on six out of seven areas than non-helicopter parents prior to enrollment. The percentages listed in Table 1 do not total 100 percent because a helicopter parent could have asked questions in more than one concern cluster area.

**Table 1. Areas of Concern for Helicopter and Non-Helicopter Parents: Elevate Model**

<u>Concern</u>	<u>HP%</u>	<u>HP Rank</u>	<u>NHP%</u>	<u>NHP Rank</u>	<u>Difference</u>
Expense related	88%	1	74%	1	14%
Living Arrangements	86%	2	67%	3	19%
Extra-curriculars	56%	4	59%	4	-3%
Vocational Questions	71%	3	69%	2	2%
Academic Majors	53%	6	51%	5	2%
Teachers	47%	7	29%	7	18%
Emergencies	54%	5	49%	6	5%

**Note.** When examining rank-order concerns between helicopter (HP) and non-helicopter parents (NHP) –

Spearman's rho was .929; significant at the .01 level (two-tailed). When examining percentage relationships – Pearson correlation was .855; significant at the .05 level (two-tailed). On six out of the seven areas (binomial probability = .05), helicopter parents exhibited proportionately more concern prior to enrollment.

## DISCUSSION AND RESEARCH IMPLICATIONS

The research findings suggest that there are no significant differences between the concerns of helicopter parents and non-helicopter parents. However, both exhibit specific areas of trepidation. Helicopter parents may appear to be overly involved with their child's college experience because the proportion of concern per area appears to be elevated beyond the non-helicopter parent. However, the relative area of concern and rank of importance is similar for both. It may not be fruitful to target this niche with a specific communication strategy; the same message is likely to resonate with both helicopter and non-helicopter parents.

The data in Table 1 indicate that three primary concerns — economics, safety, and a mentally challenging environment — should be incorporated into a marketing strategy when engaging parents. Moreover, parents want to be assured that their economic investment — in their child and the university — will pay off. A safe assumption is that parents perceive their engagement and involvement as necessary, irrespective of their helicopter or non-helicopter status.

An engaged parent's role is not that dissimilar to how a day-trader monitors the stock market. However, a portion of previously cited literature on parental involvement indicates that university administrators and faculty would prefer to have parents treat their child's university experiences as a mutual fund, encouraging a "stay-the-course" mentality with a do not touch practice. Yet, as an objective researcher, it is understandable that parents perceive their child as an economic and psychological investment, and to be disengaged at this point would appear imprudent.

The third emerging theme for parents — a mentally challenging environment — addresses the "hidden" economic value of having a university provide quality faculty instruction from a professor (Ph.D.), not a teaching assistant. Parents want to be assured that the intellectual accomplishments of faculty will be shared and taught to their child. Again, the economic benefits of having their child receive a quality instruction appear to be paramount for parents. Therefore, an Engaging Marketing Strategy "EMS" is presented in Table 2 as a working model addressing the third research question — Can an engaging marketing

strategy be developed that addresses the primary concerns of helicopter parents?

**Table 2. An Engaging Marketing Strategy "EMS" Model**

Primary Concern	Theme	Parents Want
Economics [1]	Helicopter parents view their son or daughter as an investment. University enrollment is a cost/benefit ratio.	Information on cost, tuition, paid internships and career placement.
Mentally Challenging Environment [3]	Faculty degrees (Ph.D.), publications, presentations, honors and recognition.	To know if the faculty member will be in the class or will a teaching assistant provide instruction.
Safety [2]	Knowledge of where and who to turn if there is any kind of personal problem or concern.	To be assured that their child [economic investment] is safe and secure.

## RESEARCH LIMITATIONS

This study exhibits all the inherent concerns of examining an intact, self-selected group from a Midwestern university. Because this research applied a stringent operational definition of helicopter parent, generalizing results or combining the findings in a meta-analysis could be problematic. In addition to the exacting operational definition, a helicopter parent in this study was not considered in its typical contextual placement. In this research, students had not yet enrolled and thus were not students at any university. However, given the operational definition, it is reasonable to assume that these "over involved" parents are exhibiting "pre-helicopter" parenting behavior.

## IMPLICATIONS FOR FUTURE STUDY

The results of this study strongly suggest that marketing communication patterns among student, family, and university officials should not be

segmented into discrete positioning platforms, given the assigned level of parental engagement. It appears that regardless of the level of parental engagement, specific areas of concern exist for all parents and are theoretically related to enrollment. Of special interest could be those parents who had no contact at all (i.e., no phone, email, walk-in, etc.) with the university in the enrollment process. More generally, future studies examining the relationships of parental engagement to matriculation and retention appear warranted.

## CONCLUSION

This research study initially posed one general question — regardless of definitional constraints, helicopter or level of engaged parent, are university officials overlooking a marketing opportunity? This research strongly suggests that the economic concerns of college choice are relevant regardless of the level of parental engagement. Therefore, basic economic tenets of investment should be the foundation of an engaging marketing strategy.

Although helicopter parent as a classification was used in this study, it appears to have little relevance when distinguishing between areas of concerns for parents in general. This research suggests that an engaging marketing strategy should include messages known to resonate with all parents. Institutional benefits are likely to include an increased yield, improved retention, and ultimately more satisfied parents.

Finally, this research does not discount the psychological or sociological factors associated with helicopter parenting behavior. However, these findings suggest that it may be more profitable for enrollment managers to focus on what all parents share as concerns rather than segment parents into artificial, and potentially negative, classifications like helicopter parents. Every marketing director in higher education should be aware that helicopter parents share the same concerns as lesser engaged parents — that is, economic justification in their investment. In the end, perhaps it is time to focus on a parent's level of engagement or economic investment — and let the concept of helicopter parent fly away.

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# STORYTELLING AND STORYREADING: WHICH ONE IS BETTER TO TRANSLATE EXPATRIATES' RELATIONSHIP WITH BRANDS AND ADVERTISING?

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## ABSTRACT

*Because it is necessary to explore beneath the surface of consumers' thoughts and deep-rooted motivations, projective techniques allow researchers to tap into consumer's unspoken values. As consumers living abroad, expatriates seem likely to stick to their values by buying brands that convey those same values. Brands seem to encompass great importance and play specific role in expatriates' consumption behaviour, as well as advertising is used as an indicator of accepted behavior in the host country. To this end, the present research compared two projective techniques based on narratives: the story reading and the storytelling.*

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## INTRODUCTION

Marketers strive to understand attitudes, motivations and behaviours that drive brand and product selection and loyalty. In addition to tangible aspects as price, availability and product feature, brand selection and loyalty are also based on intangible values that go beyond rational attributes and reasons. Thus, consumers will select brands that fit their own value system because of the emotional benefits that brand ownership can provide them. In an attempt to understand the core values that facet these emotional relationships with brands and products, companies will often conduct research based on qualitative data. Because it is necessary to explore beneath the surface of consumers' thoughts and deep-rooted motivations, projective techniques allow researchers to tap into consumer's unspoken values. Experience can, through stories, become part of consciousness. The narrative mode deals with the dynamics of human intentions, because people seek to explain events by looking at how human actors strive to do things over time. As consumers living abroad, expatriates seem likely to stick to their values by buying brands that convey those same values. Brands seem to encompass great importance and play specific role in expatriates' consumption behaviour, as well as advertising is used as an indicator of accepted behavior in the host country. Thereby, expatriates represent a specific target for companies, as they expect brands and advertising to bridge home and host cultures, as well as satisfying their wants and needs. However, part of the relationship between expatriates' and brands is unconscious and emotional, and thus tough to investigate with direct questioning. Researchers searching for more accurate information about these relationships should apply qualitative methods to obtain needed

deep and transparency in participants' responses. To this end, the present research compared two projective techniques based on narratives, with the purpose of identifying the one that better translates expatriates' feelings towards brands and advertising.

## PROJECTIVE TECHNIQUES

Projective techniques are methods largely used by psychologists to uncover deep-rooted thoughts by asking consumers to project themselves on something or someone else. Projective techniques involve the use of stimuli that allow participants to project their subjective or deep-seated beliefs onto other people or objects (Morrison et al, 2005), and uncover a person's innermost thoughts and feelings. Those techniques are based on the idea that unconscious desires and feelings can be explored by presenting a participant with an unthreatening situation in which the participant is free to interpret and respond to ambiguous stimuli. The five major subtypes of projective techniques are association (Inkblot and Hand Test), Construction (Draw-a-person and TAT), Completion (Sentence completion test and Picture study), Arrangements/selection (Szondi test and colour test) and Expression (Projective puppet play and handwriting analysis). In the present research we used two projective techniques with expatriates for them to tell about their experience with brands and advertising during their sojourn abroad once they were back in the home culture and compared the results in the search for more accuracy and transparency. Half of the sample was interviewed by projecting themselves in stories written by other people, while the other half was asked to tell a story based on their own experiences, by using narratives.

## NARRATIVES

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

Greimas' (1983) Structural Semantics attempts a grand formalization of the narrative content by introducing the notion of "actant" (agents) that are central to the Greimasian approach to narrative. This author studied the role of all agents in a narrative, in relation to their contribution to the plot. After researching a large sample of narratives, he came up with a typology that, since then, has been widely applied. This model features six different kinds of agents in every plot, which are arranged into three sets of binary categories, according to three axes: the axis of willingness: subject versus object, the axis of knowledge: sender versus receiver, the axis of power: helper versus opponent. In its simplest form, the "actantial" model shows a relationship between a subject and an object, where the object of value is desired by the subject, and where the object is communicated by the sender to the receiver, and the desire of the subject is partly modulated by the activity of the helper and the opponent. Marketers have long understood that emotional factors play an important role in brand or product selection and understanding a consumption experience is a prime goal of today's marketers. In an experiential perspective, consumers are less interested in maximising their benefits and more focused on gratification within a given social context (Carù and Cova, 2008). In those cases, consumption provokes sensations and emotions that do much more than merely respond to individual's own needs, since they also touch upon the consumer's search for an identity. Those authors state that experience is associated with feeling of great intensity and framing the operations that serve to translate ongoing activities to reportable stories as research

on consumption experience has broadly transcended shopping experiences.

## GLOBAL BRANDS AND ADVERTISING

With the globalization of markets, there are more opportunities to create market potential through stimulating demand for products with universal appeal (Hassan et al., 2003). The objective is to identify consumers having the same expectations and requirements vis-à-vis products, despite cultural and national differences. The segment of global consumers being sometimes small in size in some countries is increasingly big across countries. Thompson (2004) talks about an emerging stream of consumer research that suggests a far more encompassing and significant interrelationship between cultural processes and structures and brand meanings than just the brand image. Brands create unique identities for a firm's products in the eyes of its consumers (Keller, 2003). According to Strizhakova et al. (2008), consumers co-create brand meanings and brands become powerful because of its multiple meanings that are represented by quality, self-identity, group-identity, status, personal values, family traditions and national traditions. As one of the fundamental social processes in every culture, marketing communication has been used to exert a strong impact on consumer attitudes and behaviours (Watson et al., 2002). The universal vocation of a brand is closely linked to the universality of the benefit proposed to the specific global segment. Global brand was defined by Steenkamp et al (2003) as the one that the consumers can find under the same name in multiple countries, while Holt et al (2004) see global branding as the one that relates to a standardisation of products, packaging and communications. The negative attitudes and feelings of an inescapable loss of country differences created by the vision of same brands and same advertising everywhere (Kapferer, 2005) in tourists and other ephemeral travellers is positive to expatriates that look for stability and familiarity when freshly arrived in the host country.

## EXPATRIATES

Wherever and whenever the term expatriate was originated, the notion has been existing for thousands of years, as it was defined as someone who lived and worked overseas (McCall and Hollenbeck, 2002). When a person moves to another culture, the problem is not the difficulty inherent to the host culture, but the difficulty linked to the difference between home and host countries. As a consumer, the difficulty is getting familiar and trusting unknown products and brands. When first examining adjustment among expatriates, researchers focused on obvious aspects such as

food, weather and daily customs, but more recently, authors added other related dimensions that are adjustment to the job, interacting with host-country individuals and to the general nonworking environment (Stroh et al, 2005).

### CULTURAL SHOCK

Accordingly, those programs do not really prepare expatriates to face cultural shock. As Martin and Chaney (2006) underline, we like things we are accustomed to having them. The individual has a set of values established for several years, when suddenly he/she must accept a different one. According to Lewis (2006), “our precious values and unshakeable core beliefs take a battering when we venture abroad”. However, the way each individual copes with cultural shock is different. What many researchers have called the U-curve of cross cultural adjustment (Black and Mendenhall, 1991 in: Goldsmith et al, 2003), states four stages, that are honeymoon (discovering), culture shock (disorientation), adjustment (habituation), and mastering (liking). Finally, culture shock is defined by Deresky (2006) as being a state of disorientation and anxiety about not knowing how to behave in an unfamiliar culture. The consequences can thus be, inability to work effectively, stress within the family and hostility towards host nationals.

### RESEARCH DESIGN

Two types of projective techniques were used in the present research. The story reading allowed participants to identify themselves with stories told by other expatriates, while the storytelling technique would expect interviewees to feature Greimas’ agents as follows: the **sender** would be the home culture and the **receiver** would be the host culture in which the **subject** (hero, expatriate) encounters a resistance from the **opponent** (new cultural environment) to his forward movement, which is overcome thanks to the **helper** (brands and/or advertising), whose force or power results in his obtaining the desired **object** (adjustment). By comparing both methods, we aimed at identifying the one that would more accurately translate expatriates’ feelings towards brands and advertising, and allow us to answer to our research question, which we stated as follows: do expatriates perceive brands and advertising as a link with home culture? The sample was composed of 34 French individuals that had spent one year as expatriates in different countries from Europe, America and Asia. The experiment took place in central location one month after their re-entry. In order to compare

results obtained with each method, participants were split into two separate samples of 17 interviewees which practiced either the storytelling or the story reading method.

### OBJECTIVES AND METHOD

The main purpose of the present research was to identify the method that could better translate expatriates’ feelings towards brands and advertising. According to our research question, we believe that more than well-known names, global brands, as well as advertising featuring situations expatriates can identify with, are a link with the home country and help expatriates to bypass the cultural shock. Based on the previous discussion we stated a research question as an exploratory step to examine the story reading and the storytelling power of transparency in uncovering hidden feelings of this specific target. Our aim was to understand in which measure global brands, as well known references could play a role in helping expatriates to adjust. Our reading was based on the textual data from verbatim transcripts of depth interviews (Thompson and Tambyah, 1999). Participants using the first method, that we called **story reading**, were presented a set of situations experienced by other expatriates towards which they should express agreement or disagreement and explain the reasons why they agreed or disagreed with the presented statements. Those statements were created by the author for the purposes of this research, and were based on information obtained by prior discussion with another set of expatriates. Participants using the **storytelling** method were asked to tell (write) a story containing Greimas’ agents. The scenario was created by the author exclusively for this study and remained unchanged through the whole data collection period.

### RESULTS

The method chosen to analyze responses was content analysis, which is an accepted method of textual investigation (Silverman, 2006). As Marvasti (2004) points out, the method offers convenience in simplifying and reducing large amounts of data into organized segments.

#### Story reading

Participants were asked to read each of the statements presented below and tell about their agreement or not with them and explain the reasons why they agreed or disagreed.

**Table 1. Unwillingness to Try New Brands**

*What I fear the most is trying new brands. I first look for the brands I know. It makes me feel more confident. Then, if there are not those that I know, I look at what the other people buy and do the same, but I'm always afraid of making the wrong choice.*

Agree – 47%	Disagree – 53%
I am afraid of getting a product of low quality and therefore stick to brands I know.	I usually buy based on price if the product is appealing. There are only few products that I really like to stick to “my brands”.
I am very picky with brands and food.	Being in a foreign place, I want to try new things.
I fear wasting money on something that doesn't taste good.	I look at what other people buy and make my decision based on my own judgement of the brand.
I don't like to be unsure, especially in what I'm buying to eat.	I look at what other people buy to see what's popular.
I gravitate towards the brands I know.	I want the full experience of the culture that I am involved in.
I just look to brands I know.	I am a risk taker.
I am too attached with brands I know.	I have bought some things I don't like, but that is part of the experience of being abroad and it does not really scare or bother me.

**Table 2. Willingness to Try New Brands**

*What I like the most is trying new brands. I never look for the brands I know. I want to try new ones. I look at what the other people buy and do the same. Then if I don't like them, I switch to other ones next time.*

Agree – 47%	Disagree – 53%
There is no harm in trying something new.	It is only true for products like cookies, chips which are less risky.
I am willing to try new brands when I am abroad.	I usually get into a routine of buying certain brands.
I do it all the time.	I don't fear new brands, but I also don't go out of my way to try them.
“When in Rome, do as the Romans”.	I buy what's familiar at grocery stores.
I like to go against the norm.	It depends on the product. I will try new brands with snacks, but not with face soap.
I buy some familiar ones and some new ones.	I'm too afraid of what I might try.
I don't look for familiar brands. Buying unknown brands is part of blending into society.	I feel more comfortable spending my money on something I already know I'll like.
I look at what other people buy as they are locals and know what should be bought.	

The two stories presented above describe the same situation but in two opposing ways. The first one is negative and talks about fear and risk. The second one has a more positive approach highlighting the excitement and willingness of figuring out new brands. It seems that a more positive approach makes participants be more sincere as disagreeing with the second statement was easier than demonstrating fear in the first one. That could be an explanation to the inversion of percentages between the first and second stories.

Moreover, verbatims show that participants try to diminish the fear or risk effect in the second story, by relating to few product categories.

Without mentioning fear or risk, the third story talked about feeling alone and most part of the participants agreed that brands could be seen as familiar faces. Those results are in line with the first and second stories, where participants were more inclined to buy well known brands.

Advertising is very often a taboo subject to consumers. They rarely want to admit they are influenced by it and that could explain why the

great majority of participants disagreed with this last statement.

**Storytelling**

Inspired of the completion projective techniques as well as on Greimas' model, this method asked participants to continue the story presented below by following the associated directions.

They were tired, but happy. Everything was new and different. While excited about experiencing expatriation, they were worried. They felt as being heroes in a novel, which goal was to survive in a new environment by adjusting to it. And, as in a novel, they knew there would be problems, that they would be facing adversaries and that to bypass all barriers they would need supporters.

**Please continue the story by using brands and advertising.**

It seemed that writing a story with inhuman characters was tough task to the participants. They spent between 10 and 30 minutes to write down the story and seemed to be somehow disturbed by the exercise. However, some verbatims were very explicit:

*When you first arrive in a new country, you feel lost and confuse. The first things that you see at the airport are billboards, and when they are about brands that you already know you feel at bit at home. After a while, local brands will become part of your life. You will feel more secure and less lost.*

*When I arrived in the airport, I felt as the only fish in the ocean, because I didn't know anyone. Then, there was an ad for Heineken beer and I went to a bar to drink it with some Lay's chips while seeing*

*ads for cars and watches at the bar's TV, and was wondering in which McDonald's I would have dinner that evening.*

It seems that projecting themselves in other persons' words is easier than going through a whole story participants are to create. They had a real difficulty to give life to brands and advertising as if they were real agents, as the relationship between consumers and brands is still very conventional. This difficulty may be inherent to the storytelling method, because the way the story starts can very strongly influence the continuity of it. If it is not precise enough, respondents will not use agents as they would be expected to by the researchers, but if it is too guided, this will bias participants' responses that will try to continue it as indicated.

**Table 3. Sadness and Shopping**

*One day I was so sad, that I decided to go shopping and look for things that could make me feel better. I was feeling alone and had no one to talk to. No one could understand my feelings. Then I found lots of brands that I knew. Some I already used at home and some not, but I was familiar with them. I was so happy that I finally could see "familiar faces".*

Agree – 59%	Disagree – 41%
It is more comforting to get something that I have at home at certain times when I was feeling down. This would be a really reassuring experience. It is nice to see brands from home, it reminds me home.	To me, the most important is to know what the product is.
When I feel alone, I eat things that remind me of home.	I don't associate brands with home.
Seeing familiar brands does make me happy at times. It is a way of finding comfort.	I've been excited to learn to fit in with the new culture.
Familiar brands can be comforting. I was said one day and went to a French patisserie.	I don't go shopping to make myself feel better.
Seeing familiar brands always makes me feel better.	Familiar brands have never comforted me when I was sad.

**Table 4. Interacting with the Advertising**

*I was wondering what I should do to adjust to this new environment, so different from mine. I didn't know how and who tell about how I felt. I was watching TV and saw one advertisement for that brand that I already knew but I didn't use at home. That ad showed a person that wanted to be accepted by the others and didn't know how to work it out and did it by using that brand. Suddenly, I identified myself with that ad as I had found "someone that understood how I felt and told people what I would like to tell them". It was a happy moment. Since that day, I use that brand.*

Agree – 24%	Disagree – 76%
It is reassuring to know that someone else has felt the same way I do.	I don't pay that much attention to ads.
It is nice to be included in part of a group that feels like me.	A brand doesn't have that much of an effect on my life.
Relating to the person in the ad allows relating to the culture.	A brand cannot usually change my mood or feelings to such an extreme.
Identification through brands is powerful especially between different cultures.	I haven't identified with anyone in any ad abroad.
	I'll use that brand if I see everyone else using it in real life, but not from an ad on TV.

## MANAGERIAL IMPLICATIONS

Evidence from this study contributes to the existing research on the use of qualitative methods in marketing research. Indeed, managers should use projective techniques to deeper understand the brand through the eyes of the expatriates as consumers. Furthermore, brand's meanings change from place to place and from person to person following the type of life they experience. Expatriates change clearly their behaviour when they are abroad, because brand's messages refer less to the product and more to the consumers' values and aspirations. Although many brands target global audiences, researchers and practitioners neglected this growing target that is composed of people that are never locals, but try to survive in several different cultural environments. Indeed, the average length of expatriates' assignments is four years and after re-entry they start preparing to go to a new destination. It is of interest to both marketers and researchers using appropriate methods to understand expatriates relationship with brands as it can be quite different from the relationship locals can have with the same brands. Using methods that allow going deeper in consumers' feelings provide researchers and practitioners with more accurate information which will be better basis for adequate decision making in brand management. Indeed, so far international companies and researches have focused on different consumers in different countries for the purposes of making standardization or adaptation strategic decisions. Thereby, same consumers living in different countries, that are the expatriates, represent an increasing target often neglected by both companies and researchers. Expatriates might modify some of their consumption habits when they are abroad, but they remain being the same individuals and might not be included in local consumers' segments.

## LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The main limitations of the present research are its restricted sample and its unique nationality. Although the chosen method was qualitative and that the research approach was exploratory, a larger sample to each method would give better understanding of the performance of each technique in describing expatriates' relationship with brands. Analyzing only one culture is not unfair if we assume that expatriates are a universal target and that they tend to act the same way independently on their culture of origin. Nevertheless, a cross-cultural research would certainly clarify this statement by showing if differences in behaviour are observed and if they can be explained by cultural differences.

## CONCLUSION

The findings reported here on the efficiency of different projective techniques applied to expatriates have general implications. Performance with each projective method was seen to differ in richness and transparency across both samples. The story reading make participants feel more free to agree or disagree with what was said by other expatriates, whereas the storytelling asked them to create a situation in which they should give life to the brands, which was very surprising to them. However, different formulation of the initial story for the storytelling method can also have a impact on the way participants will continue it and it would be worth to try other versions in future research.

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# IMPLICIT MEASURES OF ATTITUDES IN CONSUMER BEHAVIOR: CONCEPTS, ISSUES, AND FUTURE DIRECTIONS

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## ABSTRACT

Extant literature in consumer behavior is overwhelmingly based on explicit or self-reported measures. Alternatively, implicit measures of attitudes provide viable options to gaining deeper insights into consumer behavior. We propose the use of implicit measures of attitudes in combination with existing explicit measures as a means of enhancing the value of consumer research.

Implicit attitudes are thoughts or feelings that are not available to introspection and hence cannot be identified or are identified incorrectly. In contrast, explicit responses are controllable and intentional. The nature of explicit attitudes means that their measurement is susceptible to social desirability biases, biases created due to the experimental situation, and the inability of respondents to introspect and determine the reasons for their behavior. Implicit measures may be able to overcome these deficiencies, and determine the true causes of behavior.

The "Implicit Association Test" is one of the most widely used measures of implicit attitudes. In this test, implicit attitudes are measured through response latencies (the individual's response times to associate items with categories of stimuli). Response time (latency) is used as a proxy for the strength of the association between the concept and an attribute.

While they seem to be a viable alternative to traditional measures, implicit measures have certain limitations which have been addressed in literature. Much of the criticism addresses the lack of correlation of implicit and explicit measures of attitude and the possibility that the implicit testing procedure could also be subject to self-presentational biases. Other criticisms are with regard to the reliability and validity of these measures. In consumer behavior research, implicit measures have been used in various contexts, some examples being the phenomenon of implicit egotism and the prediction of brand preferences. There is also considerable literature advocating implicit measures, as well as addressing their disadvantages.

The use of implicit measures has been shown to improve the prediction of behavior when used in conjunction with explicit attitude measures, rather than when the latter were used alone. They have also been observed to be independent predictors of behavior, making it especially useful in the consumer behavior context. However, given the controversy regarding the lack of correlation between implicit and explicit measures, as well as the issues of validity and reliability, it is recommended that implicit measures be used in conjunction with explicit measures. Future work could focus on the conditions under which implicit attitudes predict behavior better than explicit attitudes; rather than accept their validity and reliability regardless of context.

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# USING ETHNOGRAPHY AS A METHODOLOGY FOR MARKETING INSIGHT: AN APPLIED EXAMPLE

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## ABSTRACT

*Ethnography is qualitative research method that goes beyond focus groups and studies consumers in consumption settings. It enables enhanced insights into product usage and benefit structures both desired and expected. The ethnography method is illustrated through an applied example of three studies using naturalistic observation to develop a grounded theory model of the adventure travel expedition market.*

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## INTRODUCTION

More and more baby boomers are in their 60s and have been relieved of the burdens of putting kids through college, graduate school, and medical school, as well as making house payments. This is a predictable stage of the consumer's life cycle. The question for marketers then is "What are these baby boomers doing with the free cash flow that the higher cash levels created by the loss of those financial burdens?" Increasingly, they are rewarding themselves with benefits they had postponed because they had believed they had other priorities. Those benefits include consumption experiences such as the Harley or luxury car they always wanted and traveling to exotic places for recreational experiences. In other words, baby boomers in their 60s have the money and they are finally able to "Just do it."

The baby boomers and other empty nesters just behind them are evolving into an economically attractive adventure and experience seeking market segment with the money to pay for it. The "empty nest" status and greater disposable income as people age have fueled an expanded market for high-end recreational experiences. These are people who are still healthy, lead active life styles, and want to both maintain the image of and live a youthful lifestyle.

Pine and Gilmore in a 1998 *Harvard Business Review* article referred to this phenomenon as "the emerging *experience economy*." They suggested that it represented a fourth economic offering beyond the traditional commodities, goods, and services categories. Cruise line companies responded to this trend by billing more of their voyages as adventure travel. What constitutes true adventure travel, however, may be more action oriented than those offerings. This article reports a study of the more action oriented version of "adventure travel," i.e., a type of travel experience that takes smaller groups of

people on expeditions to out of the ordinary travel places.

This article studies the delivery and consumption of services in the expedition segment of adventure travel market by using ethnographic methodology to examine insider's perspectives about actual adventure travel experiences in terms of motivations, behaviors, expectations, and outcomes. Three different examples of adventure travel to extremely remote locations are covered: (1) An expedition to the Antarctic Peninsula for scuba diving; (2) An exploration of the Antarctic Peninsula that examined sites related to Sir Ernest Shackleton's ill-fated voyage of his ship the *Endurance* including following his path from the Antarctic Peninsula to Elephant Island where he left his men while he sailed to South Georgia Island, the next stop in this expedition; and (3) An expedition that started from Spitsbergen, Svalbard (a Norwegian island complex northeast of Greenland, and well above the Arctic Circle), crossed the Greenland Sea exploring ice fields along the way, and continued westward to explore historical Inuit sites, fiords, and ice fields along the east coast of Greenland. The ethnographic methodology was used to develop, and with each subsequent trip, refine a model of the adventure travel consumption experience. The analysis of those trips was then guided by that model.

This article first presents some background on the importance and role of ethnography as a research methodology for marketers. It then examines the ethnology methodology with emphasis on relevance to marketers who want to gain more in-depth understanding of behaviors of consumers in specific environments. That is followed by a discussion of the three similar, but distinctly different, environments in which the ethnography methodology was applied.

## BACKGROUND ON ETHNOGRAPHY

According to Maanen (1988) ethnography is a "...written representation of a culture (or selected aspects of a culture)." As a qualitative research technique, ethnography methodology is often associated with anthropological studies oriented toward the description of cultures. It has been used extensively by anthropologists in studies ranging from sociological phenomena to how consumers use products in their homes. Such studies typically require researchers to be immersed in field work within specific environments to learn the nuances of the phenomenon. Schensul, et al. (1999) described the ethnographic process as seeking to "generate useful information about culturally patterned beliefs and behaviors and reasons accounting for behavioral and other forms of diversity within groups." Two terms are used to describe the outcomes of such studies:

Emic - The context and subjective significance (the emic) of experience for particular groups of people

Etic - the comparative and interpreted (etic) cultural significance of the experience (Denzin 1989)

Marketers have used ethnographic methodology within consumption settings to better understand actual product use, the emic; and to gain insight into desired benefit structures resulting from that use, the etic. As in anthropology, marketers conduct field work within specific environments to learn the nuances of the phenomena, followed by analysis, theory construction, and interpretation.

A number marketing studies have examined consumers in consumption settings. Early examples include two *Journal of Consumer Research* articles that studied "high-risk leisure consumption of skydiving" (Celsi, Rose, and Leigh 1993) and "extraordinary hedonic experiences" associated with river rafting in the Colorado River basin (Arnould and Price 1993). Another article in *Journal of Retailing* examined "the patterns of farmer/vendor behaviors and buyer-seller interactions" in a mid-western farmers' market (McGrath, et al. 1993). Each study involved going to the activity's location, observing the activity, and interviewing the consumers as participants. In both cases of river rafting and skydiving, the researcher actually participated in the activities to gain internal viewpoints of them.

Some consumption setting phenomena may extend outside the normal market environments and may be identified as subcultural phenomena. Schouten and

McAlexander (1995) studied and identified one such market setting as the subculture surrounding the Harley Davidson motorcycle. Belk and Costa (1998) explored contemporary phenomena of cultural reenactment activities by studying people who spend leisure time reliving experiences of pioneer times. Penaloza (2001) also studied activities in which consumers participate by examining the phenomena of Western stock shows and rodeos.

Other marketing centric studies include Couplan's (2005) study of "invisible brands," which are products not associated with the consumer's identity, Carla and Echardt's (2008) study of how brand managers created markets for regional Asian brands through the construction of a "transnational, imagined Asian world," and Chaplin and John's (2007) study of how consumers' incorporate brands into their self-concepts. Marketing strategists have suggested that information collected through field work within actual consumption settings may provide useful insights for formulating strategies to strengthen customer orientation and enhance exchange and longer-term customer relationships (Arnould and Wallendorf 1994).

Approaches to ethnography invoke interviews combined with observation, so marketers must understand the potential impact of each on research findings. Interviews with consumers as individuals or small groups provide specific information while observation provides insight regarding the context of the consumption setting. Observations of consumers over time enable progressive contextualization, which is the nesting of what is learned within larger contexts.

Projective techniques that have consumers describe "other peoples'" behaviors may be useful if there is a tendency to give socially acceptable answers and commentary. Translating information from fieldwork into a textual report is partly done by recording a narrative of the consumption experience (Hammersley and Atkinson 1995). By observing and reporting behaviors, the marketer identifies the larger themes that play out in the consumer consumption setting.

A range of consumers as informants is critical for the marketer to grasp different perspectives and to gain insights into alternative explanations. That having been said, sample sizes for an ethnographic study can be quite small, perhaps as few as 8 to 15 subjects. While quantitatively oriented researchers may be quite uncomfortable with these small samples, marketing decision makers, many of whom are accustomed to working with information from focus groups, do not seem to be deterred by the small

samples and have found the resulting quality of insight into consumer psyches to be rewarding.

Ethnographic methodology has been adopted by a number of commercial research firms. Good examples its application to new product development can be found at [www.pointforward.com](http://www.pointforward.com). As this is a methodology receiving increasing attention from major consumer goods companies, marketing educators should understand its methods and potential and experiment with its use.

While ethnography is a qualitative research technique, there are PC based analysis programs such as NVivo, XSight, and even SPSS that enable the efficient coding of interview text and subsequent quantification of its content. While the basic data collection is done by interview combined with observation, the analysis process can take advantage of technology to facilitate both the inductive and deductive analysis process.

## METHODOLOGY

The research strategy followed in the three different examples of adventure travel research studied involved the researcher being immersed within the cultural context of the travel experience with the goal of identifying the emic unfolding for the participants. Data collection included both observations and semi-structured interviews with open-ended probes. Interviews were conducted in the same settings in which the extended participant observation was concurrently taking place (Denzin 1989; Fetterman 1989; McCracken 1988). This kind of fieldwork is generally used to arrive at “grounded theory,” an approach of studying the environment and the activities occurring to determine what the interactions are and how information about them can be interpreted. Since there is typically no prior information about the consumer consumption setting and the activities that will occur, theory is then viewed as “emerging” from the observations.

The observation and interview process used in this research is known as “naturalistic observation,” i.e., going to the activity location in which experiences were taking place and both observing and interviewing the participants concurrent to their experiencing their adventures. The goal was to conduct a “market-oriented ethnography.” Arnould and Wallendorf (1994) defined this approach to ethnographic research as follows:

“Market-oriented ethnography provides a conceptualized understanding of the meanings of product use that goes beyond the individual brand or product attributes that managers may be

accustomed to considering; it studies the meaningful behavioral constellations in which product or service use is embedded.”

For this article, extended participation and attendant interviews were conducted by the author who participated in two expeditions to Antarctica totaling 31 days, and a 14 day expedition in the Arctic. The setting for these studies will be used to exhibit the methodology of ethnography and how it enables insights into the benefits consumers are seeking to gain from adventure travel expeditions. The objective of conducting three studies was to observe consumers over time, determine if there were stable conditions occurring that transcended local contexts (Hammersley and Atkinson 1995), and use the progressive contextualization so achieved as the basis for development of a grounded theory of the adventure travel expedition experience.

## IMPLEMENTING THE ETHNOGRAPHIC RESEARCH PROCESS

An ethnographic data collection and analysis approach was applied during three immersions within the culture studies reported in this article. The narrative themes identified during those studies are reported below along with the grounded theory model that emerged from the analysis and interpretation of the interviews and observations. That model and the insights gained are assessed and suggestions for further research presented.

### Study 1 – Antarctic Scuba Diving Adventure

The first of the studies was of a group of 8 people, including the author, who were engaged in a scuba diving adventure to Antarctica. Scuba diving is a sport that involves using self-contained underwater breathing apparatus (scuba) to explore the underwater environment. It is a sport that requires training and specialized equipment.

Individuals may engage in the sport in a variety of environments. In inland areas, the divers can conduct local dives in lakes, rivers, springs and associated caverns, and abandoned mine pits. The conditions for those dives tend to include limited visibility and cooler water. The closer people live to the ocean, however, the more likely they are to dive there instead.

Scuba diving in the Antarctic was not like anything the divers had ever experienced. The water was 29 degrees Fahrenheit, just above freezing for salt water. The equipment was much more specialized with dry suits required, numerous layers of specialized undergarments for warmth, and warm

hoods. Life support equipment included dual, cold water certified regulators attached to a special valve that enabled isolation of a regulator that froze up and started free flowing ones air supply while underwater.

The divers were not experienced with diving in water this cold, so it definitively represented a new and personal challenge. The trip required divers to certify that they had had a minimum of 20 “cold” water dives in their dry suits, but this setting was much colder. Ages of the divers ranged from 31 to 68 and experience levels in cold water were mostly at or just above to the required 20 dives.

**Themes identified.** For this first trip, the interviews provided several common identifiable themes. The four primary constructs surrounding those themes appeared to be the adventure creating activity, the destination itself, the activity environment for the adventure, and the temporal community of participants.

The first construct “the destination itself” fits within the domain of personal enrichment of the private-self. The participants frequently expressed that travel to exotic and remote destinations like Antarctica was a behavior related to a personal life goals. Belk (2005) referred to such a goal as a “life project.” Most had made numerous such trips. One participant commented “There is probably a better way to spend \$14,000, but I was going to come to Antarctica eventually. “[It was] a check box.”

The construct of an “adventure creating activity” was also evident in the interviews. The participants talked of the personal satisfaction and excitement of diving with killer animals, in this case the Leopard Seal, a very large animal with a very big mouth and sharp teeth. That animal had recently killed a snorkeler in Antarctica by dragging her underwater, so that danger was definitely a topic of conversation. The Leopard Seal made its presence known on the very first dive and really got the divers attention. On later dives though, they “said” that they were hoping one would reappear underwater during a dive. There were definitely some adrenalin junkies in this group. One of the divers commented that “The idea is to find the right adventures at each stage of life.”

There was definitely a level of challenge associated with the adventure creating activity construct. Discussions focused on equipment, undergarments needed for warmth, issues of buoyancy related to the dry suits required for this diving, and ways of dealing with potentially aggressive Leopard Seals should they appear. A history of dealing with challenges like this was

common among the group’s members. One commented that it was a process of “confronting something inconceivable and then conquering it.” Another expressed a desire to “go places and do things that few other people would ever have the opportunity to do.”

Within a more public dimension of the trip experience was a construct identified as the “activity environment.” This construct encompassed the personnel and facilities supporting the participants’ engagement in the adventure activity. This ship was staffed with two Dive Masters who were charged with managing and supporting the diving activities. The Dive Masters’ job was to provide briefings for the dives and to maintain as safe a dive experience as they could. That was very important given the extremely remote location of the activities. Both were experienced polar water divers and, in fact, this ship had pioneered taking recreational scuba divers to Antarctica. The proper support equipment was present and well maintained.

About half of the group had sought out this trip specifically for the diving, while the others indicated that it was “a bonus” for the trip. They were planning to come to Antarctica, but got really excited at the possibility of scuba diving opportunities. This decision to dive required a good bit of financial and time commitment since only three of the divers had previously owned any of the equipment necessary for polar water diving. Expenditures ranged up to \$6,000+ for equipment and training in preparation for the trip. A lot of money perhaps, but they were going on an adventure to one of the most exclusive and least visited recreational dive destinations in the world.

The fourth construct identified was “temporal community.” In this case it was a temporal community of like minded adventurers who came together and supported each other for those 12 days of scuba diving activity. They were bonded by both a common interest and a common problem, that of diving in and surviving within an incredibly hostile and dangerous environment. By doing so though, they became members of a small, elite community of divers who had actually experienced Antarctic diving – a site so remote and difficult that it is prohibitive for all but a very small number of divers. From their perspective, it was a worthy goal.

The community of divers quickly became a group distinct from the remainder of the guests on the ship, or the “tourists” as the divers came to call them. The “tourists” also became enamored with the divers and eagerly sought to learn about their daily adventures. This very public persona reinforced the divers’ sense

of distinctiveness, a role they grew to relish during the trip.

**Model development.** The four constructs identified and described above provided a basis for the development of an “emerging” theory about the relationships among them and the theoretical environment within which they fit. Those four constructs were organized within the two domains of “Personal-Self Benefit” and “Public-Self Benefit.” Then two dimensions related to personal enrichment of the private self and public persona relating to the public self were added. The theoretical model that emerged from this first study and then evolved during the other two is shown in Figure 1.

## Study 2 – Antarctic Expedition to Historical Sites

The second study consisted of interviews from among and observations of a group of 56 individuals ranging in age from 39 to 80 who were on an expedition that took them to the Antarctic Peninsula, from there to Elephant Island, and then on east to South Georgia Island. This expedition followed the route taken by the British explorer Sir Earnest Shackleton on the return leg of his famous and nearly tragic 1914 – 1917 voyage of exploration to Antarctica aboard the ship *Endurance*. That story had inspired many of the guests to join this expedition of exploration of the historical sites relevant to that famous voyage.

This trip provided a different sort of adventure traveler to study. It also enabled the assessment of the applicability of the model developed from the diving study to a different group. It was still a group of individuals on an adventurous expedition, but this time there was no predefined special activity group, just participants whom the scuba divers on the previous trip had called the “tourists.”

This voyage was also aboard the *Polar Pioneer*, a former Russian “weather research” vessel from the Cold War days that had been refurbished as a passenger vessel and was under charter to Aurora Expeditions of Australia. The total number of expedition members was 56. This was a rather lengthy trip lasting 19 days.

Unlike larger cruise ships visiting the Antarctic, this expedition had permission to make landings on shore to explore historical sites, hike the hillsides, or to just cruise around in Zodiacs photographing and observing wildlife and the iceberg and glacier scenes. The expeditions run by Aurora are billed as having only a general agenda surrounding specific destinations with daily decisions made about which places to visit and where landings are to be made, all

depending on weather or other conditions. Spontaneous response to opportunities for unique experiences characterized this trip.

Similar to the first trip, the model’s four constructs of the destination itself, the adventure creating activity, the activity environment, and temporal community of travelers reappeared. Their operationalization, however, was a bit, but not dramatically different.

“The destination itself,” in this case Antarctica and South Georgia Island, was identified by many participants as a lifetime goal. One adventurer had read about Shackleton’s voyage of exploration in Antarctica 20 years previously and had been planning since then to some day to go there. Others had read about Antarctica in the Shackleton story as well as in various geographic magazines. One had laid out her travel plans for the remainder of her lifetime 17 years previously and was checking off one more of the boxes on her plan. Global warming threats had also played a role in decision making as evidenced in statements like “...wanted to see it before it changes” and “wait and see less.”

For all of the guests, it was a place “I always wanted to come to see.” For some, this was one of multiple trips to Antarctica. One agile 80 year old was on his 8<sup>th</sup> trip and he was planning to come again. He had even worked there as a carpenter one summer many years before. Several others had been to Antarctica more than once. Inspiration came from a variety of sources with many of those plans starting in more youthful and less financially able times. These individuals were almost universally well traveled with trips to remote and exotic places like Siberia, Tibet, Galapagos, Arctic, and Himalayas commonly mentioned.

**Themes reinforced.** The construct of “adventure creating activity” was also evident in this group. They commonly considered themselves to be active adventurers, but did not necessarily consider this trip to be truly “adventure travel.” One 48 year old said:

“This is not adventure travel, but travel to a location that is not common. [For me this is] a preview of adventure travel to be done.”

This individual was formulating a plan to use his prior adventure experience of solo sailing to take a trip to Antarctica in a sail boat. Other participants had different perceptions. One 70 year old emphatically stated: “it is an adventure for me.”

The third construct of “activity environment” was also found to be at work with this group. The trip required a good bit of physical fitness to do all the

climbing around hills that was taking place. Interestingly the participants seemed to be up for it. In one case there was a 7+ mile hike in cold rain that crossed over the mountains from the west coast to the east coast of South Georgia Island following in the footsteps of Shackleton's famous crossing of that island. All but two of the 56 trip participants made that trip. This was a tough group of hardy travelers that were definitely up for some adventure.

The last of the four previously identified constructs was that of temporal community. Here again the public persona construct appeared to play a role. During times on the boat, participants actively exchanged stories about the myriad exotic and remote places they had visited and the exciting adventures they had experienced on those trips. Interestingly it was not a one-upmanship sort of activity. Rather it appeared to be more of a sharing of a common interest in traveling to remote, exotic places to feed a lingering sense of a need for adventure in what ever form it may take. Once again, there was a temporal community of people with shared interests. This sharing of stories appeared to be inspiring others to plan trips to places previously unknown or not yet experienced.

This particular temporal community was much larger than that found in the previous study or the one that follows. That created a challenge for the trip organizers to bond them together. Methods of creating community spirit included: a daily newsletter, mid-trip assembly to discuss expedition accomplishments and remaining goals, and a daily ship's log written each day by one of the expedition's participants. That log was subsequently published online along with photos, poems, and drawings.

There was an interesting informal subgroup within the community made up of highly skilled photographers including a famous panoramic landscape photographer from Australia. These talented photographers exchanged ideas, shared images with other passengers, and in general created a heightened awareness of the artistic potential, scale, and beauty of the environment the expedition was visiting.

### **Study 3 – Arctic Expedition to Spitsbergen and the Coast of Greenland**

The third of the three studies involved interviews with and observation of a group of 9 individuals engaged in a sea kayaking adventure focused on areas around the Greenland Sea, all north of the Arctic Circle. This was again an expedition on the Polar Pioneer and managed by Aurora Expeditions of Australia.

The trip started with an exploration of the south west coast of Spitsbergen, Norway, crossed through some ice fields as it moved across the Greenland Sea, and then explored numerous fiords along the east central to southeast coast of Greenland. The kayaks were of a type known as sea kayaks. They have a rudder controlled by one paddler, so steering was relatively easy. There were two one-person and several two-person kayaks available. All of the participants had some prior experience in this type of kayak.

**Themes reinforced.** Once again, the themes, domains, and constructs in the model in Figure 1 reappeared. The interviews revealed the personal self benefit domains constructs of adventure creating activity and the destination itself to be very important. The desire for personal enrichment manifested itself through their engagement with the environment and the vigor with which kayakers paddled between glaciers, icebergs, and cliff scenes. The expedition provided ample opportunities for knowledge enhancement with lectures by knowledgeable speakers about what could be found at each location.

The importance of the destination itself was also apparent in the responses during the interviews. While the Arctic did not appear to have the romantic attraction of Shackleton and the history of Antarctic exploration, it was definitely on their list of places to see before they died. Both Spitsbergen and Greenland presented vast landscapes in clear air environments with visibility for many miles. Such was the scale that it was confusing as to just how big or how far away things really were. Quotes like the following express the reaction of many participants including in this case one of the kayakers:

“Total awe at the size of it. Disbelief, as well as your whole perception just does not make sense. You are looking at ice, BIG chunks of ice, floating in front of these massive cliffs. You know, am I seeing what I think I am seeing. Look away! Look away! OK, get some perspective, look back. Aaaaaah! Oh my god, it's so BIG!”

“The distances are so deceptive. You see a beautiful berg you want to take a look at it so you start paddling over to it. It does not look far away, but after 45 minutes of paddling you are not even close yet.”

The kayakers were most interested in the adventure creating activity of kayaking in this setting and the fact that it brought them closer to the environment, engaging them intimately with the

scene while presenting a challenging setting. Most of the kayakers did not see this as a place they would have gone without the kayaking opportunity. Three of the kayakers, for example, were on lengthy round-the-world trips one on an 85 day trip by herself and a couple on an 8 month trip. They had chosen this voyage in order to engage in the kayaking adventure.

Thus for the kayakers, this place was important because they could get close to the environment through the adventure creating activity of kayaking. There was a danger and an adrenalin generating component that was apparent both from their discussions of the dangerously cold water and the danger of large chunks of ice falling from the massive glaciers and icebergs that the group was paddling near. A glacier calving off chunks of its face can create very large waves and huge icebergs can roll over without warning.

The activity environment was similar to the experience of the scuba divers in Antarctica. There was one professional kayak guide in charge and he had had many years of experience at leading groups on similar explorations, both in the Arctic and the Antarctic. The ship afforded a comfortable and well appointed setting for this activity. Assurance of professionalism and competency were expressed as important to the choice of this venue for kayaking in the Arctic.

The temporal community once again appeared for the kayakers. They became a very public component of the expedition as the other participants were quite interested in their activities. The group was prone to eat together at most meals and spent a good bit of time exchanging stories about their experiences kayaking or engaging in adventurous activities in other exotic and remote locations. They also enjoyed the attention given to them by the photographers on the expedition as the bright yellow and red kayaks along with the colorful dry suits the paddlers were wearing made very nice pictures when contrasted against the bright white and brilliant blue icebergs.

## CONCLUSIONS

The purpose of this research was to study the delivery and consumption of services within the adventure travel expedition market. This market caters to individuals seeking out-of-the-ordinary travel experiences, typically to remote locations and involving some element of risk and, thus, adventure.

The approach to this project was to use a market-oriented ethnographic methodology (Arnould and Wallendorf 1994) to obtain an insiders perspective of the actual consumption experience during such an

expedition. The methodology chosen for the three studies was an ethnographic research approach called naturalistic observation, a research method derived from an anthropology process of immersion into a setting and both observing and interviewing the participants.

Based on extended participation, observation, and interviews a model of the adventure travel expedition experience was developed and refined. That model illustrates that there are multiple dimensions to the adventure travel experience. Both personal enrichment element of seeking out activities that enhanced knowledge, feelings of self-identity, and an element of personal challenge were evident from the interviews. Also important was the self-concept that the participants projected to their friends and colleagues. The importance of a public persona as an adventurer, world traveler, and a person who pursued the unusual was latent in their comments.

Four constructs organized into two benefit domains constituted the core of the model. The personal self benefit domain included the adventure creating activity being pursued and the destination where it was taking place. These two constructs illustrate the benefits that individuals seek in pursuing adventure travel. Elements of personal challenge through the types of activities pursued and the unusual places they go to pursue them are evident here.

The second domain illustrated in the model is that of public self benefit. Within that domain, the activity environment provided insight into the participants' expectations for support from the vendors for their adventures. Since these activities included elements of high risk, this support was a definitive element in the choice process. The temporal community was a very interesting construct. This component of the experience really stood out when a particular adventure activity was imbedded within a smaller segment of the larger group. These activity groups developed their own identity and clustered within their interest group cohorts for reinforcement, support, and social activity.

The practical application of the outcomes of this research relate to the marketing of true adventure travel. That means travel in relatively small groups to engage in challenging activities in very remote and exotic destinations. The expedition format on vessels with smaller numbers of passengers was important to attracting these participants. The marketing information derived is most relevant for that segment of the travel industry catering to true adventurers, those individuals who can afford and are interested in more challenging travel adventures.

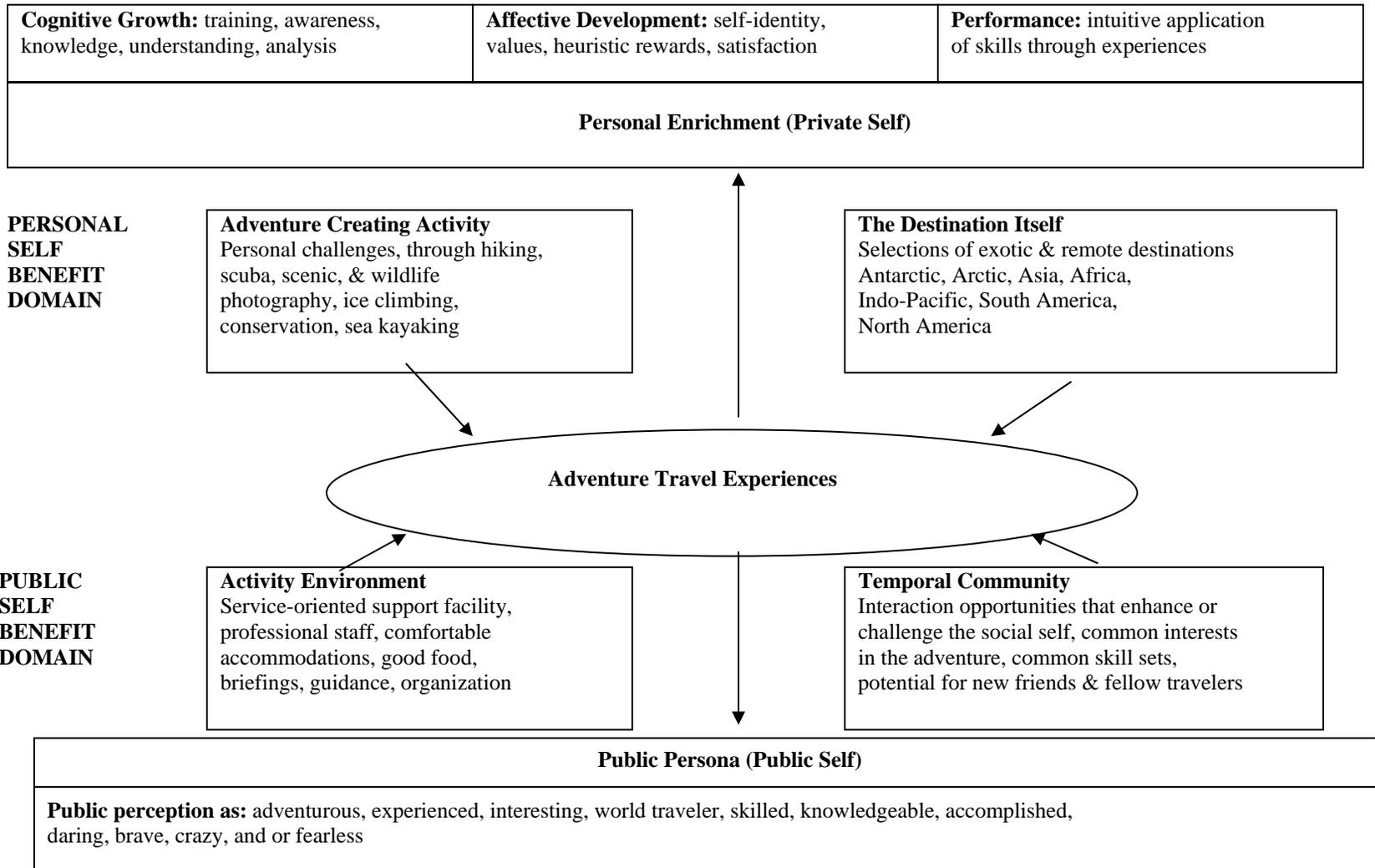
The participants in the expeditions studied ranged in age from 31 to 80, were all child free in that they either did not have children or were empty nested at this time, had the time and money for such travel, and were either fulfilling life time goals to visit destinations or just enjoying a very adventurous lifestyle. They were motivated by intellectual curiosity, a desire for adrenaline inducing activities, and an attraction to the physically challenging aspects of their adventures. It is a market that expects somewhat if not totally challenging adventures to the more remote reaches. They want a high-quality support base for their adventure since the remote locations are hazardous at best, and they expect competent leadership from the organizers of the trip.

The market segment identified through these studies is not a cruise ship vacation market. These individuals overtly expressed that they were absolutely not interested in travel with hundreds other passengers on a floating hotel/casino that may be called an adventure in the promotional materials.

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Figure 1



# DO LOYAL CUSTOMERS FORGIVE YOUR MISTAKES?

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## ABSTRACT

In a service dominant economy, customer satisfaction is the primary focus of many firms. However, service encounters involve human endeavors and service failures often occur. Service recovery becomes an important strategy to keep customer satisfied. Based on expectancy-disconfirmation paradigm, understanding and gauging customer recovery expectations is necessary for an implementation of an appropriate recovery strategy. In addition to factors identified by previous studies, which examined customer recovery expectations, we examine how different types of customer-firm relationships affect consumer recovery expectations.

Researchers use customer loyalty to describe the relationship between customers and service providers. Three types of loyalty are identified by previous studies. Behavioral loyalty represents repeat purchase behavior. Attitudinal loyalty includes a degree of dispositional commitment toward the service provider by customers. Loyalty to service employees focuses on interpersonal relationships between customers and employees of service providers.

Building on expectation-disconfirmation paradigm in marketing, we posit that behavioral loyalty and attitudinal loyalty are positively related to consumer recovery expectations. Based on the interdependent theory in psychology, we develop two competing hypotheses regarding the relationship between loyalty to service employees and consumer recovery expectations.

Managerial implications of this study are also significant. Assuming that consumers are more likely to forgive the mistakes made by service providers when they have close interpersonal relationship with service employees, management can, therefore, combat the negative effect of the service failures by encouraging service employees to build personal relationship with customers, thereby increasing overall performance of the firm.

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# IDENTIFICATION OF THE DIMENSIONS OF CONSUMER ALTRUISM

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## ABSTRACT

*The objective of this research is to identify the dimensions of consumer altruism in a product purchasing scenario. A refinement of existing scales that address the interaction of cultural, cognitive, and behavioral determinants of altruism is conducted. Eight new dimensions of altruism are identified and discussed.*

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## INTRODUCTION

Although there are numerous elements that influence consumer purchase decisions, altruism is considered to have a major and important influence (Simon, 1993). Altruism involves actions taken by an individual that voluntarily benefit another person without the expectation of reward from external sources (Bar-Tal 1976; Berkowitz 1972; Macaulay and Berkowitz 1970). In this paper research is reported that tests established altruism scales to determine if there are differing or additional dimensions of altruism that may provide further understanding of buyers' motivations as they relate to purchasing a product with a high service content. The altruism scales that are tested and refined in this research are based on three elements: 1) ethnocentrism - a universal tendency for people to favor their own group over others (Shimp and Sharma 1987) cognitive moral development - the way in which individuals acquire over time an increasingly accurate understanding of their moral obligations (Rest 1979); and 3) altruistic behavior - a behavior which is carried out to benefit another without anticipation of external rewards and performed for its own end and restitution (Bar-Tal 1976; Kohlberg 1969; Rushton 1989). These are now discussed.

*Consumer ethnocentrism* is based on the universal tendency for people to favor their own group over others (Levine and Campbell 1972) and represents the beliefs held by consumers about the propriety of purchasing foreign products (Hamin 2006; Shimp and Sharma 1987). Ethnocentric consumers may regard the purchase of imported products as being wrong as such; purchases negatively affect the domestic economy, increase unemployment, or are unpatriotic. Non-ethnocentric consumers may evaluate foreign products on their own merits without regard for the origin of their manufacture. Shimp and Sharma (1987) developed the

CETSCALE to measure consumers' ethnocentric tendencies toward purchasing foreign- versus American-made products. *Cognitive moral development* is defined as the way in which individuals acquire, through time, an increasingly accurate understanding of the nature of their moral obligations (Rest, 1979). Research has documented the process of moral development to warrant generalizing the progressive nature of moral development hypothesized by Kohlberg (1969) across many populations and cultures. Cognitive moral development may be considered a preliminary condition for the individual to exhibit altruistic behavior and consumer ethnocentrism. Rest's (1986) Defining Issues Test (DIT) is designed to measure used to measure cognitive moral development. *Altruistic behavior* is defined as voluntary behavior that is carried out to benefit another without anticipation of external rewards and is performed under two circumstances: for its own end and as an act of restitution (Bar-Tal 1976). The personality traits of the socially responsible person are based on the discovery of a pattern of concern about broad ethical and moral problems (Gough, McLosky and Meehl 1952). The Self-Report Altruism Scale (SRAS), a 20-item test developed by Rushton, Chrisjohn and Fekken (1981) is used to measure altruistic behavior.

The study population consisted of a multistage cluster sampling of households from a suburban metropolitan area of approximately one million households within the United States. Six street intersections were randomly chosen from standard municipal maps available from local political jurisdictions and a 40-address sampling frame was devised, based upon the 40 addresses nearest the intersection. Thus, 1,440 (6 x 6 x 40) addresses made up the sampling frame. From this frame, 18 addresses were randomly selected from each of the previously designated 36 intersections resulting in 648 addresses being selected. The study utilized a drop and collect technique to collect survey data (Brown, 1987), thus

assuring a random, but representative consumer sample. The CETSCALE, Self-Report Altruism Scale (SRAS) and Defining Issues Test (DIT) were used as measurement instruments. Two hundred fifty two questionnaires were returned and 212 responses were usable for an effective response rate of 32.7%. Of the 212 respondents, 98 (46.2%) were male and 114 (53.8%) were female. The average age of these individuals was 52. Seventy-four percent of the sample was married living in a household consisting of two adults. The level of education ranged from having a high school education or less to having a postgraduate degree with the average respondent having attended college. The average respondent's total household income was above average approaching \$50,000 per year.

## RESULTS AND FINDINGS

The survey results were examined to determine if there was any underlying structure to the data in addition to or in place of the three scales that were initially tested. New dimensions of altruism were identified and verified statistically. Construct validity, given the nature of reality and the nature of the properties being measured, must be inherent and tested in several ways (Angoff 1988). In the present study, the newly identified dimensions of altruism were examined using explanatory factor analysis, reliability analysis, item analysis, and group-wise differences. A summary of the results is seen in Table 1.

A principal component analysis with a Varimax rotation was performed on the data to explore the structure of altruism. The 38-items from the three scales loaded on eight factors that explain 62.991% of the variance in responses. Eigenvalues  $> 1$  exist with eight factors, and factors above the Scree Plot critical value (the value next to 1) after which the curve decreases dramatically, equal eight, therefore both methods agree in their explanation. However, in case of difference in the explanation between how two explanatory factor analyses mechanize, eigenvalues are favored because a Scree Plot is criticized for its subjectivity (Cooper 1998). The explanation power of these eight factors is meritorious as the Kaiser-Meyer-Olkin Measure of Sampling Adequacy was adequate (KMO = .891). Other factors with eigenvalues less than one were excluded.

Factor 1 that includes 16 items explains 26.922% of the variance in responses constituting a dimension we refer to as *Patriotic Purchasing Altruism* as all of them serve the same beliefs held by American consumers about the morality of purchasing foreign products as follows:

American people should always buy American-made products instead of imports (CET1).

Only those products that are unavailable in the U.S. should be imported (CET2).

American products, first, last, and foremost (CET4).

Purchasing foreign-made products is un-American (CET5).

It is not right to purchase foreign products, because it puts Americans out of jobs (CET6).

A real American should always buy American-made products (CET7).

We should purchase products manufactured in America instead of letting other countries get rich off us (CET8).

We should buy from foreign countries only those products that we cannot obtain within our own country (CET9).

There should be very little trading or purchasing of goods from other countries unless out of necessity (CET10).

Americans should not buy foreign products, because this hurts American business and causes unemployment (CET11).

Curbs should be put on all imports (CET12).

It may cost me in the long run, but I prefer to support American products (CET13)

Foreigners should not be allowed to put their products on our markets (CET14).

Foreign products should be taxed heavily to reduce their entry into the U.S (CET15).

We should buy from foreign countries only those products that we cannot obtain within our own country (CET 16).

American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work (CET17).

Factor 2 includes seven items explaining 14.242% of the variance in the responses constituting a dimension we refer to as *High Action Altruism* as all items primarily relate to personal actions, as follows:

I have helped carry a stranger's belongings (books, parcels, etc.) (ALT 9).

I have let a neighbor whom I didn't know too well borrow an item of some value to me (e.g., a dish, tools, etc.) (ALT14).

I have bought 'charity' Christmas cards deliberately because I knew it was a good cause (15).

I have before being asked, voluntarily looked after a neighbor's pet or children without being paid for it (ALT17).

I have offered to help a handicapped or elderly stranger across a street (ALT18).  
I have offered my seat on a bus or train to a stranger who was standing (ALT19).  
I have helped an acquaintance to move households (ALT20).

Factor 3 includes four items and explains 5.544% of the variance in the responses constituting a construct we refer to as *Moderate Action Altruism* as all items primarily relate to less significant personal actions, as follows:

I have helped push a stranger's car out of the snow (or a rut) (ALT1).  
I have given directions to a stranger (ALT2).  
I have made change for a stranger (ALT3).  
I have given money to a stranger who needed it (or asked me for it) (ALT5).

Factor 4 includes three items (ALT4, ALT6, and ALT7) and explains 3.844% of the variance in the responses. It constitutes a dimension called *Giving Altruism* as all items relate to personal actions with financial impact, as follows:

I have given money to charity (ALT4).  
I have donated goods or clothes to a charity (ALT6).  
I have done volunteer work for a charity (ALT7).

Factor 5 includes one item (CET3) and explains 3.45% of the variance in the responses constituting a dimension we refer to as *Multi-ethnic Purchasing Altruism* as follows:

Buy American-made products. Keep America working (CET3).  
As will be noted later, Factor 5 was not used as an individual dimension. It was interesting to note that there were substantial differences in the loadings between male and female respondents. Females loaded on Factor 5 while Males loaded on Factor 1 (Patriotic Purchasing Altruism).

Factor 6 includes three items and explains 3.193% of the variance in the responses constituting a dimension we refer to as *Low Personal Altruism* as follows:

I have given directions to a stranger (ALT2).  
I have delayed an elevator and held the door open for a stranger (ALT10).

I have allowed someone to go ahead of me in a lineup (at Xerox machine, in the supermarket) (ALT11)  
The initial CA was 0.5976, however the removal of item ALT2 improved the CA to 0.6544 and the inter item correlation from 0.3249 to 0.4880.

Factor 7 includes two items and explains 3.041% of the variance in the responses constituting one construct called *Cognitive Moral Development*:

I have helped a classmate who I did not know that well with a homework assignment when my knowledge was greater than his or hers (ALT16).  
Defining Issues Test (DIT)

As will be noted later, clearly the DIT scale is valid, however the addition of the item ALT16 may add some reliability (using the standardized CA) to this dimension and for this reason we are leaving it in. Lastly, Factor 8 includes one item and explains 2.754% of the variance in the responses constituting a dimension called *High Personal Altruism* as follows:

I have donated blood (ALT8).

Reliability of the scales used in this study was tested using coefficient alpha. Internal consistency by inter-item correlations was also calculated to assess the validity of the scale. For internal consistency, a  $\alpha$  of 0.70-0.80 is desirable, and the item-total correlation should be  $>0.20$ . A high inter-item correlation ( $>0.80$ ) is an indication of redundancy and is therefore not desirable. In contrast, if all correlations are near 0, there is no meaningful construct (Streiner and Norman 1995). The coefficients of the scales had alphas greater or marginally below the 0.70 generally accepted threshold for published empirical research (Nunnally and Bernstein 1994). The inter-item correlation analysis also produced desirable results with correlations ranging from .307 to .556.

An independent sample t-test was conducted for each newly identified dimension of altruism to see if the mean score varied between male and female

**TABLE 1. DIMENSIONS OF ALTRUISM**

Dimension of Altruism	Factor	Alpha	Inter Item	Original Number of Items	Revised Number of Items
Patriotic Purchasing Altruism	1	0.9519	0.5560	16	16
High Action Altruism	2	0.7991	0.3651	7	7
Moderate Action Altruism	3	0.6732	0.3403	4	4
Giving Altruism	4	0.6471	0.4479	3	3
Moderate Patriotic Purchasing Altruism	5	0.0000	0.0000	1	0
Low Personal Altruism	6	0.6554	0.4880	3	2
Cognitive Moral Development	7	0.4703	0.3075	2	2
High Personal Altruism	8	n/a	n/a	1	1

respondents. A one-way analysis of variance (ANOVA) was run to distinguish between demographic groups.

Gender was found to be different for 1) Patriotic Purchasing Altruism, ( $F=0.966$ ,  $P=.020$ ) with female higher; 2) Moderate Action Altruism ( $F=4.137$ ,  $P=.000$ ), with male higher; 3) Giving Altruism, ( $F=0.321$ ,  $P=.000$ ) with female higher; 4) Multi-ethnic Purchasing Altruism, ( $F=0.673$ ,  $P=.000$ ) with female higher; and 5) High Personal Altruism, ( $F=1.644$ ,  $P=.015$ ) with male higher. Age was found to be different for Patriotic Purchasing Altruism, ( $F=3.545$ ,  $P=.002$ ) with very young (18 – 24 years) and very old (65 + years) scoring higher; 2) Giving Altruism, ( $F=2.455$ ,  $P=.026$ ) with higher scores for 25 years and above compared to 18-24 years; and 3) Multi-ethnic Purchasing Altruism, ( $F=2.372$ ,  $P=.031$ ) with higher for 18-24 years than older age groups. Education was found to be different for 1) Patriotic Purchasing Altruism, ( $F=8.412$ ,  $P=.000$ ) with higher for lower educational level; 2) Moderate Action Altruism, ( $F=3.785$ ,  $P=.005$ ) with lower levels for high school or less; 3) Multi-ethnic Purchasing Altruism, ( $F=3.834$ ,  $P=.005$ ) with higher levels for high school or some college; 4) Low Personal Altruism, ( $F=2.600$ ,  $P=.037$ ) with lower levels for high school or less; and 5) Cognitive Moral Development ( $F=1.651$ ,  $P=.163$ ) with lower levels for high school or less. Although there are differences in the results by group, we believe that these results increase the validity of the measures as the differences by group are quite understandable.

## DISCUSSION AND CONCLUSIONS

The process of scale development undertaken in this analysis has refined the elements of altruism measured by the CETSCALE, Defining Issues Test and the Self-Report Altruism Scale (SRAS) into new constructs that perhaps more appropriately capture and distinguish the dimensions of altruism. Patriotic Purchasing Altruism can be seen as a motivating force in the purchase of a product or service, given a

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consideration of country-of-origin in the product consideration process. High Action Altruism, Moderate Action Altruism and Low Personal Altruism, each in successive levels, reflect the personal extension of altruistic behavior (McGuire 2003). Giving Altruism reflects altruistic behavior involving financial costs to the caregiver. Cognitive Moral Development (Rest 1979) increases understanding of altruism, given the premise that altruism is one aspect of the many that comprise morality. High Personal Altruism improves understanding of altruistic behavior in situations in which an individual may seek to unconditionally offer himself in an act of altruism (Lock 1996).

The development of better measures which various marketing constituencies work is critical to the evolution of marketing knowledge (Churchill 1979; Peter 1981). This research has identified new dimensions of altruism that reflect the complexity of the altruism construct. These dimensions all represent unique attitudes or behaviors that can be useful to managers as they develop programs that rely on an altruistic appeal or message. This can be of particular use in programs for identifying individuals that may be interested in buying products and services from their own country and those that are most likely to be receptive to a message from local marketers. It is also important to keep in mind that the attitudes of consumers related to the purchase of non-domestic products is undoubtedly changing over time and that the dileneation between what constitutes a domestic and a foreign product may also be diminishing. Future research is necessary to investigate these and other issues as well as to understand the relative importance of the eight dimensions and to identify possible relationships between them.

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# BANK PERSONNEL'S PERCEPTION OF BANKING SERVICES AND IMPLICATIONS FOR SERVICE QUALITY: A STUDY OF TURKISH BANKS

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## ABSTRACT

*This study examines the personnel perceptions of the banking services offered to customers by the banks in Turkey. The study found significant perceived differences of bank services by personnel characteristics, except education level. These "gaps", if not taken care of, could have an adverse impact on service quality and on bank performance.*

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## INTRODUCTION

In today's dynamic marketplace, consumers have more choices and a wide variety of alternative banking services. A main challenge for banks is to understand how a customer decides which bank to choose when many of the banks offer similar products and services, such as free checking, phone access, and on-line and/or mobile banking. Stickler (2001) states that two things that can differentiate one bank from another and attract the customer: (1) customer service and (2) how the banks present and sell their products and services. Customers tend to go where they are made to feel welcome and offered the best quality service (Stickler 2001). However, if customers are not aware or informed of the products and services that a bank offers, they may not have any reasons to go to or stay with that bank. Therefore, banks must effectively communicate their products and services to their customers and target market.

To this end, it is essential for banks to examine how their bank personnel perceive the services and activities that they offer to their customers. Schneider, Parkington and Buxton (1980) reported that bank employees' perception of the organization they work for is closely related to the customers' perception of the quality of service that the organization provides. A study by Yayla, Kaya and Erkmén (2005) showed that the ultimate success of any service quality program implemented by a bank can only be gauged by creation and retention of satisfied customers. They claim that the role of customer-contact personnel in the attainment of these goals is of paramount importance. Thus, they recommended that in delivering high quality services to the external publics (i.e., customers), banks should not ignore the specific needs of their internal

publics (personnel), notably their customer-contact employees.

These studies suggest that whether or not bank personnel perceive the services as being important for creating customer satisfaction will have a significant impact on the quality of services actually delivered and, in turn, impact actual customer satisfaction and banking performance. Therefore, the overall purpose of this research is to examine how bank personnel perceive the banking services they offer in banks in Turkey, a developing country. Most previous studies dealing with bank service quality, bank performance, and benchmarking in banking have been conducted in the United States and Western Europe. While those studies have contributed to our understanding of these issues, little is known about the same issues in the developing countries. The results of this study could offer insights into bank personnel's perceptions of banking services in delivering high quality, highly satisfying customer service, and from the perspective of a developing country.

## Overview of Banking Industry in Turkey

In Turkey, the banking industry, which has dominated the financial markets, has experienced several systematic crises since the late 1970s. In order to improve the banking system and to liberalize the repressed domestic financial system, Turkish authorities removed, or minimized many restrictions on domestic and external financial intermediation and gradually started to introduce free-market based reforms during the 1980s. These liberalization processes and the free-market reforms have brought several changes in the Turkish banking industry. The number of foreign banks in Turkey increased from 4 to

23, giving them a significant presence in Turkey (Kibritcioglu 2005). Also, a majority of the new private banks are owned by large Turkish conglomerates which use their banks to finance their other companies (Damar 2004). In 2004, there were over 48 private and state-owned banks with more than 6,106 branches (Pinar and Donmez 2005).

All of these recent changes in the Turkish banking industry have brought new significance to bank marketing. Banks have started paying more attention to marketing practices in order to successfully compete, especially with foreign banks. As Once (2000) shows in his study, marketing in the Turkish banking sector has gained significance since 1980. A number of new marketing tools such as CRM, Relationship Marketing, Database Marketing, automatic teller machines (ATMs), e-Marketing and Interactive Marketing are being used by many Turkish banks (Cobanoglu, Yener and Sipahi 2005). Also, alternative banking channels via telephone, personal computer / Internet and POS were utilized by various banks starting in 1996 (Kamir, Aydi and Nart 2003). Since late 1997, telephone banking services have become popular among Turkish consumers (Polatoglu and Ekin 2001).

Despite the late start in accepting and implementing these recent marketing techniques and other developments in the banking industry, Turkish banks have worked hard to become more customer-oriented and to be successful institutions in Turkey. This new orientation has become even more critical for all the banks in Turkey that are susceptible to today's increased global competition and dynamic economic forces. After the 2001 economic crisis, which lasted for about 5 years, the Turkish banking industry has just started recovering and growing again in 2006. This recovery and growth is also reflected by the recent growth of foreign banks from 2% in 2001 to 13% in 2005. Several European banks have already tapped into opportunities in the local banking market by purchasing stakes in Turkish banks (Green 2005). For example, Fortis Bank purchased a stake in Disbank in the summer of 2005 (now called Fortis Bank), and General Electric Co. bought a minority stake in Turkey's third largest bank, Garanti Bank, which is a full service consumer and commercial bank with 405 branches and 10,805 employees (Kranhold 2005). All these changes have increased competition among domestic and foreign banks (Yayla, Kay and Erkmen 2005).

These developments in the Turkish banking industry seem to have improved the quality of services the banks provide to their customers. Recently, Global Finance (Green 2005) selected the best banks in five areas/sectors. These banks are: 1. Best Commercial Bank in Corporate Services: Akbank, 2. Best commercial Bank in Retail Services: GarantiBank, 3.

Best Bank in Credit Card lending: Yapi ve Kredi Bankasi, 4. Best Foreign Bank: Citibank, and 5. Best Investment/Securities Bank: Oyak Bank. The criteria used to determine the winners included an objective and subjective mix of assets, profitability, strategic and expanding relationships, customer service, innovation and management savvy. It seems that the entry of foreign banks has increased stability and efficiency as well as improved the quality of financial services in the Turkish banking industry. Moreover, the foreign banks have transferred and introduced new processes such as credit scoring methods and technology (Yayla et al. 2005). The entry of foreign banks which resulted from a stronger Turkish economy and improved banking regulations has had a positive effect on the Turkish banking industry.

### **Service Quality**

Service quality and its measurement have become an important research topic because of its apparent relationship to cost (Crosby 1979), profitability (Buzzell and Gale 1987; Rust and Zahorik 1993), customer satisfaction (Bolton and Drew 1991), and customer retention (Reichheld and Sasser 1990). Service quality indeed is regarded as a driver of corporate marketing and financial performance (Buttle 1996). A sound measure of service quality is necessary for identifying the aspects of service needing performance improvement, assessing how much improvement is needed on each aspect, and evaluating the impact of improvement efforts. The evaluation of quality for services is more complex than for products because of their intrinsic nature of heterogeneity, inseparability of production and consumption, perishability and intangibility (Frochot and Hughes 2000; Zeithaml, Bitner and Gremler 2006).

Since service quality is an elusive concept, there is considerable debate in the relevant literature about how best to conceptualize this phenomenon. Though an all-embracing definition of service quality is not possible yet, definitions of service quality proposed by researchers revolve around the idea that it is the result of the comparison of customers' expectations about a service and their perceptions of the way the service has been performed (Grönroos 1984; Lewis and Booms 1983; Parasuraman, Zeithaml and Berry 1985; 1988). Based on this definition, the SERVQUAL as a multi-item scale gap model was developed by Parasuraman et al. (1985; 1988) which conceptualizes and measures elements of service that are evaluated by customers in assessing service quality. According to SERVQUAL conceptualization, service quality can be assessed on five dimensions of tangibles, reliability, responsiveness, assurance, and empathy with a total of 22 scale items. The scale is founded upon the view that

the customer's assessment of service quality can be conceptualized as a gap between customer expectation and his/her perception of the delivered service. Without a doubt, SERVQUAL has had a significant influence on academic and business communities. However, the scale has been challenged by a number of subsequent empirical studies dealing with service quality (Babakus and Boller 1992; Carmen 1990; Gagliano and Hathcote 1994; Lee 2005).

The assumption underlying the service gap is that dissatisfaction will result if expectations are not met. In banking, customers come to the bank with certain expectations or assumptions of what their banking experience will be like as they go through the banking transaction. While exceeding these expectations is likely to result in a high level of satisfaction, loyalty and recommendation, falling short of those expectations could adversely affect the customer satisfaction, and ultimately retention and loyalty. Individual firms have discovered that increasing levels of customer satisfaction can be linked to customer loyalty and profits (Hekett, Sasser and Schlesinger 1997), which indicates a relationship between customer satisfaction and customer loyalty. This relationship is particularly strong when customers are very satisfied, as the research showed in the Xerox experience (Menezes and Serbis 1991). Also, Enterprise Rent-A-Car learned through its research that customers who gave the highest rating to their rental experience were three times more likely to rent again than were those who gave the company the second-highest rating (Reichheld 2003). These findings indicate clear linkages have been drawn between customer satisfaction, loyalty, and firm profitability (Zeithaml et al., 2006).

### **Role of Personnel in Service Organization**

Personnel in all service organizations (large or small) serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001). Specifically, the front line (or contact) personnel play a significant role as part-time marketers. It should also be noted that the activities of these contact personnel can be important in creating an image of a service organization which can influence target customers' perception of an organization.

In improving quality in the service sector, the importance attached to personnel has been increasing. Personnel planning assume much greater importance in the banking services, as in most of the services, where personnel have a high level of contact with customers. Therefore, it is essential that service organization clearly specify what is expected from personnel in their interaction with customers (Palmer 2007).

Palmer (2007) suggests that personnel who have front line encounters with customers should be trained to treat these encounters as promotional opportunities. Palmer (2007) points out that training might seek to develop a number of skills in front-line personnel such as:

- a) Developing ability to spot cross-selling possibilities for front-line personnel: A Bank clerk who sees a customer repeatedly using a service that is not adequately fulfilling his or her needs could be trained to try to sell another service which better meets the customer's needs. Training should make such personnel aware of services available and give them skills in approaching customers effectively and referring them on to appropriate personnel.
- b) Clearly defining sales responsibilities of the operational personnel: A bank clerks, for example, may be trained to encourage customers to deposit more Money or use other investment tools which the bank offers.
- c) Promoting customer loyalty and referrals: Bank personnel's interaction with customers could be important for the customers to return and tell their friends about their good experience and/or pass on banking literature to their friends.

### **Objectives of the Study**

Previous studies examined customers' perceptions of bank services and attempted to identify the changing target market needs and preferences to better serve these customers. However, in order to better serve their target customers, banks must also know the perceptions of their personnel regarding the relative importance of bank services in providing high quality, highly satisfying service. As stated before, the overall aim of this paper is to examine the bank personnel's perceptions of the services offered by the banks to their customers. The specific objectives of the study are: (1) to examine the perceptions of the bank personnel regarding the importance of the bank services offered to customers; (2) to compare the personnel perceptions of bank services by selective demographics of bank personnel; and (3) to discuss the implications of the results for service quality and provide managerial recommendations for long-term strategy and competitiveness. Since most bank services are offered by bank personnel, banks must examine how their personnel perceive these services and activities that they offer to their customers. Whether or not bank personnel perceive the services as being important for customer satisfaction may have a significant impact on

the quality of services actually delivered; and, in turn, impact actual customer satisfaction and banking performance. Also, examining the bank service quality by demographic characteristics of the bank personnel may provide some valuable information for the bank managers to improve the service quality. Finally, since this study is conducted with Turkish banks, the results could provide some insights into the personnel perceptions of the banking services in a developing country.

## METHODOLOGY

To examine the personnel's perception regarding the importance of the banking services for customer satisfaction, a survey instrument was designed and administered to the personnel at the banks and/or their branches that participated in the study in two major cities of Turkey. While the SERVQUAL (Parasuraman et al. 1985; 1988) is one of the most commonly used scales to measure service quality, we developed a new scale in order to measure the specific services offered by the banks as customers complete their banking transactions. As service quality plays an important role for customer satisfaction (Best 2004; Kotler and Keller 2006; Zeithaml et al. 2006), and personnel play an important role in delivering the "promised" services to customers (Kotler and Keller 2005; Zeithaml et al. 2006), banks must evaluate their personnel's perceptions of these services for offering high quality service and creating customer satisfaction. Moreover, given that customer satisfaction is an excellent market-based performance metric and barometer of future revenues and profits (Best 2004), the above scale could be valuable for banks to identify the weak service areas to increase customer satisfaction, and in turn, improve their performance.

In developing the survey instrument, we utilized the previous research and literature reviews (Latham 2001; Lubin 2001) and previous mystery shopper study (Pinar, Taylor and Crouch 2003; Pinar and Eser 2007). Lubin's (2001) study suggests the quality of bank services usually experienced by customers should include the following key areas: customer banking transaction/experience of greeting customers, building rapport, needs discovery, product availability, presentation of how products meet needs, and the effectiveness of closing. The survey instrument developed for this study was broad enough to cover the entire "cycle" of the customer banking experience and includes the following seven sections: (1) greeting customers with a smile in a timely manner; (2) building good rapport; (3) giving attentive service with sincerity and eagerness; (4) determining the customer's needs by asking questions and listening; (5) presenting with enthusiasm and good product knowledge; (6) offering

other products for cross-selling; and (7) completing with an effective closing.

The survey instrument covered each of the above mentioned sections of bank services. Three bank managers, as experts in the banking industry, were asked to evaluate each item for its consistency with each part of the above seven sections regarding the customers' banking experience and, if needed, suggest improvements and additional items for inclusion. Based on the bank managers' suggestions, the items that had a high consistency with the sections of consumers' banking experiences were included in the survey instrument. This process, which improved the internal consistency of the scale items (Churchill 1979; Narver and Slater 1990), produced a list of items (or statements) for measuring each of the seven sections. These items were also submitted to two academicians who are experts on developing measurement scales for further refinement of the scale items. Based on these procedures, the final measurement instrument included a total of 39 scale items (A complete list of scale items can be obtained from the contact author). Responses to these items were measured on a 5-point Likert type scale with 1 = least important and 5 = most important. In order to avoid response biases, the items were not measured as very unimportant to very important, rather, they were measured as least important to most important. This scale suggests that all the measurement items were important, but some items might be more important than other items.

Since the survey instrument was originally developed in English, it was translated into Turkish, and then it was later back-translated into English to avoid translation errors (Ball, McMulloch, Frantz, Geringer and Minor 2002) and to make sure that the intended meanings of the questions were maintained. The Turkish version of the instrument was also pre-tested with several faculty members in order to assure the appropriateness and consistency of the scale items. In addition, as recommended (Zikmund 2003), the survey instrument was pre-tested with 15 bank personnel to further assure that the Turkish version of survey questions were clear and were not confusing. Based on the feedback of these pretests, the instrument was further improved and refined.

The survey instrument also included several demographic questions. Respondents were asked their gender; how long they had worked in the banking industry and in their current bank; whether their position was clerical, teller or loan officer vs. supervisor or managerial; their level of education, and the extent of their internal and external training. These factors were used for profiling respondents and comparing the responses.

The survey was conducted in two major cities of Turkey (Ankara and Izmir). Several banks / bank

branches were contacted in both cities and their managers were asked to participate in the survey. It is unfortunate that some of the banks refused to participate in this study. Since some banks are state (government) owned, and others are private (Turkish) and foreign owned, an attempt was made to include state, private, and foreign banks in order to compare the banking service perceptions of their personnel. A total of 17 banks/branches (3 state owned banks, 3 foreign banks, and 11 private banks) accepted the offer to participate in the survey. The survey instrument containing the measurement scales and questions regarding respondent characteristics was administered to all personnel at the participating banks/branches. In order to increase the response rate, the bank/branch managers' cooperation and support was requested. Each bank employee received the survey instrument. In order to preserve their anonymity, each was asked to put the completed survey into an envelope. A total of 427 useable surveys were returned for analysis, and of these 427 surveys, 109 surveys are from 3 state owned banks, 47 surveys from 3 foreign banks, and 271 surveys from 11 private banks.

### **Respondent Profiles**

The selected profiles of the respondents show that the majority of the personnel are female (69.7%) and 30.3% are male; 28.0% of the personnel hold supervisory or managerial positions, and the rest (72.0%) hold clerical, teller, or loan officer positions. Concerning education level, a small percent of the bank personnel (17.1) have high school degrees, a vast majority (73.9%) has college or university degrees, and only 9.0% have graduate degrees. On average, the respondents are 32.4 years old, have 9.3 years of work experience in the banking industry, and 7.5 years of experience at their current bank. Also, respondents indicated that they had an average of 89.3 hours of internal training and 18.1 hours of external training during the past 5 years.

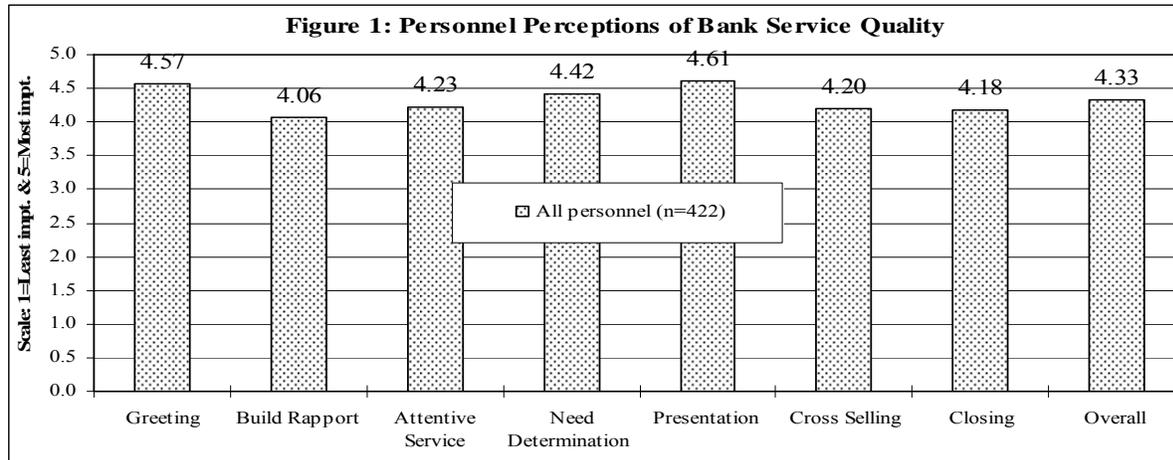
## **RESULTS**

### **Overall Perceptions**

The first objective of the study was to examine the perceptions of bank personnel regarding the services

they provide to customers. In order to accomplish this objective, the survey instrument contained seven sections covering banking services that customers experience from the time they enter the bank until they leave the bank after completing their transaction(s). From now on, these sections will be referred to as customer bank experience factors, or just "factors". Personnel at participating banks were asked to evaluate how important they perceived each of the items/statements in these factors to be in delivering high quality, highly satisfying customer service. The item scores in each factor or part were averaged to obtain the mean scores for each factor. A reliability analysis was conducted in order to examine the consistency of the items in each of the banking service factors. Cronbach's alpha coefficients are .700 for greeting, .726 for building rapport, .711 for giving attentive service, .794 for need determinations, .763 for presentation, .776 for cross selling, and .830 for closing. The coefficients for all factors are above the recommended threshold level of .70 for an exploratory study (Nunnally 1978, p. 245), which reflects a high level of consistency among the scale items in each factor. The high Cronbach alpha coefficients suggest reliability of the items used for measuring all seven bank service factors.

The overall mean and the means for each factor are presented in Figure 1. The overall mean perception of 4.33 out of a possible 5 suggests that bank personnel perceive all banking service factors to be fairly important in providing high quality, highly satisfying service. The means for each factor range from a low of 4.06 for building rapport to a high of 4.61 for presentation. These results suggest that the bank personnel seem to consider these bank services "important" or close to "very important". Of all the factors, the bank personnel consider "presentation" the most important factor (mean of 4.61), followed by "greeting" (mean of 4.57), "need determination" (mean of 4.42), "attentive service" (mean of 4.23), "cross selling" (mean of 4.20), "closing" (mean of 4.18) and "build rapport" (mean of 4.06). The lowest score for "building rapport" might suggest that the bank personnel may think that "customers come to the bank to take care of their business"; thus, the bank personnel may assume that building a rapport may not be considered important for high quality, highly satisfying customer service.



In order to gain a better perspective regarding the relative importance of each factor, these factors are compared to the overall mean, which serves as a benchmark or reference. Comparisons of the factor means to the overall mean show that three of the factors, “presentation”, “need determination” and “greeting”, are higher than average. The higher means suggest that bank personnel may perceive these factors as being more important for high quality, highly satisfying service than the other factors. The means for the other four factors are lower than the overall mean. Of these four factors, “building rapport”, “closing” and “cross selling” are considerably lower than the overall mean, which indicate that the bank personnel do not perceive these factors to be very important for high quality, highly satisfying service. The low scores for these factors might point out the current weak and/or deficient service areas where banks need to take corrective actions and train their personnel for delivering high quality, highly satisfying service. For example, since “building a good rapport” and “closing” are the weakest factors, they might offer the most opportunity for improvement. Even though cross selling is one of the weak areas, Turkish banks have many different products and services to offer to their customers and bank personnel might have not perceived this factor as being very important for delivering high quality customer service.

It is interesting to note that “greeting” seems to be perceived as important for giving high quality service, whereas “building rapport” is less important; this may imply that bank personnel assume that “greeting” is part of “building rapport” and could be sufficient for “building good rapport”. Given the importance of “building good rapport” in customer relations, the bank managers might address this issue. These comparisons show that the overall average score, serving as a benchmark, gives the bank managers an excellent opportunity to identify the “weakest” or “right” areas

that may impact customer satisfaction and their banks’ competitive advantage in the market.

It could be argued that when time is a constraint, bank personnel differentiate between what is necessary, what they must do, and what is optional or value added if time permits. Greeting the customer, determining their needs and presenting the product are necessary and, therefore, important. Building rapport, giving attentive service, cross-selling and closing are not absolutely necessary to the completion of the transaction. These could be viewed as optional and not as important. If this is true, perhaps time is the culprit and scheduling changes to allow for more time to be spent with customers may be necessary for improvements in customer service. When personnel are under time constraints, they may view the importance of their tasks from a different perspective. Additional training would also be helpful in this case.

### **Effects of Demographic Characteristics on Bank Service Quality**

The second objective of the study was to compare perceptions of bank services by selected demographic characteristics. The goal is to investigate if bank personnel with different demographic backgrounds differ in their perceptions regarding the importance of the bank services for high quality, highly satisfied customers. The data was collected by differentiating respondents by personnel position (managerial vs. contact), gender, education, and age. The differences in the perceptions of service quality may have an impact on the quality of service delivered in each of these service factors. This could provide the bank managers an opportunity to improve the “weak or problem” areas of bank services that could be associated with demographic characteristics of the bank personnel.

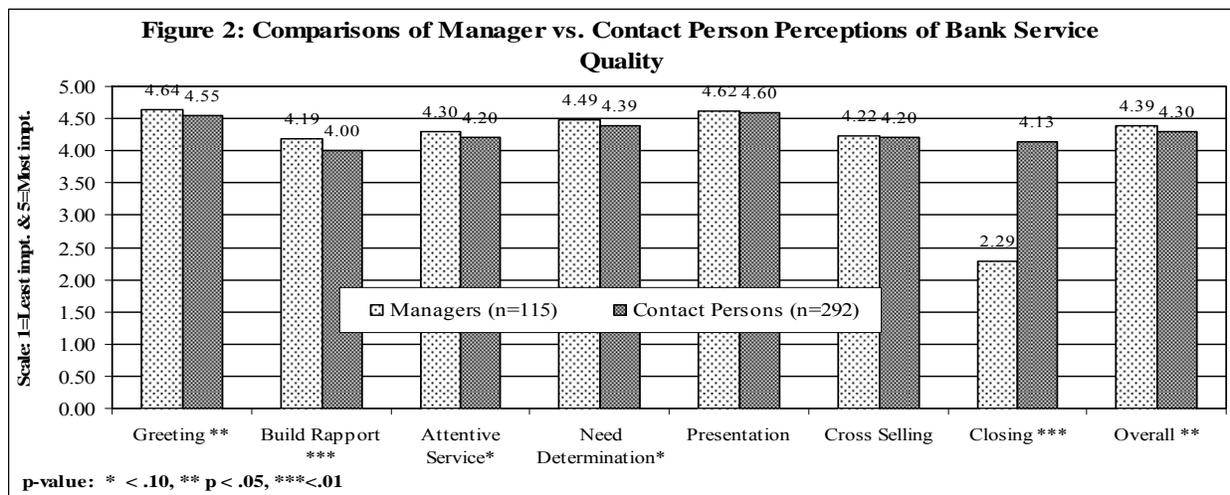
## Comparing Contact vs. Managerial Personnel

A study compared the perceptions of the front line or contact personnel (clerical, teller, and cashier) to those of managerial (supervisors or managerial) personnel regarding the importance of these factors for giving high quality, highly satisfying service. The results are presented in Figure 2. Overall, the managerial personnel (mean of 4.39) perceive these factors to be more important in providing high quality, highly satisfying service than do contact personnel (mean of 4.30) ( $p < .05$ ). As for the individual factors, higher means for managerial personnel on *all* factors indicate that managerial personnel perceive these banking service factors to be more important than do contact personnel. Other than “presentation” and “cross selling” which are not statistically different, the mean comparisons are statistically significant for “greeting” ( $p < .05$ ), “building rapport” ( $p < .01$ ), “attentive service” ( $p < .10$ ), and “closing” ( $p < .01$ ). The significant differences between the perceptions of managers and contact personnel could be a potential source of a problem for bank service quality delivered to the customer. Even though managers believe that these factors are important for high quality service, if the contact personnel do not perceive them as being important, there could be serious service quality problems.

running out of time, but very important when managers view the scenario without time constraints.

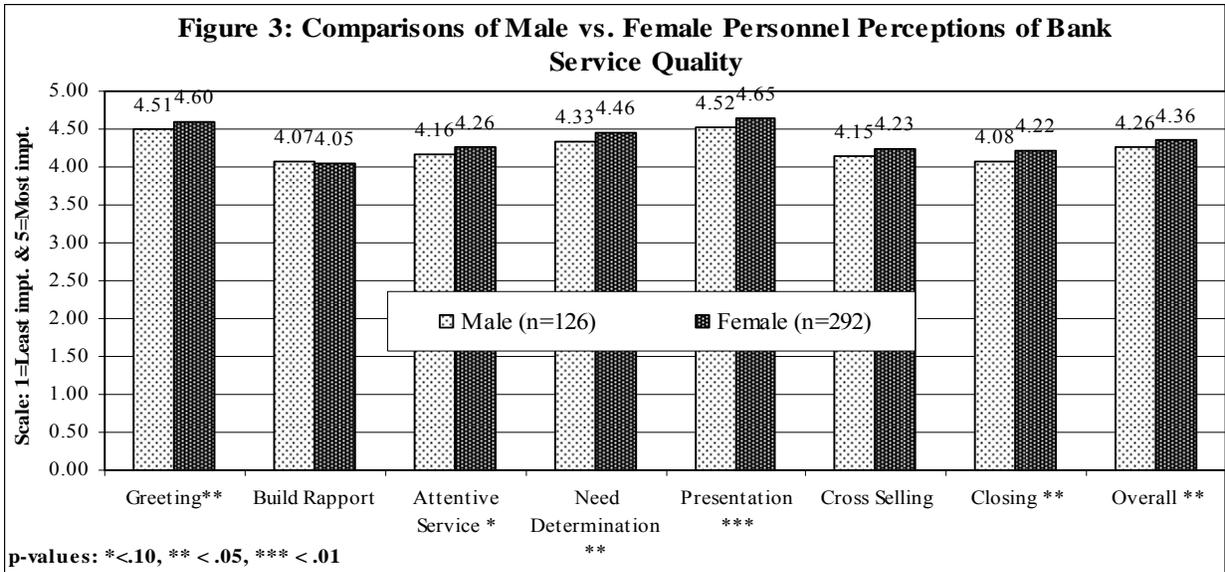
## Effects of Gender on Perception

Figure 3 compares the perceptions of male and female personnel. Overall, female personnel perceive these factors as being significantly more important (mean of 4.36) than male personnel (mean of 4.21) ( $p < .05$ ). The comparisons of the individual factors in Figure 3 show that female personnel perceive “greeting”, “attentive service”, “need determinations”, “presentation”, and “closing” as being significantly more important than male personnel do for delivering high quality, highly satisfying service. These findings indicate that female personnel place more importance on first impressions by focusing on consumers and greeting them properly when customers enter the bank, giving attentive service, determining customers’ needs, giving a good presentation, and successfully completing the presentation. It is interesting that the female and male perspective is so different. Is this a function of characteristics specific to females or is there another explanation? Whatever the reason, since these factors are critical for the success of the bank, male personnel may require further training in these weak areas.



If we again consider time constraints on the contact personnel’s ability to fully service the customer, it makes sense that contact personnel would have a different perspective than their managers. This is particularly evident for the factors “building rapport” and “closing” which represent the largest difference in importance ratings. These two factors may be considered optional tasks when contact personnel are

There are no significant differences between the perceptions of male and female personnel for “building rapport” and “cross selling”. However, since both genders have the lowest mean scores for these service factors, and given the importance of building a good rapport for long-term successful customer relations, banks may have to train their male and female personnel in this area.

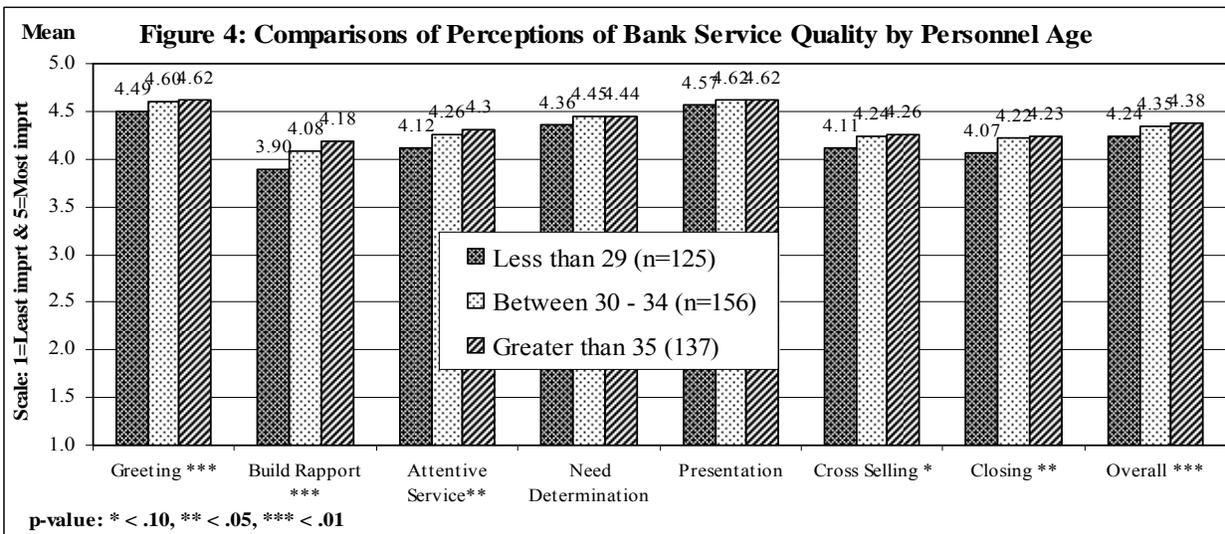


**Impact of Personnel Age on Service Quality**

The study also examined whether the age of the personnel impacted the perceptions of importance of the factors for delivering high quality bank services. The bank personnel were divided into three age groups, each representing one third of the respondents. This produced three age groups of (1) 29 years of old or less, (2) between the ages of 30 and 34 years old, and 35 years old or older. The underlying logic for this grouping is to use age as a proxy for experience and maturity where the first group could be considered as less experienced/matured, the second group as mid-level experienced/mature, and the third group as being the most experienced/mature. The results of the one-way ANOVA for overall score and each service factor by the three age groups are presented in Figure 4. The table shows significant differences in overall perceptions among the three age groups (p < .05). The

pair-wise comparisons of the overall means for the age groups (not presented here) found significant differences between age groups of 29 years old or less and 30-34 years old (p < .05), and 29 years old or less and 35 years old and older (p < .01). These results suggest that the age of personnel seems to impact the perceptions of bank service quality. Since the mean score for less than 29 year olds is lower than those of the two other age groups, the young and/or new personnel may not realize and/or were not trained in the importance of these service factors as much as the other two groups in delivering high quality, highly satisfying bank service.

Individual factors with significant differences based on age include “greeting” (p < .10), “building rapport” (P < .01), “attentive service” (p < .05), “cross selling” (p < .10), and “closing” (p < .05). These results suggest differences in the perceptions of the three age groups regarding the importance of these factors for

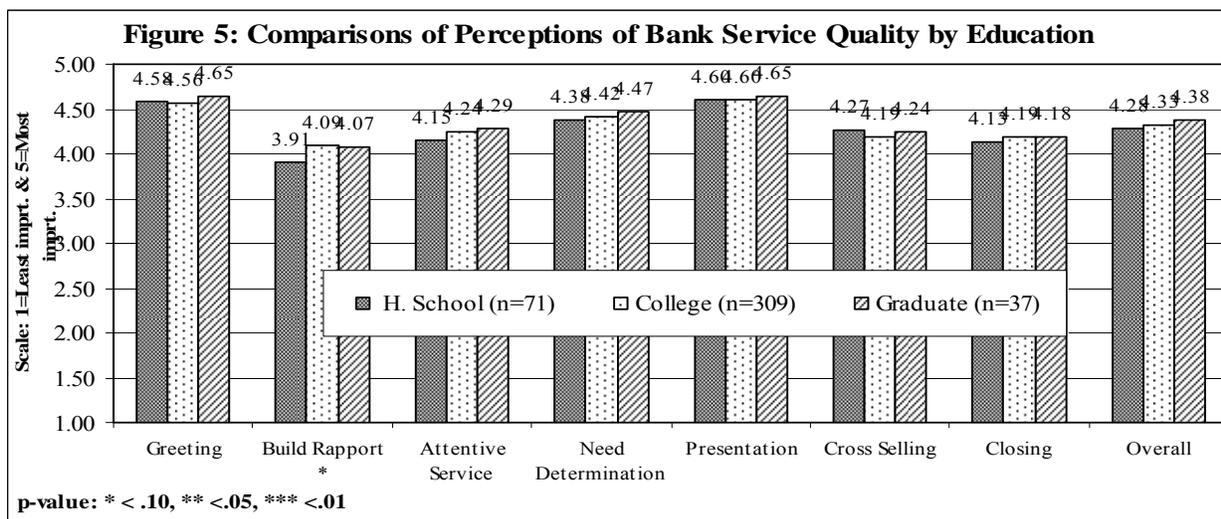


high quality, highly satisfying bank services. The pair-wise comparisons (not presented) show significant differences between age groups of 29 years old or less and the other two older age groups, where significance varied from  $p < .10$  to  $p < .01$ . This is similar to the overall results. The comparisons are not significant between the age groups of 30-34 years olds and 35 years old and older ( $p > .10$ ). It is important to note that the mean scores for less than 29 year olds are consistently lower than those of the two other age groups for all bank service factors. These results indicate that age (or experience/maturity) of the personnel does seem to influence the perceptions of the importance of these bank service factors in delivering high quality, highly satisfying bank services. Two of

high school education and with college education ( $p < .05$ ). The other comparisons were not significant. This suggests that other than one case bank personnel regardless of their education level have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service.

## CONCLUSION AND LIMITATIONS

The overall results of this study show that the personnel at the participating Turkish banks generally consider all the banking services or factors fairly important (overall mean of 4.33 out of 5.00) in providing high quality, highly satisfying services.



the factors, “need determination” and “presentation”, are not statistically different based on age ( $p > .10$ ). This suggests that the age of the personnel does not impact the perception of bank service quality in terms of need determination or presentation. All these findings could have some important managerial implications for training the bank personnel that could improve the quality of banking services.

### Impact of Personnel Education on Service Quality

In addition, the study examined the effects of personnel education on perception of bank service quality and the results are presented in Figure 5. The one-way ANOVA showed only one factor, “building rapport”, to be significantly different based on education ( $p < .10$ ). This suggests that other than in one case, bank personnel regardless of their educational level, have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service. The pair-wise comparisons of the three education groups found a significant difference between the bank personnel with

Regarding the individual factors, personnel at all banks collectively perceive that presentation, greeting customers as they enter the bank, and determining customer needs are the most important factors in providing quality banking services. The results indicate that bank personnel consider building rapport, giving attentive service, cross selling and closing as being less important for high quality service. These findings suggest that those banking service areas could be considered as deficiencies or weaknesses that need to be improved for better performance. This is especially critical for bank’s success, given the importance of service quality for customer satisfaction (Bolton and Drew 1991), customer retention (Reichheld and Sasser 1990), and the link between customer loyalty and profits (Hekett, Sasser and Schlesinger 1997).

The study found a difference between the perception of managerial personnel and contact personnel. The differences are significant for overall perception, as well as for all factors, except presentation and cross selling. These results suggest that the managerial personnel consider these factors more important than the contact personnel do for

providing high quality, highly satisfying banking services. As suggested by Parasuraman et al. (1985) and Zeithaml et al. (2006), these discrepancies or “provider gaps”, if not taken care of, might become a serious problem for the performance of the banks. As a short-term solution to close these gaps, the bank management might communicate and/or explain the importance of these factors or banking services to their contact personnel for customer satisfaction and better bank performance. In the long-run, banks could train their personnel on these deficient service areas and/or recruit more customer oriented personnel.

Time constraints could be part of the problem by causing contact personnel to value task oriented factors as more important than value added services. If they don't have sufficient time to close properly or develop rapport, they may consider these factors as less important than the greeting or presentation. Contact personnel must have sufficient time to provide a complete package of customer service including all of the seven factors analyzed in this study. Since contact personnel serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001), Palmer (2007) suggest that they should be trained to develop skills needed to take advantage of the customer encounters as promotional opportunities.

The comparisons of the means indicate significant differences between the perceptions of the males and females regarding all of the banks services except building rapport and cross selling. Specifically, the results show that the mean scores for female personnel are significantly higher than those of male personnel for service factors of greeting, giving attentive service, need determination, presentation, and closing, as well as overall service quality. These findings suggest that whether the banks hire male or female personnel, it makes a difference in providing high quality, highly satisfying customer service. In this regard, banks may have to review their hiring decisions and better train their male personnel in order to offer better service. This is especially critical for male contact personnel who deliver the banking services. Concerning the age of personnel, those who are younger than 29 years old seem to place less importance on these service factors in offering high quality, highly satisfying service. The implications of these findings are that (1) recently hired personnel may not appear to understand the importance of these factors for providing high quality, highly satisfying service, (2) they may have not received proper training regarding the importance of these factors for bank service quality, and (3) older personnel may have learned the importance of these factors for service quality through their experience over time. Finally, since the study found no significant differences among the educational levels for all but one bank service factor, it seems that education does not affect

perceptions of customer service by bank personnel. This is also apparent from consistently high service factor means for all education groups.

While this exploratory study provided very useful insights into the perceptions of bank personnel regarding the services offered by Turkish banks, the study has a number of limitations. Therefore, caution should be exercised when interpreting the findings. One limitation is that the study was conducted in only two cities. Including banks/branches from more cities could improve the generalizability of the findings. Another limitation is the number of banks/branches participating in the study, resulting from unwillingness of the banks that were contacted to participate. While the results are important and valid, more banks/branches in more cities could have further strengthened the results of the study. The final limitation is that the scale developed for this study needs to be replicated in different countries with a larger number of banks/branches to determine if the scale and analyses are universal or specific only to Turkey.

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# STUDENT ATTITUDES TOWARD STUDY SKILLS

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## ABSTRACT

*In a world of increasing tools and technology, inside and outside the classroom, do the study skills of postsecondary students align with current pedagogical approaches? And should marketing faculty make changes to address these skills? This paper examines current student attitudes toward effective study skills, using a survey with 352 responses administered during registration. Areas examined include attitudes toward studying, primary study methods, time spent, preferred study and learning styles, and use of technology.*

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## INTRODUCTION

Study skills are critical to academic success, particularly given the independent nature of postsecondary education. At the same time, little attention has been paid to the way students study in the 21st century, in a world that now has more interactive tools and pedagogical approaches than ever before. This paper examines current student attitudes toward study skills, using a survey designed to address issues such as the following:

- What are the study skills and habits of current students?
- How have these skills and habits evolved between high school and college?
- What are the primary resources used by students to study?
- How do students rate current learning styles and pedagogical tools?
- What kinds of technology tools do students prefer to help them study?

Today's higher education institutions are placing an enhanced emphasis on student independent learning. As such, it has become important for those institutions to facilitate independent learning with approaches, tools and techniques for handling that independence. Unfortunately, today's college students are currently dissatisfied with the efforts of higher education in providing them with the study skills needed for academic success (Wall et al, 1991). Harvey & Watt (1993) state that colleges often simply provide a brief initial introduction to study skills, and thereafter fail to provide the necessary and subsequent systematic advice and support. There is a demonstrated connection between poor study skills and increased rates of academic failure, (Biggs, 1987; Meyer, 1992) as well as the effect of study skills training on retention of at risk high school and college students (Polansky et

al, 1993; Castagna & Codd, 1984; Johnston et al, 1975; Stanley et al, 1999).

Generally, study skills are those skills and habits are which are necessary for understanding and retrieving information, and in particular they are the link between comprehension and memorization (Al-Hilawani & Sartawi, 1997). Hoover (1989) has listed specific competencies of study skills including acquiring information, recording information, recording appropriate responses to the presented information, locating the required information, organizing and managing activities efficiently, synthesizing information to create meaningful patterns of responses, and memorizing and retrieving information on demand. Fielden (2004) states that good study habits help the student in critical reflection in skills outcomes such as selecting, analyzing, critiquing, and synthesizing.

The literature is replete with studies and conclusions regarding the benefits of utilizing effective study skills. Al-Hilawani & Sartawi (1997) report that the literature in general reveals that college students with low GPA had inadequate study skills, and further that students who are academically successful use study skills spontaneously and more efficiently than low achieving students. Hoover indicates that good study skills and habits are the tools that assist students during the learning process in order to acquire and retain new information and are essential for students' successful academic performance. Jones, Slate and Kyle (1992) reported that high achieving college students have better study skills than low achieving students in areas of time management, study techniques and attitudes toward learning. DiVesta and Moreno (1993) viewed study skills as a compensation for cognitive limitations in the information processing system and reported that there was a significant correlation between GPA and comprehension monitoring activities, which in turn was an indication that students with high GPA practice self awareness,

purposeful planning and self-adjustment activities more than students with low GPA. More recent work in self-regulated learning examines this process in terms of teachable cognitive skills where students learn to think about the way they learn (Paris and Winograd, 2001).

In order to become effective independent learners in today's changing academic environment, some have suggested that what is important is not so much what students are doing within the classroom but what the students are doing outside of the classroom, particularly in terms of their study methods and study behaviors (Entwistle et al., 1991) While positive study behaviors are important to student achievement, knowledge of the actual study behaviors and techniques utilized is rather limited (Elliot et al, 2002). Scholars do however agree that students typically utilize a variety of studying techniques (Allgood et al, 2000), while the actual techniques utilized are rarely documented (King 1992; Stanley et al., 1999; Van Meter et al, 1994; Wood et al. 1999).

What is often missing in much of this literature is the voice of students themselves regarding effective study habits, particularly given the amount of technological change that has been seen in recent years in postsecondary education. These new technologies are often seen as having the potential to dramatically improve time on task for students and make studying more efficient, and yet students themselves must ultimately weigh in on what tools and approaches have worked for them, or have the potential to do so. Within this context, we have sought to explore student attitudes toward current study habits, their evolution between high school and college, and what these trends mean for marketing education in the future.

## METHODOLOGY

A paper survey was administered to students at a liberal arts college on the East Coast during registration for the fall term of 2008, containing 15 questions developed by the author assessing student attitudes toward studying, primary methods of studying, time spent, preferred study and learning styles, and use of technology, together with demographic information. The full survey is listed in Appendix A, and its questions were organized using a mix of response types as follows:

- Demographic questions included year of graduation, full versus part-time status, declared major, gender, and grade point average (GPA) in high school and college.
- One question listed 38 statements about study habits, prompting respondents to agree or disagree relative to their habits in both high school and college. Both positive statements (such as "I take

time to study every day") and negative ones (such as "I have a hard time listening to lectures") were included in this question. Other yes/no questions included whether instructions should provide their notes online, and whether respondents access such notes online.

- A multiple-choice question asked respondents to select their primary source of study information.
- Other quantitative questions asked respondents how many hours they studied per week, how often they used their school's online learning management system per week, the percentage of time they spent reading textbooks and assignments in deciles, and how they would rate each of eight different learning styles using values of poor, average, good, and excellent.
- Two qualitative questions asked students to describe, in their own words, about their preferred style of study and what technology tools help them learn the most.

Results from the survey questions listed above were then coded as quantitative values as specified by respondents, and a content analysis was performed on the two qualitative questions to quantify these responses. This content analysis grouped these responses into seven and six common categories for reporting, respectively, including "Other" and "No response."

The 352 survey responses received had a distribution ranging from 20 to 28 percent of respondents from each undergraduate class, with a 62% to 38% ratio of females to males, similar to the composition of the student body. Academic majors of respondents were skewed toward business (32%), management (16%), and marketing (9%), with other major clusters including psychology, accounting, nursing, and history (7% of respondents each). Key result samples did not vary significantly according to demographic information such as gender, major, or class year. Respondents had a average grade point average (GPA) of 3.4 out of 4.3 in high school and 3.3 out of 4.3 in college, where 4.0 is an A and 4.3 corresponds to the highest possible grade of A+. 90% of these respondents were full-time students.

## RESULTS AND DISCUSSION

The results from this survey were tabulated in terms of percentages of multiple-choice responses for most questions, such as percentage of yes or no answers in the list of study skills statements in question 6, or the frequency of learning management usage in question 13, for the survey as shown in Appendix A. In the case of the total study time per week assessed in question 11, these responses were broken into ranges in

two hour increments, showing a median study time of between 9-10 hours per week per student, with responses ranging from zero (for less than 1% of respondents) to over 25 hours per week (for approximately 3% of respondents).

The results of this survey show one very clear overall trend: personal study skills today revolve around comprehension of lecture content, with tools and technology assisting the review of this lecture material being most highly rated by students. Studying also remains an activity that is performed alone or in small groups, and one that remains quite separate from increasing trends toward social networking and online connectivity. Specific conclusions from the survey include the following:

**Conclusion 1: Lecture comprehension is the key study skills competency for college students**

This survey examined multiple dimensions of study habits and their variation between high school and college, expressed as the relative percentage of “yes” answers for each study skills statement between high school and college. Overwhelmingly, the most commonly accepted statements revolved around comprehension of the lecture material. The top two statements involved taking notes on the lecture in class (90.3%) and listening carefully to explanations in class (85.2%), with the related issue of not liking to read from textbooks ranking in the top 5 with 75% of respondents agreeing. Other highly-ranked issues include studying in a quiet place (80.4%) and managing time (78.4%).

In a similar vein, the least well accepted statements involved listening to lectures but not taking notes (15.3%), not taking notes at all (15.9%), and the related issue of having difficulty determining important points in the lecture (22.4%) being the third least accepted statement. Other low-ranked statements included not being organized (24.4%) and liking to study in groups of three or more (25.3%).

**Table 1. Most accepted statements on study habits**

In class, generally speaking, I take notes on the lecture.	90.3%
Because I want to remember, I listen carefully to any explanations in class.	85.2%
Usually, I prefer to study in a quiet place.	80.4%
I manage time well to meet school, job, and social/ entertainment needs.	78.4%
Generally speaking, I do not enjoy reading textbooks.	75.0%

**Table 2. Least accepted statements on study habits**

I listen carefully to a lecture but I do not take notes.	15.3%
I don't bother taking notes on lectures.	15.9%
I have difficulty determining important points in lectures.	22.4%
I waste time because I am not organized.	24.4%
Generally speaking, I prefer to study in groups of three or more.	25.3%

Looking deeper at what study habits change the most between high school and college, reviewing notes from the day before a class (25.9% change) and not waiting until the night before a test to review these notes (-20.1% change) serve as the biggest change, and the only ones exceeding a 20 per cent rate of change.

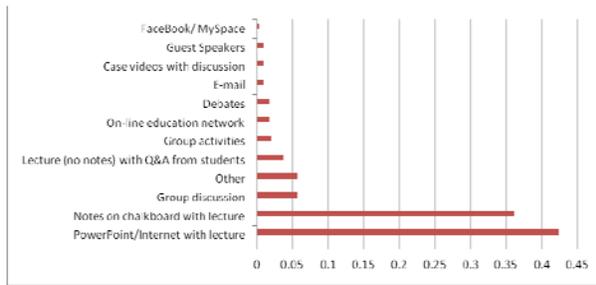
**Table 3. Biggest changes in study habits from high school to college**

	HS	College	Change
Before class starts, I review yesterday's lecture notes.	12.5%	38.4%	25.9%
I wait until the night before a test to review my lecture notes.	61.9%	41.8%	-20.1%
I take time to study every day.	31.8%	48.9%	17.1%
Generally speaking, I skip over charts, graphs, and tables when I read a chapter.	53.7%	36.9%	-16.8%
Generally speaking, I study only when I have to absolutely have to.	56.8%	40.3%	-16.5%

**Conclusion 2: Access to notes is the most important study skills tool for students**

One common denominator across many survey questions is a preference for tools that aid in optimizing the process of learning, and particularly lecture comprehension. As shown in Figure 1, the availability of notes in PowerPoint® or other electronic formats is rated as the most important tool by nearly half of students responding (42.3%), with traditional notes on a chalkboard following closely behind with 36.1% of students ranking this highest.

**Figure 1. Study skills tools ranked highest by students in a single-choice question**



Looking at how students rate each of the learning tools available to them, there was also a clear preference for notes and PowerPoint summaries, with 63.9% and 86.1% respectively rating these tools as good to excellent. This school's on-line learning management system, which serves as a repository for notes as well, followed closely at 62.2% rated good to excellent. Conversely, social networking tools such as Facebook®/MySpace® were rated extremely low, with over 80% of students (82.7%) rating them poor to average, indicating a clear split between tools used for social connectivity and study.

**Table 4. Student ratings of study skills tools**

	Notes	Power Point®	Social Network, e.g. Angel®	Q&A
Excellent	22.16%	38.92%	15.63%	9.38%
Good	41.76%	47.16%	46.59%	37.22%
Average	31.25%	12.50%	27.84%	33.81%
Poor	4.26%	0.85%	9.09%	19.03%

	E-mail	Social Network Facebook®/MySpace®	Debates	Video
Excellent	8.24%	2.56%	19.60%	16.76%
Good	38.92%	13.64%	41.76%	52.84%
Average	36.36%	30.97%	30.68%	23.86%
Poor	14.77%	51.70%	7.39%	5.40%

Finally, in performing a content analysis of responses to the question "What technology tools most help you learn?" there was also a clear preference for PowerPoint summaries of notes (112 responses, or 31.8% of respondents) as well as the Angel learning management system that frequently serves as an online repository of lecture notes and course materials (73 responses, 20.7 per cent). Other responses included use

of the Internet or their computer (44 and 43 responses respectively) as well as a broad range of other responses ranging from audio and video files to "good old writing on the chalkboard." In related survey questions, over 95 percent of respondents felt that instructors should post their lecture notes online, and make use of these resources when they are available.

**Conclusion 3: Most students like to study alone or in small groups – not in online communities**

We live in a world that is increasingly tied together with digital social networks, and yet students have a clear preference for studying alone or in small groups. A content analysis of responses to the question "What is your preferred style of studying?" showed that studying alone or reviewing notes was the overwhelming choice of respondents, with 277 responses or 64.5% of respondents. Studying in small groups was a distant second choice with 36 responses or 10.2% of respondents, with other respondents citing study styles ranging from attending lectures to using flashcards.

Taken together, these findings indicate that time and lecture comprehension remain critical issues for students, particularly as they make the transition from high school to college, and that decidedly low-tech tools such as access to lecture notes are much more important than tools such as social networks or communications media. Survey respondents indicated spending a high level of time reviewing textbooks, with nearly half (46.9%) spending over 80 per cent of their time on this, and more than 20 per cent spending over 90 per cent of their time – and yet fully three quarters of respondents agree with the statement "I do not enjoy reading textbooks." Between this and the natural transition in increased study efforts between high school and college, this survey clearly points to a future for marketing education that must continue to optimize students' time and effort to help them become successful.

**SUMMARY**

Students report being in an environment that has increasing demands on their time and workload as they transition from high school to postsecondary education, and their study habits as shown in this survey reflect a clear desire to make learning as frictionless and time-efficient as possible. As a result, marketing education should increasingly look toward ways to package information, summarize it, and make it available to students electronically outside of the classroom.

Does this also mean that pedagogical techniques must change to address the way students study? At one level, these findings indicate that we must continue to

adapt lecture techniques for maximum retention. At another level, they open the door to examining how we teach students to study, and indeed to think: for example, recent efforts in the area of self-directed learning (SRL), a cognitive approach to learning based around metacognition (e.g. awareness of how we think, together with the use of strategies and situated motivation) show promise for teaching students new ways to approach the process of studying itself (Paris and Winograd, 2001). The survey results point to numerous areas for further study including the following:

- Examining the mechanics of effectively summarizing classroom information for optimum retention
- Leveraging online learning management systems to improve their utility as an informational resource, as well as other technology communications tools such on-demand webcasts, podcasts, and document archives.
- Understanding what factors help students learn and retain information better
- Broadening these survey results to other institutions

The trends shown in this survey also make sense within the broader context of a world where there is a greater level of information and more competing demands on people's time, than ever before. In a very real sense, study skills for marketing education serve as a microcosm of the evolving competencies students will require in a changing workforce subsequent to graduation. By helping students to study more effectively, guided by the input of the students themselves, we have the potential to prepare them for greater levels of success in the increasingly information-driven marketing environment of the future.

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## APPENDIX A: SURVEY CONTENTS

### I. Demographic information

1. What year do you expect to graduate from college?
2. Are you a full-time or part-time student?
3. Have you identified a major? If you answered, "Yes"; what is your major(s)?
4. What is your gender?

5. What is your Grade Point Average (GPA) in high school and in college?

### II. Study skills information

6. Answer "yes" or "no" for the following questions, for both high school and college:
- a. I have difficulty determining important points in lectures.
  - b. Before class starts, I review yesterday's lecture notes.
  - c. I waste time because I am not organized.
  - d. I focus entirely on my work when I study.
  - e. I don't bother taking notes on lectures.
  - f. I take time to study every day.
  - g. In class, generally speaking, I take notes on the lecture
  - h. In class, generally speaking, I prefer to listen vs. take notes.
  - i. Usually, I prefer to study in a quiet place.
  - j. Usually, I listen to music (e.g. iPod) when I study.
  - k. I often have trouble finding enough time to study.
  - l. Generally speaking, I rely on my notes vs. read the textbook.
  - m. Generally speaking, I do not enjoy reading textbooks.
  - n. I know what time of the day I do my best studying.
  - o. Generally speaking, I study only when I feel like it.
  - p. Generally speaking, I study only when I have to absolutely have to.
  - q. Generally speaking, I skip over charts, graphs, and tables when I read a chapter.
  - r. Generally speaking, I prefer to study alone.
  - s. Generally speaking, I prefer to study in groups of two.
  - t. Generally speaking, I prefer to study in groups of three or more.
  - u. I prefer working in teams for term projects in my classes.
  - v. I get very nervous for exams.
  - w. I put off studying that I should be doing.
  - x. I seldom read the questions at the end of the chapter before I begin reading the chapter.
  - y. I wait until the night before a test to review my lecture notes
  - z. I listen carefully to a lecture but I do not take notes.
  - aa. If I have any time left, I check over my test to avoid errors.
  - bb. I take time to review the chapter soon after I read it.
  - cc. Before starting a test, I plan how much time to use on each section of the test.
  - dd. If I have any time left, I check over my test to avoid errors.
  - ee. Because I want to remember, I listen carefully to any explanations in class.
  - ff. I have a hard time listening to lectures.

gg. I manage time well to meet school, job, and social/entertainment needs.

hh. Generally speaking, I stay alert and focused during class.

ii. Generally speaking, I prefer to study with a study partner for exams.

jj. I can sit and study for long periods of time if needed without becoming tired or distracted.

kk. I prefer to use media tools to assist my study skills.

ll. I use social networks to help me study. (e.g. Angel®, Facebook®, MySpace®)

7. What percentage of the time do you read your textbook chapters/reading assignments? (90–100%, 80–89%, 70–79%, 60–69%, 50–59%, Less than 50%)

8. What do you consider to be your primary source for study? Check one of the following:

a. Instructor writing notes on chalkboard with lecture

b. Instructor using PowerPoint®/Internet with lecture

c. Instructors and students in a class using an on-line education network

d. Lecture (no notes) with Q&A from students

e. Instructor and students in a class uses email as a teaching /communication tool

f. Instructor and students using FaceBook® / MySpace® as a communication/learning tool

g. Debates

h. Case videos with discussion

i. Group discussion

j. Group activities

k. Guest Speakers

l. Other

9. Do you think instructors should provide their notes and or PowerPoint® on-line, e.g. Angel®? (Yes, No)

10. If the instructor provides the PowerPoint® and misc. notes and resources on Angel® - do you access/use them? (Yes, No)

11. On average, outside the classroom how many hours do you study in a week?

12. Please rate each of these learning styles (Poor, Average, Good, Excellent)

a. Instructor writing notes on chalkboard with lecture

b. Instructor using PowerPoint®/Internet with lecture

c. Instructors and students in a class using an on-line education network, e.g. Angel

d. Lecture (no notes) with Q&A from students

e. Instructor and students in a class uses email as a teaching and communication tool

f. Instructor and students using FaceBook® and/or MySpace® as a communication and/or learning tool.

g. Debates

h. Case videos with discussion

13. How often do you use our school's (e.g. Angel®) educational social network for your classes? (Never, two to four times per month, once a week, two to four times per week, five to six times per week, daily)

14. In your own words, what is your preferred style of studying?

15. In your own words, what technology tools most help you learn?

# STUDENTS USING NOTE CARDS DURING EXAMS: A CASE STUDY

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## ABSTRACT

*A case study of undergraduate students being allowed to create note cards for use in exams. The study reveals a wide range of effort expended in the cards' creation and students' belief that the note cards encouraged them to read the text more and helped them learn the material better.*

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## INTRODUCTION

"That's not fair." The student looked up from the quiz I'd just returned and continued in a plaintive voice, "You can't expect us to know everything." I waited a moment to appear reflective and replied, "Yes, I can. And I do expect you to know everything." The remark didn't earn me the Teacher of the Year Award.

Of course, I didn't expect students to memorize everything covered in the textbook and contained in the lectures. A large part of being a teacher is emphasizing the most important material and assessing students on it. Given that during class students were not taking notes at a level I thought appropriate despite my comments such as, "This would make a perfect quiz question..." I decided to change the rules for taking quizzes and exams. The next term I announced at the outset of each course that students could bring to quizzes and exams all the handwritten 3-in. X 5-in. cards they cared to generate. Students would thereafter be able to prepare for tests according to their individual needs and take the quizzes and exams knowing that at any time they could refer to their cards, which, at their own discretion, contained anything and "everything."

The purpose of this study of undergraduate marketing students at a private, four-year liberal arts college is threefold. The study attempts to quantify the effort students are willing to put forth to create test aids as measured by the number of 3-in. X 5-in. note (or index) cards they prepared and the estimated amount of time students spent during the term on the cards' creation. The second part of the study seeks to determine the value of the cards by measuring how often they used the cards while taking quizzes and exams. Third, the study considers students' attitudes toward the value of creating and using the note cards. Additionally, students' self-reported behavior regarding their class attendance while being allowed to

bring note cards to the quizzes and exams is also explored.

During each term, I offered advice on what should be on their cards and how best to organize them and the fact that creating note cards before a quiz or exams can be a learning experience by itself (Hamilton, 2005).

There is a dearth of studies about students using note cards during exams. There have been, however, a number of studies on the related topic of using crib sheets (often referred to a "cheat" sheets) and open-book tests. A case study allowing nursing students to use crib sheets (a single 8-in. X 10-in. piece of paper) found that students perceived the sense of empowerment and control during tests and that students reported that the crib sheets reduced the need for strict memorization and allowed them to focus on application and evaluation (Drake, 1998). The same study found that using the crib sheets decreased test anxiety. It has also been found that "The cheat sheet is a security blanket and provides basic information: it enhances learning, improves test performance, and reduces test anxiety" (Erbe, 2007 pg. 97).

Studies have suggested that open-book tests are a means of reducing cheating on exams (Johnson, 2005), effectively measuring students' understanding of the course (Dawson, 2005), and encouraging reading and increasing students' ability to use a reference text effectively and efficiently (Phillips, 2006).

In comparing open- and closed-book tests it was found that students taking open-book (text plus other written material) interrelated material from a variety of sources and while taking an exam worked creatively and probed more deeply into the knowledge acquired (Theophilides, 2000). The same study showed that students taking closed-book exams, as opposed to those taking open-book exams, studied only the assigned reading material, memorized information, focused on facts, and delayed preparing for an exam until the end of the semester.

## METHODOLOGY

During a complete academic year students were told they could prepare any number of 3-in. X 5-in. note cards and use them during quizzes and exams. The size of note card was specified in order to obtain a standard measure of student effort, unlike allowing crib sheets where some students write small enough to cover in a small area what other students need half a page to cover. Four “reading quizzes” were administered during each term and comprised a series of objective questions and short essay questions that asked students to use higher levels of cognition skills (Bloom et al., 1956). Midterm and final exams contained objective questions and a larger percentage of higher order thinking short essays than the reading quizzes. During quizzes and exams cards were examined to ensure that no mechanical means (computer printing or duplicating of text pages) were taken to create the cards. It was observed that some students brought just a few cards with them to the quizzes and exams while others brought handfuls. Most cards were highlighted using a variety of colored pens.

Note card surveys were completed anonymously by students following the final exams in four undergraduate marketing courses over the academic year. The four courses ranged from those usually taken by sophomores to those taken by juniors and seniors. Students were asked on the survey to place an X along a number line marked with increments of 50 from 0 to 300 cards. Likewise, students were requested to quantify the effort put into creating the note cards by placing an X along a number line with marked increments of 10 from 0 to 60 hours. To answer how often did they refer to the note cards during exams and quizzes, students circled one of the following: Never; Seldom; Occasionally; Often; or All the time. The last objective question on the survey asked students to circle one response that indicated what they were going to do with the note cards at the end of the term: Immediately throw them out; Keep them for a while; Keep them for about a year; Keep them more than a year; or Other. Space was provided at the bottom of the survey for students to write further comments and suggestions.

Furthermore, students were asked how they felt about using the note cards by expressing their level of agreement with the statements below. Students could choose among the Likert scale responses to the seven statements: Strongly agree; Agree; Somewhat agree; Neither agree nor disagree; Somewhat disagree; Disagree; Strongly disagree.

1. I read more of the text for this course than for other courses because of the note cards.
2. I believe that creating and using the note cards helped me learn the material.

3. I'd rather have open-book quizzes and exams than note cards.
4. I attended class less often because I knew I could use note cards on the quizzes and exams.
5. Writing something on paper helps me learn the material.
6. Even without note cards I generally do well on objective questions (multiple choice, true-false).
7. Every course should allow note cards during quizzes and exams.

A total of 91 useable note card surveys were collected from students. To increase the likelihood of unbiased answers, students were not required to identify themselves on the survey.

## RESULTS

Analyzing the results of the data provided by students offers insights into the efforts expended creating the cards, their use during quizzes and exams, and their disposition of the cards at the end of the term.

During each term students across all courses created an average of 123 note cards with a standard deviation of 66.6 and a range of 10 to 300 cards. The 44 students in the 2 upper level courses generated an average of 94.6 cards, significantly fewer than the 47 students in the 2 lower level courses who created an average of just under 150 cards. See Table 1. The time spent creating the cards in all courses averaged 18.5 hours with a standard deviation of 11.65. The number of hours ranged from under an hour to 55 hours. Students in the 2 upper level courses spent on average 15.3 hours creating cards, significantly less time than those in the 2 lower level courses, who spent 21.5 hours creating cards. See Table 2.

**Table 1. Number of Note Cards Created**

Number of Cards Created	# Students	% Students
0 - 49	10	11
50 - 99	23	25
100 - 149	23	25
150 - 199	22	24
200 - 249	7	8
250 - 299	5	5
300+	1	1

**Table 2. Effort to Create Note Cards**

Hours to Create Cards	# Students	% Students
0 - 9	14	15
10 - 19	42	46
20 - 29	19	21
30 - 39	10	11
40 - 49	2	2
50 - 59	4	4
60+	0	0

When asked how often they had referred to their note cards during quizzes and exams, 62% indicated either “Often” or “All the time.” There was no significant difference in the frequency of referring to the cards between the students in the upper and lower level courses. Students were asked what they were going to do with their cards once the course was over,

and thereby get a sense of students’ belief in the cards’ long-term value. Forty-two percent of the students planned to immediately discard their cards once the term was over. Forty-three percent indicated that they would keep them for a while, and 8 percent said that they would keep the cards for a year or more. Four students indicated that they had other plans for their cards, including saving them for a friend and putting them in a box with their other papers and tests.

All 91 respondents expressed their level of agreement with the seven statements concerning their attitudes and behavior toward creating and using note cards during quizzes and exams. The results show that when using note cards students read the text more and were helped in learning the material, and that they believe that every course should allow the use of note cards. Additionally, students did not come to class less often because they could use the note cards. Students neither agreed nor disagreed with their preference toward taking an open-book test and using note cards. See Table 3.

**Table 3. Students’ Level of Agreement with Statements on the Note Card Survey**

Statement	Mean	Std. Dev.	<i>t</i> -Value	<i>p</i> -Value
I read more of the text for this course than for other courses because of the note cards.	3.03	1.722	-5.36	0.000
I believe that creating and using the note cards helped me learn the material.	2.24	1.344	-12.48	0.000
I’d rather have open book quizzes and exams than note cards.	3.78	2.065	-1.02	0.313
I attended class less often because I knew I could use note cards on the quizzes and exams.	5.43	1.572	8.67	0.000
Writing something on paper helps me learn the material.	1.93	0.952	-20.70	0.000
Even without note cards I generally do well on objective questions (multiple choice, true-false).	3.56	1.343	-3.12	0.002
Every course should allow note cards during quizzes and exams.	2.19	1.228	-14.08	0.000

Notes: Sample size (*n*) = 91. Std. Dev. is the standard deviation of the coded responses. *t*-Value is the tabulated *t*-value for a two-tail test for comparing the sample mean to the hypothesized population mean of 4 (Neither agree nor disagree). At a significance level of 0.05 and given 91 of degrees of freedom, the critical value of *t* is 1.990. *p*-Value is the tabulated *p*-value, or the probability of wrongly rejecting the hypothesis (student attitude toward statement is neither agree nor disagree) if it is in fact true. Strongly agree = 1; Agree = 2; Somewhat agree = 3; Neither agree nor disagree = 4; Somewhat disagree = 5; Disagree = 6; Strongly disagree = 7.

Studying the relationships among student attitudes about the creation and use of note cards reveals a number of significant associations. Correlation analysis of the responses shows significant ( $p$  value  $< 0.05$ ) strong positive association with note cards helping a student learn the material and reading the text more, writing something on paper helping them learn the material better, and believing that every course should allow note cards. A statistically significant association was found concerning attendance and the learning value of note cards: The more students believed that note cards helped them learn the material, the more apt they were to attend class. The number of cards created was significantly ( $p$  value  $< 0.05$ ) and positively correlated with the number of hours needed to create them, how often students referred to the cards during quizzes and exams, and the belief that creating and using the cards helped them learn the material.

Given that the school's course numbering system increases as the typical student takes them in sequence over the years, it is possible to determine changes in attitudes and behaviors of students as they take more advanced marketing courses. Significant correlations ( $p$  value  $< 0.05$ ) were found as students took progressively higher level courses: It was found that students taking higher level course created fewer note cards, spent less time creating the cards, referred to the cards less often during quizzes and exams, did not read the text more, and agreed less with the statement concerning the cards helping them learn the material.

Significant ( $p$  value  $< 0.05$ ) correlation was found in the association between what students were going to do with the cards at the end of the term and their beliefs about the cards' values. As students increasingly believed the cards helped them learn the material and that they read the text more using the cards, the longer they planned to keep the cards after the term ended.

Ten students availed themselves of the opportunity to offer comments and suggestions in the space at the end of the note card survey. Four comments were positive and included, "The note cards were a tremendous help" and "By making the note cards it is easier to understand the material and embed it in my brain." Four comments suggested alternatives to using note cards such as bringing copies of the lecture slides to the tests. A negative single comment was offered, "Note cards just encourage regurgitation rather learning implications of theories."

Comparing grades earned by students taking quizzes and exams using note cards and taking quizzes and exams under different circumstances shows that using note cards has a positive effect on grades. During the year that note cards were used, 773 "note card" quizzes and exams were assessed with a total average of 78.8 of a possible 100 points with a standard

deviation of 10.5. There were no significant differences found between quiz and exam grades and no differences in grades between lower and upper level courses. For the 254 "plain" quizzes and exams (in-class, no memory aids) given during an earlier term for the same courses and composed of similar objective questions but no essays, scores averaged 70.2 of a possible 100 points with a standard deviation of 11.3. During a previous term, again with the same courses, students took short essay quizzes and exams as take-homes. "Take-homes" scores were the highest of all types of testing: 363 grades were tabulated with an average of 85.7 of a possible 100 points with a standard deviation of 11.3. During the most recent term students took quizzes and exams in courses similar to those in which note cards were allowed, but during this term they were not allowed to use note cards; they could bring to quizzes and exams a single crib sheet in their own (very small!) handwriting. "Crib-sheet" scores averaged 81.6 of a possible 100 points with a standard deviation of 11.0 and were similar to "note card" scores. See Table 4.

**Table 4. Type of Quiz/Exam and Scores**

Type	Average	Std. Dev.	Count
Note Card	78.8	10.5	773
Take Home	85.7	11.3	363
Plain	70.2	11.3	254
Crib Sheet	81.6	11.0	359

## DISCUSSION AND CONCLUSIONS

The exploratory study shows that students appreciate being allowed to create and use note cards during quizzes and exams. Unequivocally they believed the process helped them learn the material by reading the text more than they would otherwise and that writing something on paper helps them learn the material. Students believed that every course should allow note cards during quizzes and exams.

The incidence of using the cards during test taking was unexpected. Anecdotal evidence obtained by watching students taking the quizzes and exams suggested that the cards were used occasionally while 36% of the students claimed that they referred to their notes "Often" and 26% "All the time."

On a positive note, the wholesale absenteeism that one might expect to occur because students could substitute attending class with a few extra cards didn't come to pass. Attendance remained approximately the same over previous academic years, and students indicated on the note card survey that they agreed midway through the sentiments of "somewhat

disagreeing” and “disagreeing” with the statement, “I attended class less often because I knew I could use note cards on the quizzes and exams.” This result may be explained by the fact that many students wrote on their note cards during class lectures and used them later on the quizzes and exams.

The number of cards created and the amount of time spent creating them are perplexing in their variability and distributions. Both variables showed high standard deviations, wide range (one student prepared 10 cards, another 300; a student in one course spent about 45 minutes preparing his cards while another devoted 55 hours to the task) and a positively skewed distribution when one might expect a normal distribution. The results comparing those taking upper and lower level courses were expected. Students taking upper level courses produced fewer cards and spent less time creating them than did the students in lower level courses, presumably as a result of having been in school longer and having acquired effective study skills plus a greater familiarity with the instructor and his testing methods.

Comparing quiz and test scores across different types of environments is interesting at best given that strict controls over extraneous factors affecting the scores was not possible. Although the instructor remained constant during each term and the students can be thought of as similar, the courses were not exactly the same term-for-term, and some quizzes and exams contained only objective questions while others were composed of a combination of objective questions and short essays. This case history suggests that using note cards (and crib-sheets) yields higher scores on quizzes and exams than types of testing that do not allow students the use of memory aids. It is not surprising that scores on take-home quizzes and exams were much higher than quizzes and exams taken in class with or without memory aids.

This study is limited in that it used as subjects only marketing students at a four-year, private liberal arts college; the results may or may not be applicable to all subject areas or at other educational institutions. Further research is warranted in the area of assessing the impact of using note cards on actual performance on the quizzes and exams. This study asked students to report their behavior and their beliefs anonymously in order obtain more valid data but consequently prevented comparing individual student performance in a particular course with performances in other courses. Controlling the effect of extraneous variables on quiz and exam scores would allow statistical testing of differences among using note cards and other types of testing environments. Future research is also needed into the causes for such wide variabilities and ranges of the number of cards created and the number of hours spent generating the cards, particularly in view of the

almost absolute uniformity among students’ efforts in creating crib-sheets when given the chance.

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# AN EXPLORATORY STUDY OF STUDENTS PERCEIVED ROLE OVERLOAD

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Despite the growing pressures on college students to work while attending school, and to differentiate themselves in the job market by participating in a variety of professional and other extra-curricular activities, little attention has been paid to the possible resulting role overload experienced by these students. Role overload, a concept studied more commonly in the context of working women trying to manage both a family and career, occurs when someone is fulfilling several roles simultaneously. The result is a feeling of being overwhelmed, excessive stress, conflict resulting from conflicting demands with too little time, and the subsequent inability to do anything well.

The purpose of the research was to contribute to the sparse literature in the area by examining the extent of perceived role overload in a population of college students. A survey of 209 students at a major Midwestern university was conducted. Using a previously developed measure of role overload with some modifications, students' perceived role overload was measured along with their perceived pressure to obtain good grades and classification information.

Overall, students expressed a moderate degree of role overload with some differences due to gender. Female students, in contrast to their male counterparts, were more apt to agree that they put pressure on themselves to get good grades and that good grades were necessary to get a good job. In addition to these findings, students with higher gpa's were also more apt to put pressure on themselves to get good grades. Surprising, there were few differences depending on whether a student worked less than 20 hours a week, between 21-30 hours and over 30 hours.

While preliminary, the results suggest that role overload is experienced by a number of students and that there are differences between men and women. Given the current economic climate, and the skyrocketing costs of higher education leading more students to have to work while attending school, educators need to address the issues involved in juggling a number of roles and responsibilities. In addition, research needs to be undertaken to expand the generalizability of the current study with respect to both size and diversity of the population and the types of institutions of high education.

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# STUDENT AWARENESS AND UNDERSTANDING OF CONTEMPORARY MARKETING TERMINOLOGY

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## *ABSTRACT*

A significant portion of research in marketing education has focused on introductory marketing courses. Students often do not take any courses beyond the introductory level as most business-related majors do not require them to do so. Thus the focus on the introductory level is beneficial in that this is where most business-related majors receive exposure to marketing concepts and the marketing profession. As a result, marketing educators have much less empirical evidence focused on the student experience with discipline-specific content such as direct and interactive marketing. Although advances are made in all areas of the marketing profession, direct and interactive marketing is the fastest-growing. Thus its inclusion in the introductory marketing curriculum is necessary to reflect contemporary marketing practice.

In this study, 242 completed surveys were received from undergraduate students where they were asked to provide a definition for each of nine common direct and interactive marketing terms. Students had the greatest familiarity with telemarketing and internet marketing and the least familiarity with e-commerce, relationship marketing and interactive marketing and the greatest misunderstanding (no knowledge) regarding direct marketing and relationship marketing. Students who completed an introductory marketing course had a better understanding of database marketing ( $p < .01$ ) and a greater awareness but a poorer understanding of direct mail ( $p < .01$ ). Students who completed an introductory marketing course also had a much greater understanding of direct marketing ( $p < .01$ ), e-commerce ( $p < .01$ ), interactive marketing ( $p < .01$ ) and relationship marketing ( $p < .01$ ).

It is clear that students, particularly those who completed an introductory marketing course, retained and had a better understanding of certain direct and interactive marketing terms. Student familiarity should continue to increase as faculty adjusts the introductory marketing course content to better reflect contemporary marketing practice. However, more could be done to engage students in the learning process particularly by utilizing active learning approaches and those that foster deep learning. Other implications for marketing educators are discussed.

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# BUILDING BRAND COMMUNITY MEMBERSHIP WITHIN ORGANIZATIONS: A VIABLE INTERNAL BRANDING ALTERNATIVE?

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## *Abstract*

*Based on the well-established importance of developing a strong brand with external constituents, the inherent benefits of successful internal branding initiatives, and the profound strength of a brand community among a brand's customers, there appears to be a dramatic opportunity for a synergistic program coordinating internal and external branding initiatives. Using the multidimensional constructs of brand community and the strengths of internal branding strategies, this study explores the theoretical underpinnings of combining the two constructs. Intraorganizational brand communities are presented as a viable strategic possibility for targeting internal branding participants. Results lend strong support to the need for and efficacy of internal brand communities, and provide an opportunity to examine the strategic implications of pursuing such a strategy for internal as well as external audiences.*

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## INTRODUCTION

The inherent importance of branding continues to gain reverence as firms attempt to differentiate themselves in crowded, competitive, multi-national markets, and to enhance customer loyalty once their brands have been established. A brand, or "name, term, sign, symbol, or design, or a combination of them, is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (American Marketing Association definition, Keller, 2003, 3) can be as vague as it is imperative to a firm's success. A strong brand has been found to be instrumental in the facilitation of numerous marketing goals including: improved brand loyalty, brand-based price premiums and higher margins, improved new product introductions, greater shareholder and stakeholder returns, and clear, valued and sustainable points of differentiation as well as the simplification of consumer decision making, the reduction of consumer risk, and the establishment of expectations (Davis, 2000; Keller, 2003). The role of perception in branding is therefore critical:

"The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and

services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, and so on become linked to the brand" (Keller, 2003, pg. 59).

Branding initiatives have, however, traditionally focused on external stakeholders. Only relatively recently have branding efforts specifically targeted an organization's own employees. Promoting a brand internally can be seen today at such corporate giants as Southwest (D'Innocenzo, 2002), Standard Register, Cisco, Ernst & Young (Boone, 2000), BASF (Buss, 2002), Sears, BP, IBM, Nike, and Miller Brewing (Mitchell, 2002). These firms have realized the importance of an informed workforce committed to delivering the firms' brand promises. This engagement of employees in the brand and branding process, leading to their representation of brand qualities to outside constituents is often times referred to as *internal branding, employee branding, or internal marketing* (Keller, 2003; D'Innocenzo, 2002; Mitchell, 2002).

A dramatic opportunity, therefore, appears to exist for a synergistic program coordinating internal and external branding initiatives. Ind (1997, 2001), LePla and Parker (1999), Schiffenbauer (2001), Duboff

(2001), Hatch and Schultz (2001), all stress the importance of a coordinated internal and external branding program and the inherent benefits of marketing efforts that address not only the needs and wants of the target market, but the proper hiring, training, and motivation of those who must deliver the brand's promise (Aurand, Gorchels, and Bishop, 2005).

Externally, brands such as Harley Davidson and Jeep have gone so far as to establish brand communities within which customers are enmeshed in a network of relationships with the brand and fellow customers, as opposed to the traditional brand loyalty. These communities strengthen bonds with the customer in a superior fashion than the more traditional, externally focused branding endeavors. McAlexander, Shouten, and Koenig (2002) define brand communities as, "Communities whose primary bases of identification are either brands or consumption activities, that is, whose meaningfulness is negotiated through the symbolism of the marketplace. A brand community is a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand. It is specialized because at its center is a branded good or service." They further state that, "A brand community from a customer-experiential perspective is a fabric of relationships in which the customer is situated. Crucial relationships have typically included those between the customer and the brand, between the customer and the firm, between the customer and the product in use, and among fellow customers" (Devasagayam and Buff, 2008).

Based upon the well-established importance of developing a strong brand with external constituents, the inherent benefits of successful internal branding initiatives, and the profound strength of a brand community among a brand's customers, this study examines the need and appropriateness of developing a brand community within an internal branding framework. We investigate the validity of a brand community within a firm's own walls, and determine if such a concept would benefit an organization, its internal constituents, and perhaps the benefits may spillover to external constituents as well. Specifically, we put forward the question of the appropriateness of a brand community within an internal brand setting and hope to determine the rationality of an organization embracing the brand community concept internally.

### **INTERNAL BRANDING**

The brand message will lose its credibility if it is not supported by unified employee behavior (Schiffenbauer, 2001). The external brand promise must be properly aligned with the actual performance within the organization and that employees are

important internal promise deliverers (Schultz and Schultz, 2002). Therefore, messages conveyed to the employees of an organization are just as important as those sent to customers. When internal branding efforts are implemented, employees are more likely to understand the brand, take ownership in the brand, and provide evidence of the brand in their organizational responsibilities.

Berry and Neeli (2003) conclude that positive word-of-mouth and powerful customer loyalty (rather than external advertising) have resulted in what many consider to be the most powerful brand in healthcare, the Mayo Clinic. By applying consumer behavior to internal communications, leaders within the organization can help employees better understand the brand, have a passion for the brand, and perhaps even "live" the brand vision on a day-to-day basis (Mitchell, 2002).

However, communication alone is not enough for employees to "live the brand." Although it is critical for the institution's brand identity to be promoted externally, the brand promise must also be supported internally through various promotional methods. One such option may be the brand community.

### **BRAND COMMUNITY**

Traditionally communities have been envisioned as being geographically rooted and therefore constrained by the complex psychological and sociological notions of shared consciousness and moral obligation leading to collective action. It has been assumed that socio-psychological kinship inherent in a brand community is dependent upon geographic proximity among its members. Subsequent research by Devasagayam and Buff (2005, 2008) proposed that such a limited conceptualization of community may not be congruent with modern technological advances. The research illustrated that brand communities may be conceived and nurtured in the physical world as well as the virtual world. The members of physical brand communities congregate and share consumption experiences in a predetermined location usually under the very identifiable auspices of the brand owner. The virtual brand community on the other hand meets in cyberspace to share consumption experiences and this community might have either evolved on its own or could have been facilitated by the brand owner. Often, the virtual community might devise rituals and mores of its own, beyond the control of the brand owner (NFL.COM, for example). Research may investigate two extreme ends of the 'Spatial' characteristic of brand community within the context of internal branding: Physical (Geographically Bound) and Virtual.

Internal brand communities could also exhibit distinct characteristics based on the nature and frequency of participation. For instance, some geographically bound events are choreographed by the brand owner and necessitate infrequent gatherings due to the overwhelming logistics of organizing the event and extensive commitment of resources. Virtual participation usually is less resource dependent and might facilitate more frequent participation in the community. The very nature of the brand, the culture of the firm or organization, characteristics of the products or services produced, and attendant employee behavior in terms of involvement and job function may also determine the frequency of member participation. Once again, we conceptualize the two extremes of the 'Exchange' continuum as Transactional and Relational.

For this preliminary study, we look at the overall membership characteristics and their impact on internal

branding strategies, satisfaction with those strategies, and the possible need for and implications of building internal brand communities.

## METHODOLOGY

The survey was administered electronically to a sample drawn from an established research panel. A total of 2500 panel participants were contacted, 369 responded, and 261 surveys were usable, resulting in a 10.4% effective response rate. E-mail addresses for panel participants were obtained from a wide variety of corporate web sites and no incentive was offered for their responses. Sample descriptive statistics are summarized in Table 1.

**TABLE 1: SAMPLE CHARACTERISTICS**

<b>Characteristic</b>	<b>%</b>
Primary function of company?	
Provide/sell service	47.9
Both manufacture a product and provide/sell a service	24.1
Manufacture/sell a product	18.4
Other	9.6
Who are your firm's primary customers?	
Personal customers	51
Other businesses	31.8
Institutions	5
Government agencies or Physicians/Medical	4.5
Other	7.7
Approximately how many people are employed full-time at your current location?	
1-25	19.5
26-100	29.9
101-250	10.7
251-500	10.7
501-1,000	10.7
1,001-2,500	5
2,501-5,000	8.4
5,001-10,000	1.1
More than 10,000	3.8
Approximately how many people are employed full-time at your company worldwide?	
1-25	3.4
26-100	19.5
101-250	7.7
251-500	10
501-1,000	13
1,001-2,500	10.3

2,501-5,000	12.6
5,001-10,000	7.3
More than 10,000	16.1
Is your company owned by, or a division of another company?	
Yes	25.7
No	70.9
Don't know	3.4
How long have you been employed at your company?	
0-6 years	45.1
7-13 years	25.7
14-20 years	14.9
20+	14.2

Respondents were asked a number of questions about the type of company for which they work. With regard to primary function of the company they work for, approximately one half of the sample “provide/sell a service” and about one quarter “both manufacture a product and provide/sell a service”. Approximately one half of the sample indicates that “personal customers” are their firm’s primary customers, with another third indicating “other businesses”. With regard to the number of full-time employees at the company at your location, about one third responded “26-100” and one fifth “1-25”, however when looking at the number of full-time employees at the company worldwide approximately one fifth indicated “26-100” and another one fifth responded “more than 10,000. This suggests that a number of the sample work in smaller local offices for larger organizations. One quarter responded that the company they work for is owned by or is a division of another company, whereas seventy percent do not. Finally, 45% of the sample have been with their company for under 7 years whereas 26% have been with their company for over 7-13 years.

## RESULTS AND DISCUSSION

In keeping with research from the past, multi-item measures of Likert-type scale with six anchors ranging from “strongly agree” to “strongly disagree” were used to measure respondent perception of the brand and their understanding and incorporation of brand values. These values were gauged using scales derived from the work by Michaels et al. (1988) and Aurand et al. (2005). Given the exploratory nature of the study (with a limited sample size), alpha values of .7 and above were deemed desirable (Churchill 1979, Peter 1979). This is in line with prior research that based on Nunnally’s (1978) recommendations. The nine-item internal branding scale demonstrated excellent psychometric properties with a Chronbach’s Alpha value of 0.939. This is significantly higher than those

observed by past studies utilizing this scale where it ranged from 0.74 to 0.85. Similarly, the brand community membership scale was tested for reliability and validity. The eleven-item scale was found to be robust with Alpha value of 0.973; once again this scale exhibited psychometric properties higher than those witnessed in past use of this scale (usually 0.9 to 0.93).

The relationship between internal branding, internal brand community membership, and the overall satisfaction with branding communications was further analyzed. The overall model was significant ( $F=265.197$ ,  $p: 0.00001$ , adjusted R-square of 0.673). Results indicate that when a company engages in internal branding, building a community around that brand yields higher levels of employee identification with communications related to branding; internal branding alone yielded an adjusted R-square of 0.350 with an overall significant model ( $F=140.86$ ,  $p:0.0001$ ).

An examination of internal branding, internal brand community membership, and the overall satisfaction with a company’s branding strategies yielded interesting results as well. The overall model was found to be significant ( $F=249.748$ ,  $p: 0.0001$ , adjusted R-square of 0.657). Results indicate that when a company engages in internal branding, building a community around that brand yields higher levels of employee support of corporate strategic initiatives related to branding; internal branding alone yielded an adjusted R-square of 0.334 with an overall significant model ( $F=135.13$ ,  $p:0.0001$ ).

Internal branding attempts coupled with strong internal brand community membership were found to be helpful in building internal relationships between employees that shared an affinity for the brand. The overall model was found to be significant ( $F=450.40$ ,  $p: 0.0001$ , adjusted R-square of 0.776). Results indicate that when a company engages in internal branding, building a community around that brand yields higher levels of employee support for each other, which should have positive ramifications for morale of the

brand team. Internal branding alone yielded an adjusted R-square of 0.304 with an overall significant model (F=112.96.13, p: 0.0001).

Finally, a test of relationship between internal branding, internal brand community membership and a possible emergent affinity for brand followers outside the organization (customers, for instance) was undertaken. The overall model was found to be significant (F=328.485, p: 0.0001, adjusted R-square of 0.716). Results indicate that when a company engages in internal branding, building a community around that brand yields higher levels of employee satisfaction with external audience interactions with those that identify with the brand. This finding, when further explored will yield important results to justify the costs of establishing an internal brand community in order to seek returns with increased revenues. Internal branding alone yielded an adjusted R-square of 0.240 with an overall significant model (F=82.939.13, p: 0.0001).

### CONCLUSION AND FUTURE RESEARCH AVENUES

Our findings clearly indicate an advantage to fostering and nurturing internal brand communities. Also of note is the fact that establishing strong internal brands yields statistically significant results as well. However, when strong internal brands are supported by robust communities the results are far more overarching and beneficial. Future research studies would benefit from applying the constructs of brand community typology to internal brand communities. For instance, do different types of membership in a brand community and preferred mode of participation in that community have an impact on the level of satisfaction derived from branding initiative. Even more important, how do the implications of such findings impact the bottom line of brand managers. Despite a rich and well represented national sample one cannot help but wonder what role cultural characteristics of employees would play in terms of international brands and markets.

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# CATHOLIC PARISHIONER SATISFACTION AND RELIGIOUS GIVING

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## ABSTRACT

This study explores whether there is a relationship between Catholic parishioner satisfaction levels and the level of financial contribution to parishes. The survey instrument was a 25 question survey that was sent to a random sample of registered Catholic parishioners. The results showed there was very little correlation between whether Catholic parish members were satisfied and whether they contributed more financially to the parish. Consistent with earlier studies there was a stronger correlation of financial giving levels to church attendance frequency, volunteer hours, committee membership, gender, age group, and income levels than there was to parishioner satisfaction levels.

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## INTRODUCTION

Churches as organizations require funds to operate and achieve their religious objectives. Like businesses, in order for churches to continue to operate they must receive more funds than they spend over the long term. Most churches also have periods when more funds are received than are immediately needed and also periods where more funds are needed than received. For churches to grow and achieve their objectives they need funding to increase over time. Thus churches are similar to businesses in that they require funds to achieve objectives, have increasing demands for funds, and have variable cash flow timing.

Given these similarities between churches and businesses, revenues are important to both. Factors that affect the amount and timing of revenue flows have an impact on how businesses and churches operate. Businesses that provide a perceived better product or service typically get more funds from customers as people buy more from these businesses. Businesses which do a better job of satisfying the customers' needs have increasing revenues. Do members/customers of churches contribute more funds to churches that better satisfy the parish members' needs? This question is complex and socially problematic as the following discussion illustrates.

Measuring customer/parishioner satisfaction levels may be perceived by the general public as a marketing or business concept and can cause some dissention. Some say religion and business are different and business principles do not apply since religion has no profit motives (Kenneson and Street 1997). Some religious leaders take offense when the

marketing of religion is discussed (Shawchuck, Kotler, Wren, and Rath 1992). Many religious leaders perceive marketing as manipulative and view church marketing very negatively (Barna 1992). Other church leaders feel that when churches use a marketing orientation to satisfy members' needs, the church is not fulfilling its traditional mission (Considine 1995).

Marketing, finance, and psychological studies to date have focused on either the firm and organization or the consumer. Organization-based studies have been done as well as books written that consider factors contributing to church growth and church financial support (Iannaccone, Olson and Stark, 1995; Warren 1995). In addition, several studies have attempted to assess how church marketing contributes to church growth and financial support (Barna 1992; Considine 1995; Kenneson and Street 1997; Kotler 1996; Shawchuck et al. 1992), how effective church leadership and management impacts church growth and financial support (Callahan 1997; Evans and Percy 2000), and what effects demographics have on church growth and financial support (Chaves and Miller 1999). Consumer-based studies have focused on the determinants of parishioner satisfaction (Peyrot and Sweeney 2000; Silverman, Pargament, Johnson, Echemendia and Snyder 1983; Sweeney 1989).

No study has been found that links church or parishioner satisfaction findings to the level of monetary contributions. This study attempted to determine if there is a relationship between parishioner satisfaction measures and contribution rates.

## **Delimitation of Research Problem**

The research problem encompassed three facets. The first was financial giving. The second was factors affecting parishioner satisfaction. The third was demographic characteristics of church members. Churches can run into financial difficulties for reasons not related to this research such as increased costs or philosophical disputes. The research design ignored these other possible factors. The study consists of responses to mail surveys of registered Catholic Church members of a diocese.

## **Research Question**

There is an incomplete understanding of parishioner satisfaction and its relationship to church financial support. This study determined if there was a correlation between parishioners' satisfaction and their financial contributions.

## **Definition of Terms**

Previous researchers have argued the measurement of parishioner satisfaction could not be assessed by a single measure and are a cumulative measure of several factors. Silverman et al. (1983) stated parishioner satisfaction is multidimensional and any attempt to focus on a single measurement to assess parishioner satisfaction is inadequate. They also felt an appropriate measure would be a cumulative measure of several aspects of parishioner satisfaction. This is in agreement with referred sources as the content domain measured is broad enough for an appropriate valid assessment yet defined clearly (Frankel and Wallen 2000; Popham 2000). For the purposes of this study parishioner satisfaction was the degree to which the parish meets the religious needs of the parishioner without identifying the specific needs (Perot and Sweeney 2000). The definition of financial giving was measured in dollars reported by the respondent. In pilot studies the respondents found it easier to remember the actual dollars from completing their tax returns rather than percentage of income.

## **RESEARCH HYPOTHESES**

In the research hypotheses the dependent variable is the level of financial giving and the independent variables are types and levels of parishioner satisfaction. Confounding variables include demographic characteristics and contextual aspects of giving.

The major research opportunity existed because no study has combined the measurement of

parishioner satisfaction with the level of financial contribution as shown in Appendix A. In addition to this overarching hypothesis there are several related hypotheses that will help better understand the relationships.

H1: "There is a positive correlation between Catholic parish members' satisfaction and level of giving."

In an effort to more fully understand this phenomenon, several types of satisfaction were studied and compared to the level of giving. These hypotheses H2-H5 are shown visually in Appendix B.

H2: "There is a positive correlation between Catholic parish members' satisfaction with the church pastor and the level of giving."

H3: "There is a positive correlation between Catholic parish members' satisfaction with the church community and the level of giving."

H4: "There is a positive correlation between Catholic parish members' satisfaction with the church outreach and the level of giving."

H5: "There is a positive correlation between Catholic parish members' satisfaction with the church impact and the level of giving."

## **METHODOLOGY**

This study was a correlational study. The population studied for this project was the registered Catholic members of a diocese. The sample consisted of a random sample from this population. The sample size needed was determined using statistical power analysis (Cohen, 1992). The sample size would be at least 85. This was based on detecting a medium effect size (.30) using an alpha of .05 to detect significance. Based on an expected 25 percent response rate 400 questionnaires were sent. Each member of this sample was sent a mail survey with a letter of introduction and a stamped, addressed return envelope.

## **Instrument**

Reliability of the questions used in the survey instrument was tested using Cronbach's Alpha as part of a pilot study. The questions on this instrument were refined from several earlier studies. The validity of the instrument was established from a series of earlier studies that refined and tested the constructs of parishioner satisfaction. Pargament, Tyler, and Steele (1979) began with some early work on how parishioners relate to their parish. Silverman et al. (1983) continued this work and developed a multidimensional measure rather than a single aspect of parishioner satisfaction. Sweeney (1989), in his dissertation, built on the Silverman et al. (1983) work

with testing and narrowing five constructs of Catholic parishioners' satisfaction down to four. Peyrot and Sweeney (2000) refined the measurement instrument to include the four parishioner satisfaction constructs of pastor, community, outreach, and impact. In addition, this study included demographic factors and contextual factors and how they impact customer satisfaction. The demographic questions were correlated with census data from this geographic area for a measure of sample validation. This study used the questions from the Peyrot and Sweeney (2000) instrument that are the content questions for these four constructs and adds the financial giving construct.

### **Procedures**

The mailed questionnaire was sent to the respondents during a non-religious-holiday season to ensure unbiased results.

### **Data analysis**

Correlation tests were performed on each question and compared to the level of financial giving for a possible significant correlation. Spearman rho Correlation Coefficient one-tailed test or Pearson Chi-Square testing was used.

### **Threats to Validity**

There were several threats to internal research validity. First was whether the constructs of parishioner satisfaction change over time. The questions used in this study were derived from other studies and the implicit assumption is that these measures were still valid. The second threat was that the instrument used in this study provided a valid measure of parishioner satisfaction and giving levels. The third threat was the population list from which the random sample was selected includes all members of the selected midwest diocese.

### **Ethical Issues**

The safeguard incorporated in this research was that it is an anonymous survey. The researcher only has a listing of who was sent the questionnaires and not who actually responded. The potential respondents were informed in the cover letter that their response was purely voluntary so that they have given their implied consent if they replied. Potential respondents were notified in the cover letter that the intent of the study was to measure satisfaction with their parish. The potential respondents were not told the measure of financial giving was an objective of

the study as to not bias the results. The potential respondents were informed about the availability of the study results to them in the cover letter. The data collected in this study is in the sole possession of the researcher and will be kept for a period of five years.

### **Critical Concerns**

There was a critical concern in the measurement of parishioner financial contribution amount. This was a self-reported amount and the social desirability may have tempted the respondent to overstate his or her actual contribution amount.

### **Research Results**

Of the 400 questionnaires that were mailed to potential respondents from the random sample, 136 were returned by the cutoff date for a 34 percent response rate. Before the analysis began two of the questions (19 & 21) that were interval scaled were also grouped into ordinal categories for additional analysis opportunities. Question 19 on the number of hours volunteered was grouped into categories and named 19a. Also question 21 on the dollars of financial contributions were also grouped into ordinal categories and named 21a. These groupings were necessary for a better graphical representation of the findings and using Spearman Rank-Order tests.

## **ANALYSIS**

### **General Satisfaction Construct Hypothesis**

H1: There is a positive correlation between Catholic parish members' satisfaction and their financial contributions.

Question 17 responses were compared using Spearman's correlation coefficients to question 21a responses (question 21 responses categorized in ordinal scales). No significant relationship was found as shown in Table A-1. The research hypothesis was rejected and the null hypothesis that there is not a positive correlation between parish members' satisfaction and their financial contributions was accepted.

### **Pastor Satisfaction Construct Hypothesis**

H2: There is positive correlation between Catholic parish members' satisfaction with the church pastor and the level of giving.

Questions 14-16 asked respondents about aspects of satisfaction with the pastor and compared to question 21a (question 21 responses categorized). No significant correlation was found for any of these

questions as shown in Table A-1. The research hypothesis was rejected and the null hypothesis was accepted that there is no positive correlation between Catholic parish members' satisfaction with the church pastor and the level of giving.

**Church Community Satisfaction Construct Hypothesis**

H3: There is a positive correlation between Catholic parish members' satisfaction with the church community and the level of giving.

Questions 11-13 asked respondents about aspects of church community and were compared to question 21a (question 21 categorized responses). Only question 13 had a significant (.011) positive correlation to financial giving and that was a weak relationship (-.210) as shown in Table A-1. Although the correlation is negative it is a positive relationship to satisfaction due to the reversed wording of question 13. Overall the research hypothesis was rejected and the null hypothesis accepted that there is no positive correlation between Catholic parish members' satisfaction with the church community and the level of giving. Only one of the three questions representing the church community satisfaction had a significant correlation and that correlation was weak.

**Church Outreach Construct Hypothesis**

H4: There is a positive correlation between Catholic church members' satisfaction with the church outreach and level of giving.

Questions 8-10 asked respondents about church outreach satisfaction and were compared to question 21a (question 21 responses categorized in ordinal scales) as shown in Table A-1. No significant correlation was found for any of these questions. The research hypothesis was rejected and the null hypothesis was accepted that there is no positive correlation between Catholic church members' satisfaction with the church outreach and level of giving.

**Church Impact Construct Hypothesis**

H5: There is a positive correlation between Catholic parish members' satisfaction with the church impact and the level of giving.

Questions 1-7 asked respondents about satisfactions with the impact their Catholic parish has on their lives. Only question 4 (helped in decision making) had a significant (.044) relationship and that correlation was weak (.156) as shown in Table A-1. Overall the research hypothesis was rejected and the

null hypothesis accepted that there is no positive correlation between Catholic parish members' satisfaction with the church impact and level of giving. Only one of the seven questions representing the church impact satisfaction construct had a significant relationship and even that relationship was weak.

**Table A-1 Correlation and Significance of Each Ordinal Scaled Question Compared to Question 21: Level of Financial Support Converted to Ordinal Categories (21a).**

Question Number	Spearman Correlation Coefficient One-tailed	Significance Level *05 or less
1	.013	.443
2	.126	.085
3	.028	.382
4	.156	.044*
5	-.030	.374
6	.084	.182
7	.076	.206
8	-.003	.486
9	.005	.479
10	.079	.198
11	-.062	.249
12	-.112	.112
13	-.210	.011*
14	.048	.303
15	.020	.412
16	.026	.390
17	.097	.147
18	-.296	.001*
19a	.328	.000*
24	.155	.046*
25	.231	.006*

**Attendance and Contributions**

Most respondents attended church once per week. Question 18 asked respondents how often they attended church and was compared to categorized contribution levels. Spearman's correlation coefficient was -.296 and significant (.001) as shown in Table A-1. Even though the coefficient was negative it showed a positive relationship due to the way the question was scaled and coded. There is a positive relationship. Those who attended church more often contribute more financially. These were consistent with Zech et.al. (1997) research findings.

## Volunteer Hours and Contributions

Question 19 asked respondents how many hours they served as a volunteer each month and compared that to the level of financial contribution. Question 19 results were categorized in question 19a. Most parishioners volunteer 1-5 hours per month. There was a significant relationship (.000) and a Spearman correlation coefficient of .328 shown in Table A-1. Thus the more hours volunteered the more likely the respondent was to give more financially to the church.

**Table A-2 Question 21 Financial Contribution Statistics**

Number of respondents	120
Mean	\$1227.28
Range	\$0-\$10,000
Standard deviation	\$1475.85
Skewness	2.712
Kurtosis	10.75

**Table A-3 Cross Tab Chi-Square and Significance Comparing Nominal Scaled Questions 20, 22, and 23 to Question 21a Which Is The Financial Giving Question in Ordinal Categories.**

Question Number	Pearson's Chi-Square Value	Significance .05 or less*
20	20.549	.024*
22	18.532	.047*
23	45.362	.036*

## Member of Committee or Council and Contribution Level

Only about 24 percent of the respondents currently serve on a committee or council. A cross-tab comparison was done on question 20 (committee or council member) and categorized level of contributions. The Pearson's chi-square value was 20.549 and was a significant as shown in Table A-3. There is a non-monotonic relationship between whether the parishioner serves on a committee and whether they contribute to the church. This was consistent with Barna's (1997) findings that parishioners who serve on committees or councils are more likely to contribute to the church.

## Financial Contributions

Question 21 asked respondents how much money they contributed to their church last year. As shown in Table A-2 the mean amount was \$1227 per year. The range was from no money contributed to

\$10,000 per year. There was much variability in the amount given as the standard deviation was \$1476.

## Gender and Contribution Level

About two-thirds of the respondents were female. A cross-tab test was done on question 22 (gender) and financial contribution categories. The Pearson's chi-square value was 18.532 and is significant so there is a non-monotonic relationship as shown in Table A-3. This also is consistent with Barna's (1997) findings of males more likely to donate than females.

## Marital Status and Financial Contribution Level

The vast majority of the respondents were married. A cross-tab compared question 23 (marital status) and financial contribution categories. The Pearson's chi-square value was 45.362 and was significant as shown in Table A-3. There is a non-monotonic relationship between marital status and contribution levels with married respondents donating larger amounts. This also was consistent with Barna's (1997) findings.

## Age Categories and Financial Contribution Levels

Over one-third of the respondents were from the 45-54 age group. A weak but significant correlation (.155) was shown comparing age groups to grouped contribution levels (21a) as shown in Table A-1. In general the older the age groups the larger amount of the financial contribution. Further analysis eliminating the 65 and older age groups from the comparison showed even a stronger (.249) correlation that was significant (.010). When additional subgroup analysis by age group was done using Spearman rho one-tailed test a weak (correlation coefficient .275) but significant (.043) relationship was found between overall satisfaction and categorized level of giving with the 45-54 age group. So if this group was more satisfied there was a higher probability that they would contribute more. The 65-74 age group had a stronger negative relationship (correlation coefficient -.563) and significant (.007) relationship comparing overall satisfaction and categorized level of giving. Thus as this group was more satisfied there was a higher probability they would give less.

## Income Categories and Financial Giving Levels

Over one-half of the respondents were in the \$25,000-\$74,999 range. There was a significant (.006) but weak correlation (.231) when comparing

income and financial giving using Spearman rho shown in Table A-1. As income rises parishioners were likely to give more. This is consistent with Barna's (1997) research findings.

## DISCUSSION AND CONCLUSIONS

In general the Catholic parish members are relatively satisfied with their parishes. There was no strong widespread evidence that satisfactions with the parish were strongly connected with the financial contribution levels. This study's findings agree with many earlier studies such as Zech, McNamara and Hoge (1997) which found people who attend church more often contribute more financially. Also in agreement with an earlier study, members who serve on church committees or councils are more likely to contribute financially (Zech et. al. 1997). In general, as people age they give more to the church. This finding seems logical as incomes typically increase with age until retirement and then decrease. This agrees with Barna's (1997) research. The contribution levels to the Catholic parishes also follow this pattern. The correlation between income and giving was stronger than the correlation between age and giving. When the 65 and older group was eliminated from the comparison the correlation level increased. This would be consistent with the notion that giving patterns are more driven by income levels than age.

The lack of evidence linking satisfaction levels to levels of contribution brings up some interesting questions. Are satisfying spiritual or religious needs different from other services we purchase? Is the consumer marketing model inappropriate for religious satisfaction behavior? Do parishioners contribute only out of obligation rather than in relation to the satisfaction received from the parish? If parishioners are dissatisfied with the parish do they just leave the parish rather than reduce the amount of financial support they contribute? If this were the case this could be a huge problem for the Catholic Church. If members reduced their contribution levels prior to leaving the parish that could provide a warning that change needed to be made to keep parishioners satisfied. This study provides evidence that in general members do not reduce financial support to the church but rather continue to contribute at the same level until they leave the parish, move to another Catholic parish, another denomination, or discontinue attending any church.

In many ways this may be similar to how consumers purchase other services. If parish members have been contributing \$1000 per year they consider that the price for the service satisfying their spiritual needs. The hypotheses in this study

assumed parish members did not perceive the \$1000 they contribute to the church as a fixed price and if they did not feel the service/parish that supplied/satisfied their religious needs they would pay less. This research suggests that parishioners perceive the amount they contribute or pledge is a fixed price and they will not give less. In some ways this can be compared to other services consumers purchase. For example, if a customer purchases a lawn fertilizing service and they are not satisfied with how green and weed free their lawn is, they will not try to get a lower price but rather discontinue the lawn care service and look for a better service that will make their lawn green and weed free. If you take this same example and apply it to the spiritual service provided by a parish, the members who are not satisfied, will not reduce the price/contributions but will continue to pay while looking for a parish or religion that better satisfies their spiritual needs. Also if you take this same comparison of the lawn service to religion and compare very satisfied customers and parishioners another implication could be noted. If a customer is extremely satisfied with his lawn service he will not pay more than the price billed, likewise parishioners who are very satisfied may not give more than their pledged amount.

## RECOMMENDATIONS FOR FURTHER RESEARCH

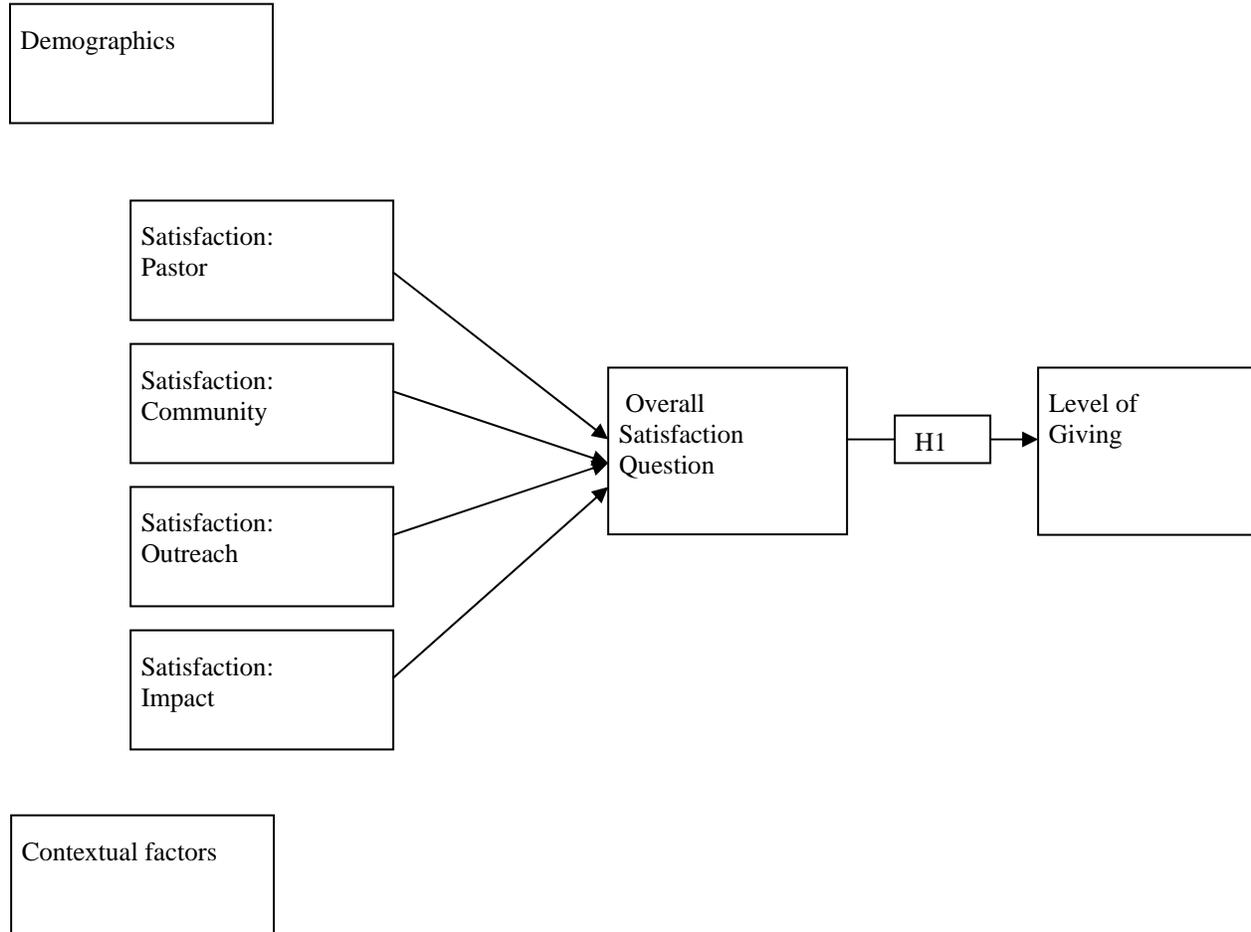
Additional research should be conducted to determine if the results found in this study of Catholic church members' satisfaction and contribution levels are similar in other denominations. Other research to better understand this phenomenon would be to interview or survey members who had left a parish to determine why they left and if they had contributed fewer financial resources to the parish they left before they decided to leave. Another aspect to study would be to profile demographically, etc. the households who leave a parish. Is there a certain age, income, ethnic, etc. group who are most likely to change parishes and/or denominations and why? In addition are there certain types of dissatisfactions that are more likely to cause a parishioner to leave one parish or religion to select another?

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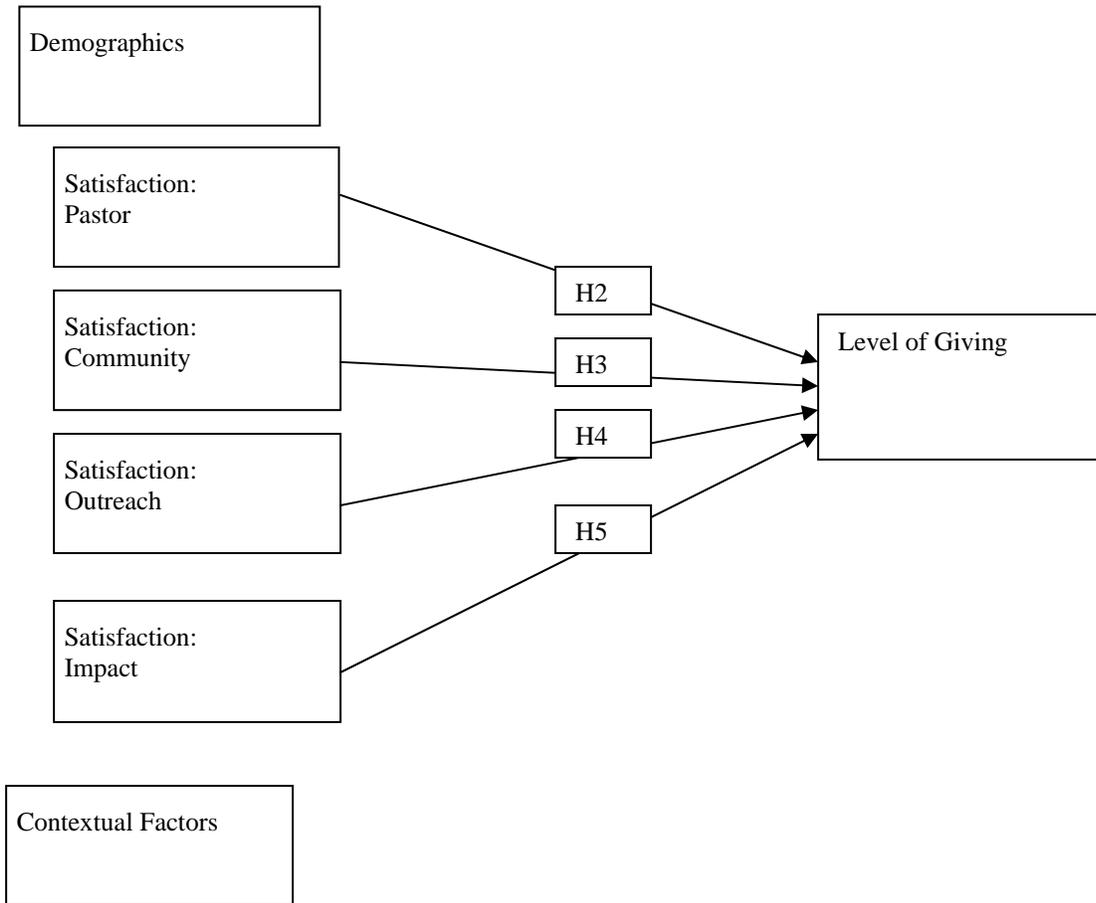
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**Appendix A**  
**Hypothesis H1: Overall Satisfaction Level to Level of Giving**



**Appendix B**  
**Hypotheses H2-H5: Aspects of Satisfaction to Level of Giving**



# EITHER FISH OR FOWL: A DISCUSSION OF THE INTERMEDIATE CUSTOMERS' ROLE IN TYING AND ANTITRUST ENFORCEMENT

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## ABSTRACT

The United States formalized its policy toward competition with the passage of the Sherman Antitrust Act in 1890. Because of the Act's vagueness, public policy makers, including federally elected officials, unelected administrators in federal agencies, and judges have interpreted the Act's meaning. Since public policy makers change over time, the interpretation and application of the Act shifts (Hunt and Arnett 2001). Grengs (2006) notes the most recent shift interpretation occurred with *Eastman Kodak Co. v. Image Technical Services* (1992). This decision signaled public policy makers' willingness to accept certain imperfections in the marketplace and to move primary enforcement consideration toward protection of societal welfare (Grengs).

Indeed, *United States v. Microsoft* (1999) turned on the societal welfare concept. Both the trial decision and appeals decisions focused on the potential harm created for the ultimate customer, or consumer, by Microsoft's tactical marketing decisions. As seen through the prism of relationship marketing, and given the D.C. Circuit Court of Appeal's logic (1999), public policy makers appear more concerned with the ultimate customer rather than the intermediate customer despite the existence of potential harm to the latter.

The purpose of this paper is to argue for public policy makers to adopt relationship marketing's view of buyers when considering antitrust matters because intermediate customers could be exposed to greater harm than could ultimate customers. Further, in matters related to bundling and antitrust, the competitive process may be harmed because intermediate customers could be forced to accept a market offering that is available to all intermediate customers. Thus, society could be harmed because the intermediate customers face reduced offerings from suppliers and ultimate customers face fewer choices from intermediate customers such as retailers. Consistent with the conference's theme, issues related to bundling and antitrust provide an added layer of complexity for relational partners attempting to create a differentiated market offering through the bundling of goods and services.

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# THE IMPACT OF CONSUMER CONFORMITY ON BRAND FOLLOWING: PRELIMINARY FINDINGS

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## ABSTRACT

*As the concept of a brand has gone far beyond a simple distinguishable name for a product, it has begun to unite individuals on a deeper level. From an initial understanding of brand communities (Muniz and O'Guinn 2001) combined with an understanding of consumer conformity and an individual's identity to a group, the next step in branding strategy may be taken, brand following. We define brand following as an individual's perceived sense of identity or association to a group of persons, with an identifiable brand in common that fosters a strong bond to the group and in turn the brand. Through an understanding of a brand following, marketers may be able to manage better relationships with customers centered on an already existing brand. This research explores the concept of brand communities and looks to make this transition to a brand following. We also explore the impact that consumer conformity has on brand following. Our preliminary findings indicate that the degree of conformity has a bearing upon the level of brand following irrespective of the industry type or product category. These findings are of interest to practitioners as well as academicians that study branding strategies. We also discuss further research implications.*

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## INTRODUCTION

The need for fostering brand relationships comes at a point when new products face turbulent times. New product failure rates, as reported by ACNielsen (2001), are close to 70%. The window for new product acceptance only remains open for six to nine months. As brands begin to connect individuals on a far greater scale than ever before, it has become pertinent for marketers to manage successful relationships between individuals and further promote already existing brands as opposed to introducing new brand products.

The concept of a brand has gone beyond a simple distinguishable name for a product as consumers look to gain more than just a fulfillment of needs or wants. A brand has become a mentality or way of life for its consumer following. It has become an extension of an individual themselves and a reflection of them as a person. A brand has come to unite people who may share nothing in common besides their use of the same brand. From this evolution of a brand, arose Muniz and O'Guinn's (2001) notion of a brand community.

A great deal of past research has been based off Muniz and O'Guinn's (2001) brand community (such as McAlexander et al 2002) but today brand communities may be taken a step further. Well-established brand communities may go as far as exhibiting a cult-like behavior as these brand communities foster a strong bond between individuals associated with the same brand. Just as a brand serves as the focal point for its brand community followers

(Muniz, Jr. and O'Guinn 2001), an idea or belief serves as the focal point for its cult followers. Individuals may form a strong bond between one another based on the ideas or beliefs of a cult. Individuals may revolve their lives and shape who they are around a single cult, becoming loyal followers bound to the group, just as some consumers may do so in a brand community. This cult-like mentality, created by a strong brand, may be adapted to the way consumers behave within this next step in brand community -- *brand following*.

There has been a notion of cult brands (Munro 2006, p. 22) before but nothing empirically significant. Cult brands lead one to believe that an individual becomes bound to the product, whereas the term brand following describes a strong connection with a group. Munro (2006, p. 22) argues that cult brands are something that require a little searching and do not have a marketing plan and are almost like a fad. This does not make sense from a sound marketing perspective. Bergami and Bagozzi (2000, p. 562) examine identity as a prestige issue "the perception a member of the organization has that other people, whose opinions are valued, believe that the organization is well-regarded (e.g. respected, admired, prestigious, well-known)." Along this reasoning towards a group, identity with a brand should be something that is well known and well admired. Businesses would not want to develop a following for their brands that may be insignificant or inconsistent. Therefore, the term cult brands should be disregarded for the purpose of this research and not confused with

brand following. A cult must have some unifying factor (a brand) and must have some sort of group-like structure (the brand community). Based on this reasoning, it would not seem unthinkable to try and make an attempt to go from brand community to something more cult-like -- brand following.

The purpose of this research is to explore how a brand community transitions into a brand following to determine empirically if the notion of branding strategies leading to a cult-like following holds any validity. First, based on previous research, we describe the transition into brand following from brand communities and the relationship within their consumer following. From here, we delve deeper into the group relationships formed by individuals around a brand and the perceived sense of identity associated with this group, stepping away from this notion of brand community and transitioning into the notion of brand following. Next, we proceed to describe the notion of consumer conformity with their group as they participate in a brand following. Finally, we examine the impact of consumer conformity and its emergent dimensions on brand following. The results of our finding are of interest to practitioners as well as academicians that study branding strategies.

### **BRAND FOLLOWING**

A brand community, such as Jeep Jamborees, is defined by Muniz and O'Guinn (2001, p. 412) as "a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand." With this concept of a brand community, Muniz and O'Guinn bring a brand into the context of social interaction. As people begin to come together around a particular brand, they look to gain some meaning or fulfillment beyond just the brand itself. From this interaction between individuals, initiated by a brand, lies the foundation for the possibility of a group whose bond strengthens beyond that of a community. This is where a brand community may attempt to turn into something else.

Muniz and O'Guinn (2001) identify three markers of a community exhibited by a brand community: shared consciousness, rituals and traditions, and a sense of moral responsibility. All three of these markers make sense when forming a strong bond within a group centered on a brand. Shared consciousness or consciousness of kind most effectively looks at how brand communities' social interaction among users moves a step further. Shared consciousness is, "the intrinsic connection that members feel toward one another" (Muniz and O'Guinn 2001, p. 413). This connection goes beyond just a simple interaction. It may not even be on a regular basis between users but a deeper underlying connection and sense of identity

within the group. There is this sense where members feel a connection at some level even if they have never met (Muniz and O'Guinn 2001, p. 417). With this comes a strong bond that goes beyond a simple communal sentiment and moves towards something new.

The existence of a brand community, along with its meaningfulness, inheres in the experience of the customer rather than simply the brand (McAlexander et al 2002, p. 39). It is with this move that a transition is made away from the idea that brand communities occur by coincidental interaction between common users, but instead are rooted in this connection and affinity that the customer gains. This experience comes from the group and group identity. From the relationships formed between members of a group centered on a brand, there may be an increase in the personal investment of a customer's consumption of the product and brand (McAlexander et al 2002, p. 53). A strong affinity for the group becomes the driving force behind an individual's behavior in all circumstances and environments.

### **CONSUMER CONFORMITY**

The move from individual behavior to group behavior lies in social identity theory. According to Tajfel and Turner (1985), people categorize themselves and others into groups to make sense of the world. Social identity theory explores this connection between an individual and the formation of a strong bond with a group. "The basic idea is that a social category into which one falls, and to which one feels one belongs, provides a definition of who one is in terms of the defining characteristics of the category" (Hogg et al 1995, p. 259). Group identity influences how an individual thinks, feels, and behaves (Hogg et al 1995, p. 260). The group begins to define who one is as a person. It is this sense of belonging or *categorization* (Hogg et al 1995) to the group and the personal fulfillment or *self-enhancement* (Hogg et al 1995) an individual gains that fuels the group and makes it stronger. Individuals transform into group members and individuality transforms into group behavior (Hogg et al 1995, p. 261).

Social identity theory is a strong motivating factor in establishing a deep connection in maintaining group stability. According to Van Vught et al (2004), social identity acts as a social glue providing stability to groups. Weak ties between members of a group create instability within a group, while groups with strong ties form a stable single state that is very difficult to break up (Van Vught et al 2004, p. 595).

There may be an examination of social identity from a business organization perspective. A strong relationship between consumers and companies results

from consumer identification to the company and the satisfaction of a person's self-definitional needs (Bhattacharya and Sen 2003, p. 76). In other words, the better one identifies or connects with a group, the stronger the relationship. This concept of self-definitional needs is interesting because it is from groups that many individuals feel whole. It is this sense of belonging that may complete oneself. From this notion of consumer-company relations, there is the transition to consumer-group relations initiated by a brand.

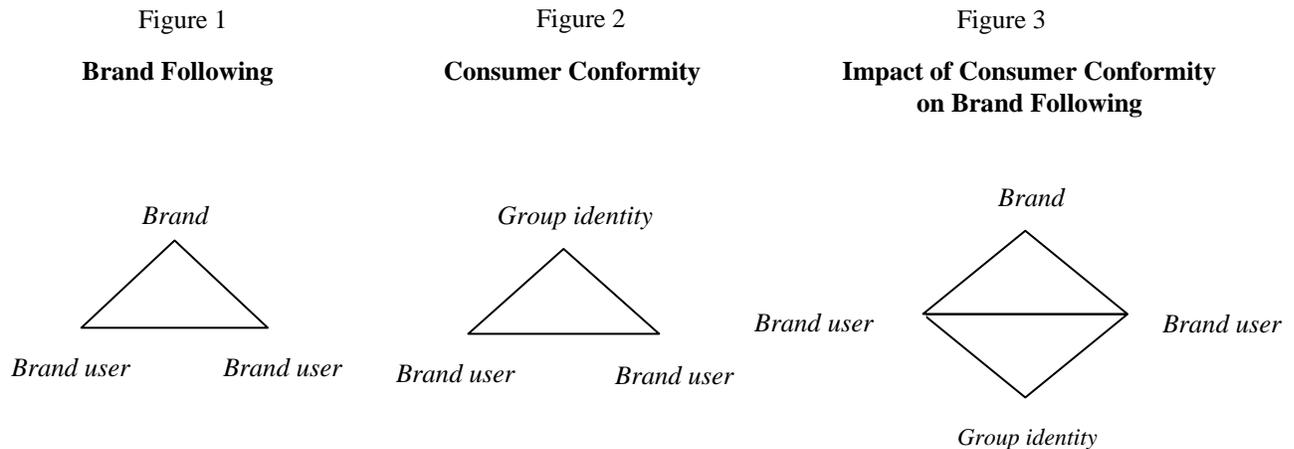
Bergami and Bagozzi (2000) reported that the greater the belongingness to a group, the greater the citizenship behavior. In other words, those who felt they belonged to a group expressed a greater commitment to the group. Previous research shows that identity similarity plays a significant role in relationship building (Bhattacharya and Sen 2003). According to Battacharya and Sen (2003, p. 80) when identifying with a company, consumers are more likely to find a company more attractive when it matches an individual's own traits and values. Individuals find groups more attractive when groups match the individual's own personality. Based on Linde and Patterson's work, it is evident that people are more likely to conform to a group when there are similarities between the individual and the group on certain dimensions (Lascu and Zinkahn 1999, p. 5). Clark and Raman (2004) take this consumer conformity a step further and argue that one's degree of conformity relates to that individual's degree of agreement or disagreement with the established group norm. According to Kelman's work, people's behavior and attitudes result from having the same values as another person or group (Morgan and Hunt 1994, p. 25). Therefore, consumers would be more apt to join brand following groups that effectively represented who they

were as a person and contained members who held similar likes and dislikes.

Previous research shows that individuals are more likely to join groups that offer a unique experience. According to Battacharya and Sen (2003, p. 80) "distinctiveness is an important organizational characteristic from an identity attractiveness perspective." Some of the ways that a group may distinguish itself from others are the rewards and symbolic benefits particular to that group. Based on Kelman's work, individual's attitudes and behaviors result from rewards or punishment (Morgan and Hunt 1994, p. 25). According to Vigneron and Johnson's (1999) look at prestige-seeking consumer behavior, the role-playing aspects and social value of prestige brands can be instrumental in the purchase decision. Certain groups distinguish themselves from others based on the environment and personality that they have to offer individuals compared to other groups. The same holds true for brand followings. Users will not join brand followings unless they feel that they are gaining some sort of unique experience different from another group. Brand followings offer users an opportunity for a unique yet personally rewarding experience.

Based on the preceding discussion and a composite of past research we define brand following as *an individual's perceived sense of identity or association to a group of persons, with an identifiable brand in common that fosters a strong bond to the group and in turn the brand.*

Figure 1 displays the relationship created by a brand following as a brand is the initial unifying force between brand users. Figure 2 displays the relationship created by consumer conformity, as group identity is the initial unifying factor between brand users. Figure 3 displays how brand following and consumer conformity come together to connect users.



The initial factor that unites brand users with each other is the common link of the brand itself. However, social identity leads individuals to bond with each other through group identity. Our composite conceptualization of brand following and consumer conformity establishes the strong group in which individuals integrate with each other through a stronger bond of brand and the group.

Marketers need to understand the characteristics of a brand following to establish a strong consumer following based on conformity to the group. We now proceed to describe the empirical examination of our constructs of brand following and consumer conformity and their relationship with each other.

## METHODOLOGY

We collected data from a convenience based random sample of college students for this pilot study. Based on experience, one of the authors is personally able to attest to the great influence certain brands have on the chosen subjects, college students. Additionally, the college student population represents a substantially large consumer market that firms try to appeal to with their products on a daily basis. Finally, college students tend to exhibit some of the key characteristics of brand following and consumer conformity discussed above, providing a naturally rich sample frame. Using a web-based survey allowed for easier access to a large college student population to represent the real-world college student population.

Before administration of the survey, we ran a pretest to evaluate how the survey flowed. Based on pretest data, the survey promised respondents that it took no longer than 7 minutes to complete. Each page of the online survey was limited to only a few questions, in an attempt to alleviate the risk of losing respondents' patience and participation in the survey. We used the Likert-type response scale with anchors of "strongly disagree — strongly agree."

Once the survey went live, we recruited subjects from college social networks, such as those supported by Facebook.com in an attempt to achieve a convenience-based sample. Respondents were contacted through email accounts, both student and personal. Using a web link collector, a uniform email request with a link to the survey was sent to each potential respondent through one of the authors own personal email client. Requests for responses went out in five waves, two of which were to fellow research colleagues who forwarded a link to the survey to any prospective respondents that they identified. Of approximately 3,500 invited subjects 518 responded to the survey rendering a response rate of 14.8%, which compares favorably with past studies using an on-line

data collection methodology. The effective sample size used for this study is 410.

Based on previous work, this study employed the familiar Churchill (1979) paradigm for developing a measure of brand following (Carlson 2007, p. 288). A modified version of the Bergami and Bagozzi (2000) two-item measure of cognitive identification measured identification with both the brands and the brand followers in order to understand identification with the brand. We developed six items to form the brand following scale. These items reflect product branding, corporate branding, community affiliation, brand loyalty, and brand satisfaction, all elements that go into developing a strong brand following. Ten items based on Ricketta's (2008) research on the motive-match principle in terms of autonomy or need for affiliation formed the consumer conformity scale.

A table of brands separated into categories, apparel, electronics, food/beverage, web, automobiles, and television provided at the beginning of the survey asked respondents to keep one brand in consideration when completing the survey. The use of categories and limiting each respondent to one brand collected data for multiple brands from multiple categories so that this research did not apply to just one brand. This category of brands appeared once at the beginning of the survey and then again, in the middle of the survey in order to remind respondents of what brand they were thinking about to ensure respondents kept one brand in mind the entire time they completed the survey. One item required that respondents indicate the category of the brand they considered while undergoing the survey.

## RESULTS AND DISCUSSION

We checked the reliability and validity of the brand following scale using the inter-item reliability tests. The overall brand following scale was a six-item scale that performed very well and exhibited good psychometric properties (Cronbach's Alpha 0.881). The ten-item conformity scale, based on Ricketta's (2008) affiliation motive scale, resulted in a 3-factor solution in an exploratory factor analysis. We achieved the three-factor solution through a principal components analysis, with a varimax rotation with factor loadings cut off at 0.70. Three items did not significantly load on any factor and were eliminated from further analysis. The three factors that we obtained could be clearly labeled as 1.) Conventionalists, 2.) Egotists and 3.) Independents.

Next, we checked the reliability and validity of the three-dimensional conformity scale using the Cronbach's Alpha. The conventionalists scale was a two-item scale that performed very well and exhibited good psychometric properties (Alpha 0.628). The egotists scale was a two-item scale that performed very

well and exhibited good psychometric properties (Alpha 0.681). The independents scale was a three-item scale that performed very well and exhibited good psychometric properties (Alpha 0.599). The item, "I dislike standing out in a group," had to be reversed-coded so that it conformed to the general direction of the scale. Recoding this item provided a good way to check for validity of responses. If someone were to check responses without reading the survey, this item would prove to be a check to that because it is negatively loaded. This helped validity.

We first looked to examine whether a consumer brand following changes depending on the product category. In running a one-way ANOVA at the .05 significance level, we were able to test this hypothesis. Results indicate that product category does have an impact on a consumer's brand following ( $F=3.204$   $p: 0.008$ ). Our results show that both electronics and television product categories demonstrate a strong and significant brand following.

We proceeded by running simple linear regressions with brand following as the dependent variable. The data indicated a superb fit between brand following and the three dimensions of consumer conformity ( $F 111.347$   $p: 0.00001$ ). In addition, all three dimensions, conformists, egotists, and independents loaded positively and significantly in the model. All coefficients were statistically significant at the 0.05 level. Results indicate that the degree of conformity has a bearing upon the level of brand following irrespective of the industry type or product category.

### CONCLUDING REMARKS

This study contributes to marketing literature by examining theoretical constructs in an empirical setting. The scales developed for this study exhibited good psychometric properties for a pilot study and could certainly be refined and used in future studies. Additionally, the initial results from this study provide encouraging results regarding the theoretical constructs of brand following and consumer conformity.

The strong ties of a customer with the brand are further strengthened by providing a brand following with a group identity. Fostering a brand following will build stronger existing brands. Strengthening an already established brand, through an understanding of brand following, is less expensive, less of a risk, and far more strategically rewarding than trying to build new brands, especially in a turbulent time of new product failure.

As expected, the independents tend to conform to the group at a lower level than the egotists do, but even so, they do indicate a desire to conform at a statistically significant level. This is good news for marketing

managers that would like to create stronger brands by further enhancing group conformity among their customers. Again, as expected the conformists were the most enthusiastic about the possibility of identifying with the brand as well as had a strong desire to bond with the group of followers. A brand strategy that devotes varying degrees of resources to these three distinct segments will be an efficient and cost-effective strategy. As with any research that relies on a limited student sample, the findings should be viewed with prudence. However, this research was actually enriched by a sample that showed distinct brand following and consumer conformity with the product categories that were researched. Future studies should focus on extending the preliminary findings of this research. Questions such as measuring the following and conformity among different product categories with specific brands would be of interest to brand managers. This research focuses on complex brands such as Harley or Saab, but it would be interesting to look at brand followings for convenience products. Additionally, one could seek to extend this study to enhance its generalizability on non-student samples, in international markets, and across cultural typologies.

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# MARKETING THE 2008 PRESIDENTIAL ELECTION TO YOUNG ADULTS

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## *ABSTRACT*

Change has become one of the key phrases of the 2008 presidential campaigns. Both the Democratic and Republican nominees have made the case for change. There may be differences on the perception of what constitutes the best change for the United States, however, one aspect of change is clear. The voting constituency in America has changed. Young adults are demonstrating a willingness to campaign for candidates, register to vote, attend caucuses, and go to the polls to cast their votes in the primaries in record numbers.

This paper looks at the how the numbers of voters in the 18 to 29 age group have risen and how political campaigns are responding to this new reality using not only the standard campaign tactics but also employing the internet and social networking sites. For the first time, advertising of a presidential candidate is taking place inside video games.

Note: This paper was written prior to the November 2008 presidential election. For that reason, the content of the article is composed looking to the election in the future. Follow-up research is currently being conducted to determine if the strategies and tactics utilized were successful in achieving their objectives.

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# OPTIMAL MARKETING STRATEGIES FOR REACHING HEALTHCARE PROVIDERS

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## ABSTRACT

This study presents a comprehensive overview of the communication styles and preferences of healthcare providers and the significance of such on the marketing methods for communicating with this population. The selected survey completion method alone lends itself to some clues about preferred methods of communication of healthcare providers. Implications to those marketing to healthcare providers may include image of message source perceived value of message to the provider. Communication strategies should likely consider the credibility of the message source.

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## INTRODUCTION

In healthcare, the physician/healthcare provider has long been the facilitator of future healthcare decisions or actions. People still trust the “learned intermediary – i.e., a healthcare professional” (Drazen 2002) to direct them appropriately. He or she is the one with the years of medical training and traditionally has been considered the path to better health; his/her recommendations and opinions are valued by the consumer and lead to the patient’s future purchase decisions.

Marketing campaigns (although direct-to-consumer campaigns have gained enormous ground over the past ten years) must still have influence on those perceived to have “medical sophistication beyond that found among people without specific medical education and training.” (Drazen 2002). As such, provider “referrals” or prescribing patterns are of primary importance to those doing business in the healthcare industry. Those providing prescription drugs, medical devices (i.e., pacemakers, hearing aids, prosthesis, etc.) or medical services (i.e., x-ray procedures, home health care, hospice, etc.) are highly interested in how to make contact with the physician or mid-level provider (defined by Santiago as a clinical medical professional who provides patient care under the supervision of a physician. Mid-levels, or physician extenders include nurse practitioners (NP), and physician assistants (PA.) Mid-level providers can examine patients, diagnose them, and provide some treatments, all of which must be signed off by a supervising licensed physician.)

The value of marketing — making sure that the desired message is communicated and conveyed to the provider — becomes apparent. Hall (2007) in

*Healthcare Strategic Management* said it well:

“As such, a physician can direct a patient to any location that provides the tools and environment that will best meet the needs of that patient, and, all else being equal, the physician. A doctor could send the patient to your hospital, your competitor, the physician’s own office, a new specialty hospital, or a same day surgery center.”

Developing relationships with the providers becomes paramount to facilitate communication and marketing efforts. Using the “new” definition of marketing, addressed below, to look at relationships among constituents in communication transactions has allowed marketing professionals to see this type of customer relationship marketing/management in a new light.

“Stakeholders” of relationships in the case of healthcare include those involved in the referral process (e.g., in order for hospitals, drug and medical device makers to succeed, they have to get the attention of the healthcare providers and ensure that the relationships they develop lead to referrals and prescriptions.) Relationship marketing in healthcare (one of many known as “provider-industry relations”) has evolved into processes including sophisticated tracking software for tracking patterns of referral, prescriptions written, sales, etc.; company representatives and liaisons, and detailed marketing/communications plans. Healthcare consulting firm Barlow/McCarthy’s principle, Kriss Barlow (2007,) remarks “physician relations is becoming a standard part of the marketing and business development tool kit.” Physician/provider relations programs are simply, well-defined customer

relationship marketing programs. She notes (2008) "almost without exception, [hospital] service line plans include physician referral growth as a core strategy." Of course, medical device makers and pharmaceutical makers also have taken note of the necessity of these relationships.

### **Regulation of Provider-Industry Marketing/Relations**

Over the past twenty years, due in part to the relaxing of the United States' Food and Drug Administration (FDA) rules on pharmaceutical drug advertising (and its resulting increase in direct-to-consumer advertising,) provider-industry relations programs have received considerable attention in the media. (Campbell, et al 2007) As a part of the attention, provider-industry communication and relationships are now accountable to several professional and industry standards and guidelines. Of particular concern to marketers in the industry are the Stark Law (Rothenberg and Abrams 2008), PhRMA, the American Medical Association's ethics program and regulations recommended by the American College of Physicians (Turton and Snyder 2007.)

Changes in the ways that pharmaceutical salespeople are allowed to interact with healthcare providers have resulted in a variety of changes in healthcare marketing including use of "presentation lunches," etc. In addition, changes in the media usage patterns of society as a whole will serve as a good foundation for usage patterns in healthcare providers (i.e., the increasing use of the internet, less newspaper, etc.) Employment of physicians and other providers by healthcare systems have also resulted in changes in referral patterns for aftercare programs, etc.

More than 100,000 drug reps visit doctors, residents and nurses every day (Hotakainen 2007) and drug industry marketing expenditures for marketing to healthcare professionals grew 8.6% between 2002 and 2006 (Trendwatch 2007) Most physicians in a 2007 New England Journal of Medicine study (Campbell et al) reported some type of relationship with the pharmaceutical industry.

It has long been understood that developing relationships with healthcare providers is key to the success of healthcare organizations, pharmaceutical companies, medical device companies and the like (Peltier, Boyt, Westfall, 1997.) The mainstay in the success of new drugs, the service lines in hospitals, and thus the growth in hospitals, providers are critical to protecting the industry's business (Hall 2007.) Sophisticated marketing efforts by the industry also tended to focus on those physicians who could be perceived as peer-leaders – those whose specialized knowledge in a field might lend them to lead others to

prescribe or recommend a drug or product. For example, family practice physicians might be likely to follow the prescribing patterns of their specialist peers. Therefore, focus on relationships with a cardiologist might lead a drug or device maker to increased sales, not only with the cardiologist, but also with the family practice physicians who listen to the specialist.

This study attempts to identify some of the key strategies for developing and communicating with healthcare providers. Increasing time demands placed upon physicians and providers are, according to most, enormous. From pressure to see a greater number of patients, using new electronic medical record (EMR) software, to visiting with pharmaceutical salespeople to check out the latest and greatest drug, providers are feeling the time crunch.

Knowing what communication media healthcare providers are reading, watching, listening to, etc. in his/her limited time schedule is necessary to effectively facilitate communication and to hone these relationships and bonds of trust. In addition, identifying what qualities of the media or relationships are most important to them is important. This research study seeks to answer the questions that many of these industries have regarding the best way(s) to communicate a marketing message to healthcare providers in Southwest Missouri.

The purpose of this research was to address the following questions:

- (1) What types/forms of communication media are most used/viewed/read by southwest Missouri's healthcare providers?
- (2) What factors contribute to choice of media?

### **METHODOLOGY/RESEARCH DESIGN**

Personal interviews were conducted with health care providers and the subjects were asked to relate the media they most often used to find out new information regarding services, drugs or procedures. They were asked the frequency with which they used the media and what they preferred about those choices. They were told that their responses would be used to formulate a questionnaire concerning provider communication patterns.

### **DATA ANALYSIS AND RESULTS**

Reinforcing the need for a survey of its kind, responses totaled 44 (8.6%) for the mailed and emailed surveys (Table 1).

A review of the respondents shows that nearly 80% of the respondents were physicians, while physician assistants and nurse practitioners accounted for 9.1% and 11.4% of respondents, respectively (Table 2).

Table 1. Survey Distribution Methods	
Qualitative Survey: Interviews	n=5
Mailed Survey	n=430
E-mailed Survey	n=80
Visited in person following original email and/or mail	n=15

Table 2. Respondents Credentials		
	Number of Respondents	Percent of Respondents
Physicians	35	79.5%
Physician Assistants	4	9.1%
Nurse Practitioners	5	11.4%

The average age of respondents was 48.2 years. The average time in practice followed closely the distribution shown by age with physicians' average time in practice being 16.3 years.

Table 3. Average Age and Length of Practice Per Respondent Type		
Respondent Type	Average Age	Average Time in Practice
Physicians	49.5 yrs	16.3 yrs
Physician Assistants	33.5 yrs	4.3 yrs
Nurse Practitioners	51 yrs	7.6 yrs
All Respondents	48.2 yrs	14.2 yrs

When asked the frequency of participation in communication methods (e.g., mail, email, phone, reading of printed materials, Ipod listening for podcasts, and personal visits – Table 4), 59% indicated that they read their mail and email daily (more than 30% indicated such with emphasis – strongly agree.) Few listen to their Ipods daily but 61.4% meet personally with others who wish to communicate details about new services, medication or facilities at their place of work. Statistical tests yielded no significant differences in responses from provider type.

Table 4. Frequency of Communication Task		
	<Once a week	>Daily
Read Mail	6.8%	59.1%
Read E-Mail	11.3%	59.1%
Return Phone Messages	2.3%	84%
Read Printed Materials (journals, magazines, newsletters, etc.)	34.1%	38.7%
Listen to Ipod	79.6%	13.6%
Meet with Others	59.1%	20.5%

Twenty-five percent (25% or 11) of the respondents indicated that several forms of communication might be necessary to reach them but 95% of the respondents say it is easy to communicate with them. Nearly 41% say the best way to reach them is by phone and 36% say email is their chosen method of communication.

Forty-eight percent (48%) of respondents prefer to learn about new services through professional publications; however, the numbers begin to split when concerned with new pharmaceutical treatment options or drugs. Forty-three percent (43%) prefer to read professional publications for information regarding new drugs while 36% prefer personal visits from company representatives.

Seventy-five percent (75%) of the respondents say that the credibility of the source of communication determines whether they read, speak with, or meet with someone regarding goods or services. In addition, 50% say that the length of time involved in the

communication determines whether or not they do so. Also, 40.9% say that the ability to learn something through the source is important to them.

<b>Table 5. Opinion Regarding Importance About Communication</b>		
	Response Count	Response Percent
Credibility of Source	33	75%
Length of Time Involved	22	50%
Opportunity to Learn	18	40.9%
Familiarity of Source	17	38.6%
Prefer to Receive Information as Available	17	38.6%
Meet with Others	16	36.4%
Staff Influences Where to Refer Patients	12	27.3%

### **DISCUSSION & IMPLICATIONS**

The study provides a basis for further research and does lend itself to making a few basic assumptions for those preparing marketing communication and messages for providers. Recommendations for further research are included in the following section.

Implications of this study to those involved in marketing to healthcare providers include the following:

- Prepare to communicate in various methods in order to reach the provider.
- Prepare, once personal contact is established, to have a conversation about the providers preferred method of communication since various methods will likely be most effective for communicating with him/her. Physician assistant audiences will likely be younger and may respond better to email.
- Begin to work at developing a relationship. Be respectful of providers' time. Developing relationships (familiarity) to establish credibility of message is paramount. Consider including a business photo with an email message to make sure a provider puts the right face with the name and company.
- Relationship building may best be done with personal visits followed up with email or mail

messages. These messages may be used to reinforce an educational message (messages with an educational format seem to have importance.) When available, include professional journal references to support messaging.

- Brief messages will likely be best received.
- Share information as available but provide credible reinforcement for the information.
- Consider the providers' staff a valuable part of the communication plan.

### **LIMITATIONS OF THE STUDY**

One of the studies limitations would be the fact that the survey did not reach non-members of a local medical society. In addition, email surveys were sent only to those who are medical staff members of one hospital. Future studies should include purchased lists of licensed medical professionals – physicians, physician assistants, and nurse practitioners – from their respective licensing agencies.

The low response rate (8.6%) reflects one of the ineradicable problems in undertaking surveys of physicians and other healthcare providers, and it indicative of why this research is necessary. Although efforts were made through follow-up phone calls, emails, and personal visits, the original distribution methods of traditional posted mail and email proved to be limited in efficacy. Interestingly, it seems that even though in cases where interest should presumably be high and credibility of the source strong, providers are a hard group to reach. One example involves a recent study of the members of the Society of Breast Imaging. Although the surveyed radiologists are actively involved in daily mammography interpretation and should have high interest in a study of digital mammography's prevalence and efficiency and actually belong to this credible society, only 23.9% of those surveyed completed an 18-question, relatively short, survey (Haygood et al 2008.)

### **RECOMMENDATIONS**

Further research should be conducted to lend credibility to statistical testing. Regression models run on this data yielded no significant results. Consideration should also be given to incentives for survey completion. Regulation for communication of marketing messages is likely to stiffen as more studies determine likely association of those relationships and prescribing, purchasing and referral patterns. As such, the need to determine the best ways to develop trustworthy relationships will also gain importance.

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# STAKEHOLDERS IN ACADEMIC BRANDING: CONTRASTING FACULTY AND STUDENT PERCEPTIONS

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## ABSTRACT

*This paper examines the branding process of a newly AACSB accredited business school. Attitudinal data were collected to determine the level of new brand buy-in. Implications of variations in stakeholder assumptions about school mission and brand are discussed from a strategic perspective.*

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## INTRODUCTION

### Historical Perceptions of the Institution and its Brands

Located in the central region of a western state, “The Tech,” as it has been affectionately called by local citizens, was established in 1941 as a state-run technical school offering vocational courses, certificates, and one- and two-year diplomas. Even after officially becoming a community college within the state’s higher education system in 1987, offering many accredited associate degrees, its identity as a technical school persisted. Then in 1993, having grown from a community college of 700 students to a four-year college with enrollments of over 17,000, the school officially changed its name and upgraded its brand image, becoming clearly identified as a State College. Incredibly, in 2008 the school once again advanced in status to become a University, having grown to over 24,000 students with 52 accredited bachelor degrees and with masters programs in high demand.

With each institutional advancement came branding identity changes with new colors, logos, mission and vision statements, and slogans. The school’s powerful public relations department was allotted substantial promotional budgets for name-change campaigns that were designed to quickly push a new identity out to the local regional community of 200,000. Mass transit displayed the names throughout local cities, daily news stories about the changes were aired on primetime news programs, supported by radio and print, enhanced by a variety of spot advertising for several weeks. Post-campaign surveys showed a high percentage of the population was aware of each new

name and mission of the school, yet some old-timers still call the college “The Tech” today.

A major campaign to support a change in brand identity was instituted in 1993 to promote the advancement from a community college to a state college with many four-year degrees. Branding images were designed externally by a commercial advertising agency. School color changes and mission statement changes were determined within. Upon release of the new logo, many expressed embarrassment for its simplistic look and complaints about it were plentiful. The shape resembled a green tulip, which became its unofficial nickname, and the significance of the four tiers of triangles that were part of the design—meant to represent both the beautiful local mountain ranges as well as the four levels of degrees now available, from certificate through four-year baccalaureate—seemed to be lost in both the internal and external comprehension of the significance of the symbol. Time and repeated exposure eventually helped the new tulip identifier become accepted and known, if not fully understood.

On July 1, 2007, one year before the official legislature-approved date that the institution would become a university, a new set of identifiers was unveiled with considerable fanfare to the public. A news conference was held and a new public relations campaign was initiated. Once again with intense multiple-media messaging, a new name and an awareness of increased academic offerings from the school were established in the community. This time the commercially designed logo was generally understood and liked. The research focus for this paper was to study perceptual differences among academic stakeholders to determine if there were significant problems with the newest campaign proposal.

## The Case Study: Branding of the Business School

In order to remain differentiated and to develop strong relationships with each of their constituents in an intensely competitive environment, an increasing number of nonprofits are attempting to exploit the profiling potentials of branding (Voeth and Herbst 2008). Financial and marketing pressures on nonprofit brands have dramatically increased in the 21<sup>st</sup> century, strong reason why they must have a carefully developed brand (Chiagouris 2005). Academic institutions are among these nonprofit organizations seeking to uniquely position themselves as strong brands relative to competitors, in order to more successfully attract an increasing number of diverse stakeholders. These important stakeholder groups include students, parents, faculty, administrators, recruiters, and donors.

As the institution advanced through its requisite levels of increasingly rigorous academic requirements, the School of Business has experienced tremendous upheaval. Operating as a strategic business unit entity of the university, the School of Business offers a wide array of business degrees. Upon achieving four-year status, it became desirable strategically to earn high recognition for its programs by obtaining international academic accreditation. This was often a painful process for all parties, particularly the faculty. One method used to encourage unity was to focus the faculty on defining the School of Business mission and vision. Slogans were developed that were catchy and memorable. Students could view those identifiers on school bulletin boards, websites, and on magnetic disks mounted on faculty doors.

Still, there seemed to be a lack of unity or interest in the branding efforts. Students could rarely express the school's mission when asked. As the 2008 branding efforts unfolded, it became particularly apparent that there were differences in perceptions about the focus of the school.

## LITERATURE REVIEW

### The Branding of Business Schools

As branding's role in the strategic marketing process became increasingly important during the 1960s, the American Marketing Association (AMA) defined *brand* as: 'a name, term, sign symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.' This early definition, which focuses on the main objective of product or service differentiation, remained adequate until technology enabled marketers to quickly replicate competitors' offerings, thus

leveling the distinctive aspect of each marketer's brand playing field.

In order to gain competitive advantage, it soon became necessary for a firm's brand to not only serve to differentiate from competitors' products or services, (Kapferer 1992), but brand also needed to take on the additional qualities of personality and emotional benefits (Aaker 1996), as consumers wished to express moods and personalities via their consumption of uniquely branded products (Belk 1988; deCheratomy and Dall'Olmo Riley 1998). Now viewed as a multi-dimensional construct (Malhotra 1981), branding came to be seen as the combined effect of all brand associations on the consumer's perception of the brand, an overall image (Dobni and Zinkhan 1990).

Keller views brand image as the perceptual beliefs about a brand's attribute, benefit, and attitude associations, which are frequently seen as the basis for an overall evaluation of the brand (Keller 1993). Keller (1998) suggests that a brand's image, or how consumers' perceive the brand, is highly significant: 'the power of the brand lies in what resides in the minds of customers' (p59). Thus, the practice of branding becomes a strategic attempt to personify products and services, thus striking a balance between different economic values: quality, utility, symbolic and cultural values (Power and Hauge 2008). These researchers suggest that branding has become so intertwined with consumption, that today's consumers often have deeply personal relationships with brands and brand histories (Power and Hauge 2008).

Recent branding research (e.g., deCheratomy 1999; Stride and Lee 2007) suggests that brands should not only reflect product or service attributes, but they should also reflect company values. Emphasis is placed on the importance of internal stakeholder buy-in of brand image and values in order to drive commitment to their delivery (Stride and Lee 2007). Thus, the concept of branding has grown from its primary focus on differentiating one marketer's products or services from another's, to a multidimensional construct representing an overall product or even corporate image.

Economic globalization has become a salient feature of today's academic institutional landscape (Vidaver-Cohen 2007). Business schools, viewed as nonprofit brands competing for international rankings and striving toward the achievement of international accreditation standards of excellence, are under constant and intense scrutiny to deliver on the brand promises encompassed in their mission statements (Chiagouris 2005). In addition, an academic institution's brand image must often answer to a higher calling—one that reflects not only what the brand will do for individual consumers and how appropriately it will represent shared values, but additionally and more

broadly, what the brand will do for the far-reaching community of others, over an extended period of time.

Fitzsimons and Chartrand (2008) recently found evidence to support that even limited exposure to a well developed and creative brand can spark creative behavior among constituents. This was evidenced in their study when subjects elicited an immediate and positive behavioral response upon viewing the Nike Swish. It is reasonable to suggest, then, that a well-developed and creatively executed business school brand could similarly result in positive buy-in and behavior among students and faculty.

Just as with products and services, branding business schools effectively can result in positively impacting stakeholder attitudes and buy-in, as well as potentially positioning the business school for strategic advantage. Thus, how effectively a business school's mission statement, or brand promise, is executed and communicated via integrated marketing communications collateral becomes critically important for the effectiveness of a business school's image. As with products, the creative use of colors and graphics in logos and slogans serve to establish and position the distinctive image and brand personality of the particular business school.

## **The Study**

### **Faculty Choice of Slogan**

The new brand and mission of the University enveloped the desire to differentiate the institution from other prominent universities in the area. Eight miles east exists a large, privately owned Christian university that seeks to draw its students from the international plane, excluding a high percentage of local applicants. Forty miles to the north is a renowned research university, with a world-famous medical school. Community engagement, student-teacher connection, and participation in the local community were the differentiating components incorporated into the new identification and mission statement for the University.

At the School of Business level, there was consensus that its own mission and slogan could support the institution by highlighting the entrepreneurial energy of the school, with historical reference to the fast-paced changes stakeholders had endured, and proud reference to the many innovations they had brought about. A Center for Leadership had been established. An Executive Lecture series was highly successful. And most recently, the entrepreneurship courses had been elevated to an official Entrepreneurship Institute. A slogan was developed by an off-site agency that reflected these ideas: "*Fuel the Entrepreneurial Spirit.*" Faculty

expressed overwhelming support for the slogan, believing that the overall expression of energy and adaptability that was among the faculty would be represented in its terms.

### **Testing the Slogan, Student Perceptions**

Several months after agreeing to the new School of Business slogan, a new dean, a new department, and several new department chairs had transformed the School's strategic planning committee. As the new school year began, this committee met to discuss the grand "roll-out" for the new slogan. One new chair, with an advertising and marketing background, expressed dislike for the slogan and pointed out problems with it. She stated "If you have to explain it all the time, it's not a good slogan." After a few moments of uncomfortable silence, a few others stated that there may be a need to look at the slogan more closely before the school began to utilize it. It was suggested that the marketing students could be surveyed as to their feelings about the slogan, and it was agreed that waiting a few weeks before adopting the slogan would not be harmful.

## **Methodology**

A qualitative opinion survey of open ended questions was developed and all instructors of the Principles of Marketing courses were asked to administer it to their students. This consisted of two fulltime faculty, one lecturer, and two adjunct instructors, covering seven sections of approximately 40 students each. The characteristics of our sample of 280 students are both judgment and convenience, in an effort to best address our student focused broad research question, "Does our new School of Business branding campaign fit our mission?" At the beginning of a class period, students were asked by their professor to quietly record their personal reactions to the phrase "Fuel the Entrepreneurial Spirit" as to what it meant to them and how they felt it would serve as a slogan representing the School of Business. Because the slogan had not been used yet, there was no preconception about it. Professors were asked to be careful not to send any personal signals regarding their own feelings about the slogan, and not to allow open questions or comments. This was intended to protect the students from a group-think dynamic, and to replicate the comprehension of any student who might read or hear this slogan in isolation. Students were enticed to take the assignment seriously by offering credit points based on the level of thoughtfulness evidenced in their response.

After collecting the hand-written papers, students were informed that a professional firm had

studied the School of Business and had proposed the slogan, so it was now in the process of being tested by the various publics. Other possible publics to survey included faculty, alumni, recruiters, donors, administrators, legislatures, and accreditation teams.

**Discussion of Results and Conclusion**

An initial reaction from professors who collected the data was “The results were better than I

expected.” However, on closer observation it became clear that most of the students assumed the slogan referred to the actual training of entrepreneurs, but were mixed about whether that was appropriate or not. Most of those who liked the slogan explained that they were entrepreneurs. Very few interpreted it with the broader meaning that had been intended and assumed by the faculty and the ad agency. Results are coded in the following table:

**Table 1. Student Opinions About Proposed School of Business Slogan**  
**Question asked: Does it fit our mission?**

Attitude Towards Slogan	Selected Quotations Representative of Attitude
Don't like the slogan as it pertains to the School of Business (68% of respondents)	Excludes students who are not going to be entrepreneurs. Segregates the school. I am not going to be an entrepreneur. What about those who plan to work in corporations? Doesn't apply to me. I have not taken any entrepreneurship courses. What about the other degrees? What about those going on for graduate degrees? Recruiters don't want mavericks, may send wrong message. Gives the impression that entrepreneurship is a better degree than others. Is the goal to create business owners?
Like the slogan as it pertains to the School of Business (29% of respondents)	I am an entrepreneur so I like it. Fits very well. Reflects the real world intentions of the students. The word entrepreneurial provokes the mind and gives confidence to people. I am not an entrepreneur but like it anyway. Makes me excited to become an entrepreneur. Will attract students who want to create businesses.
Like it with reservations (2% of the respondents like the slogan except for the term “Fuel”) (1% of the respondents like the slogan except for the term “Spirit”)	

Results of the student survey were explained to the School of Business administrative team, including department chairs. Surprised and disappointed by the overwhelming assumption among students that the term “Entrepreneurial” in the slogan was a reference to the entrepreneurship courses that were but a small part of the school’s curriculum, discussions ensued regarding how inappropriate it might be after all to use this slogan, particularly given the current weakness in the entrepreneurship program itself. Most supported a

proposal to start over and develop another slogan for consideration, with renewed emphasis on engaging stakeholder buy-in throughout the process.

Thus, results of this initial study support the literature (e.g., deCheratomy 1999), revealing that the branding process stands to be more successful when important stakeholders are fully engaged and their opinions are considered. Examining the next stage of this School of Business branding process comprises our research’s future directions.

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# THE EFFECT OF DEMOGRAPHICS UPON ATTENDEES' LEVEL OF SATISFACTION RELATING TO MINOR LEAGUE BASEBALL: AN EMPIRICAL STUDY

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## ABSTRACT

Revenue is necessary to pay overhead in business, including the sports industry. Game attendance is a considerable factor in generating sports revenue. One method of aiding game attendance is by increasing the satisfaction of the game attendees. This study investigated differences in six demographic categories relating to seven factors previously determined to measure consumer satisfaction at a sports revenue, as well as an eighth factor gleaned from participants in a focus group. Participants for the study were 304 attendees at two Triple-A baseball games in California. It has been discussed that there exists a need for more studies addressing minor league baseball attendance (Pruegger 2004). The findings of the study indicate that there were differences between demographic groups including gender, season ticket holder status, age, marital status, education and ethnicity, relating to the attendees' concept of satisfaction acquired while attending Triple-A baseball games.

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# THE IMPACT OF CONGRUENCE IN CAUSE MARKETING CAMPAIGNS FOR PROFESSIONAL SPORTS LEAGUES

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## *ABSTRACT*

Corporate expenditures for cause-related marketing programs have increased dramatically in recent as firms have sought opportunities to connect with customers in a relevant way and demonstrate their commitment to social responsibility. While cause marketing has been discussed rather extensively as an integral practice for product and service companies, little has been written about how professional sports organizations could utilize cause marketing programs. A professional sports organization, league, or athlete exhibiting social responsibility through cause-related marketing is a tactic consistent with the idea that they are held in high regard by society and are viewed as role models for children. Professional sports organizations' engagement in social responsibility initiatives such as cause marketing is expected because they are highly visible in the public eye and often receive favorable treatment such as tax breaks or stadium financing incentives from the communities in which they operate.

This study assesses the relationship between sponsor-cause congruence and consumer responses to cause marketing programs for professional sports leagues. A total of 186 students participated in a 2-group experimental design. Results indicated a main effects difference for the sponsorship response variables between congruent and less congruent conditions. Perceived sincerity was significantly more positive for congruent sponsor-cause linkages. Subjects' level of interest with the sports league sponsoring a cause was a significant covariate with attitude toward the sponsor and purchase intention. Given the low means for the consumer response variables, the cause marketing efforts of professional sports brands may not have the same impact as those executed by brands in other product categories. The findings on the importance of congruence in eliciting favorable consumer response are tempered by relatively low means (i.e., relatively modest positive consumer response) and covariance of sport interest and consumer response (i.e., greater interest in the sponsor's sport related to more positive results).

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# UNDERSTANDING THE RETIRED ATHLETES SEGMENT: INSIGHTS FROM A CLUSTER ANALYSIS OF RETIRED ATHLETES

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## ABSTRACT

The main purpose of this study is to profile the “retired athlete” and develop a taxonomy to classify retired athletes based on several variables. The objective is to help marketers segment this group for effective targeting. To achieve this, we utilize cluster analysis, a useful statistical technique that is typically employed in the process of market segmentation.

We profile the “retired athlete” on the basis of four clustering variables – private athletic identity, public athletic identity, future outlook, and current life satisfaction. These variables were selected on conceptual grounds because they represent characteristics unique to the retired athlete. Private athletic identity was measured using a 5-item Likert scale to assess the extent to which the individual’s identity as an athlete has been internalized as part of his/her private self-concept. The 5-item Public Athletic Identity scale was used to measure the extent to which the individual is known by others as an athlete. A 6-item Future Outlook scale was used to measure the retired athlete’s views about their future life after retirement while an 8-item Current Life Satisfaction scale was used to measure the retired athlete’s life satisfaction at the present time.

The cluster analysis of 100 retired athletes revealed two distinct groups – “Athletics-involved Pessimists” and “Optimists.” Athletics-involved Pessimists have higher overall athletic identities, higher public than private athletic identities, lower current life satisfaction, and a dimmer future outlook. Optimists have lower overall athletic identities with higher private than public athletic identities. However, in contrast to the Athletics-involved Pessimists, these Optimists have a higher current life satisfaction and a brighter future outlook.

Implications arise for many parties interested in understanding the retired athlete. Marketers can have a better understanding of retired athletes based on relevant variables and can design appropriate marketing programs to target specific segments. Career counselors can also have a better understanding of the segments of retired athletes and use such information in developing appropriate services and programs for athletes entering into retirement. This paper concludes with a discussion on avenues for future research.

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# UNDERSTANDING FAN SUPPORT: THE CASE OF A NONPROFIT ORGANIZATION OWNING A TEAM

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## ABSTRACT

During the 1990's cause-related investments have exploded. Within the sports arena, a high percentage of fans agree that professional sport teams should support community charities or causes, and these studies showed that females were more likely to agree with such statement more than men ( $t=2.34$ ,  $p<.02$ ). But does this belief influence fan attendance and other support behaviors?

All sports organizations are focused on attendance. Research studies have examined demographic differences among fans and their motivations to attend games as well as their attitudes toward organizations. Similarly to the above studies, gender differences are the only demographic to indicate significant differences. However, sport marketing research does not address demographics in isolation, but also considers other individual difference variables that may impact fan support behavior. For example, studies found loyalty, fan identification, involvement and word-of-mouth to positively influence fan attendance. The questions examined in this study include: does the awareness of a professional team being owned by a nonprofit organization make a difference in fan support and if so among what groups?

Survey data from 468 fans were analyzed. The sample consisted of 245 males (56%) and 201 females (44%). A large percentage of the attendees were married (71.5%) and (60%) had an undergraduate degree or higher. There are no statistically significant differences between gender and the number of games attended. However results suggest that in this study women were more loyal ( $t=-2.592$ ,  $df=439.09$ ,  $p<.10$ ) and engage in a higher level of word-of-mouth ( $t=-2.330$ ,  $df=444$ ;  $p<.05$ ). These are findings consistent with previous studies with the exception of no statistically significant differences in gender and identity. Tests revealed statistically significant differences between fans who were aware of the team's nonprofit status and those who were not. Those aware of the status indicated they (1) attend more games, (2) engage in more positive word-of-mouth ( $t = 3.42$ ,  $df = 279.981$ ,  $p = .001$ ), and (3) are more loyal toward the organization ( $t = 3.34$ ,  $df = 291.67$ ,  $p = .001$ ).

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# STUDY OF MACAU COLLEGE STUDENTS' ETHICAL INTENTIONS IN BUSINESS SITUATIONS: IMPLICATIONS TO GLOBALIZING CHINESE ENTERPRISES

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## ABSTRACT

*Corporate misdeeds transcend national borders, creating a critical need to understand the ethical propensity of future executives in other parts of the world. Knowledge of the attitudes toward ethically inappropriate behavior in Macau can be valuable to potential corporate entrants..*

*The University of Macau has a diverse student body, with students from the Chinese Mainland, Macau, the Philippines, Europe, the USA, and Hong Kong. Comparing the responses of the culturally diverse students shows many significant differences as well as some interesting similarities.*

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## INTRODUCTION

Worldwide ethical conduct has become a growingly important business consideration, as numerous challenges exist. Numerous issues exist in the boardroom and ethical violations are truly and sadly too numerous to count. In a study of 1300 employees and managers in multiple industries, 48% of those surveyed admitted to engaging in unethical behavior at work (Mathis 1999). According to Kanaga (1999), people in Asia have perpetuated a system doomed to failure because they avoided transparency, ethics and democratic principles.

Business ethics in Macau is influenced by both Chinese and Portuguese cultures. However, the greatest influence comes from the Chinese side. Macau is currently comprised of about 96% Chinese. The four driving forces of Chinese business ethics are : 1) the inheritance of Chinese traditional ethics; 2) the influence of Marxist philosophy and ethics; 3) the reflections on the economic reform; and 4) the influence of business ethics from abroad (Lu Xiaohe, 1997). The first and third factors have the greatest influenced on Macau.

The Chinese culture is strongly influenced by Confucian beliefs and these beliefs strongly shape mindsets and actions. Confucius stressed the dictum "treat others like how you want the others to treat you." These paved the way for the emergence of values such as benevolence, loyalty, forgiveness, and filial piety. It also leads to some customs in Chinese business environment such as: face, interpersonal

network (guan xi), and loyalty. Chinese pay much attention to "face" because of the respect inside the organization between the different hierarchies. Macau was a colony of Portugal for about 450 years which influenced religion and educational system.

## LITERATURE REVIEW

Several variables have been associated with ethical behavior and intentions, but of demographic variables, those seen most frequently include national origin, gender, GPA, income and religiosity.

Dubinsky et al. (1991) examined ethical perceptions of industrial salespeople in the United States, Japan and South Korea, finding indications that "nationality influences sales peoples' beliefs about the ethics of selling practices and the need for company policies to guide those practices." Results indicate a difference in laws, standards and common practice across nations.

Vitell and Hidalgo (2004) noted that perceptions on the importance of ethics and social responsibility tend to vary depending upon the country of residence. In a comparison between a survey sample from the US and from Spain, the US respondents showed higher perceptions concerning ethics and social responsibility than their counterparts in Spain. The study pointed out that specifically the US respondents had significantly higher corporate ethical values and ethical code enforcement, and lower organizational commitment, idealism, and relativism. However, a study of US, Australian and Philippine students

(DeJong et al. 2006) showed marked similarities between the US and Australian students with differences primarily with students from the Philippines.

Most studies show significantly more positive ethical tendencies in females (Goolsby and Hunt 1992, Whipple and Wolf 1991). Gender was found by Ferrell and Skinner (1988) to explain 8% of the variance in ethical behavior for data subcontractors, and 3.1% for marketing research agencies with women reporting more positive ethical behavior. Patterson and Kim (1991) conducted a nationally representative survey that indicates that twice as many men as women believe that the only way to get ahead is by cheating. A study by Dawson (1995) found that females were less likely to break promises, more likely to disclose positive information about competitors' products, less likely to take advantage of confidential information, and less likely to provide gifts to get orders.

Studies report students with higher GPAs are less likely to cheat (Hogan & Jaska 2000; Busby et. al. 2003; Weiss et. al. 1993), more likely to be report awareness of cheating, and more likely to agree that those who cheat should be expelled from school (Hogan & Jaska 2000).

Income, or the lack there of, is considered by many to be an ethical stressor influencing those with a greater perceived need to act in whatever manner necessary to meet those needs including unethical behaviors. A study of ethical decision processes (Rooze et al. 2001) shows that employees with higher income score lower on ethical attitude than those with a lower income. However, this might have been influenced by the correlation between higher levels of income, years of service, age and increased responsibilities which also see deteriorating ethical behaviors. In Chinese culture, the rich are expected to act more ethically demonstrating the saying, "one knows honor after getting rich," (Lam and Hung 2006).

Religiosity is defined here as the reliance on ones' religious beliefs for guidance in daily decisions including those of an ethical nature. Religiosity is perceived by Clark and Dawson (1996) as a motive for ethical behavior. Albaum and Peterson (2006) state that those who "report being very religious are slightly but significantly more ethically inclined than participants who are less religious." Siu et al. (2000) found "people who are more religious are more oriented toward ethics than people who are not." Hypotheses, based on the literature review, are presented in the Results section.

## METHODOLOGY

The University of Macau is a non sectarian university located in East Asia. Since 1991, the University has established academic links and cooperation with more than 100 institutions of tertiary education in over 20 countries and territories including China, Portugal and other European countries, Japan, Australia, and the United States.

401 students were surveyed in classroom settings, of which 29.4% were freshmen, 11.3% were sophomores, 12.8% were juniors, 33.4% were seniors, 6% were described as others. Classes were randomly selected to represent different demographic profiles, and grade levels.

Data was collected through the use of questionnaires. Prior permission from the professors responsible for courses was sought prior to questionnaire distribution to randomly selected classes. Prefacing the surveys were letters addressing the voluntary nature of participation and measures to ensure confidentiality. A survey administrator waited for the questionnaires to be completed and answered questions relating to words or phrases that needed to be clarified.

Ethical intentions were measured using 17 questions developed by Zey-Ferrell and Ferrell (1982) that relate to general business situations that could be found in most organizations. Respondents indicated the likelihood that they would engage in specific behaviors. Responses were coded so that a higher score indicated more unethical behavioral intentions.

Of those surveyed, 62% were female, 63% were between the ages of 18 and 21. 35% of respondents were not working. With regard to the employed students, a majority comprising 51% worked 25 or fewer hours. 99% of the respondents were single. Of the 239 who provided information on income, 48.53% of the respondents reported belonging to a family whose household income was below 99,000 (US\$ 12,375), while 39% claimed they do not know or are unsure of the total family household income. 46.7% were born in Macau, and 18.8% claimed to belong to a religious group. The students surveyed were enrolled in the University of Macau. With regard to the grade point average, 33% of the respondents claimed to be under 2.5, 58% in the 2.5-3.49 range, and 32% greater than 3.49.

## RESULTS

H<sub>1</sub>: Students from different cultural backgrounds will show significant differences in the ethicality of their intentions. Supported at the .001 level. An ANOVA indicated significant differences in the

mean scores of European students and Asian students. The dependent variable for the test combined all of the ethical intentions questions into an ethical index. Questions were then considered on an individual basis with results demonstrated in Table 1. The first question is a case in point. Europeans

were significantly different than each of the other groups; Macau and Mainland China were significantly different than each other and the Europeans, Hong Kong was significantly different from only the Europeans.

**Table 1: Place of Birth by Intended Business Behavior**

	Chinese Mainland (134)	Macau (183)	Europe (45)	Hong Kong (20)
Claim credit for others' work	2.96	2.60	1.91	2.50
Anova Sig=.000	sdt M, EU	sdt CM,EU	sdt CM, M, HK	sdt EU
Report accidental erasure of file	3.31	3.16	3.80	3.55
Anova Sig=.004	sdt EU	sdt EU	sdt CM, M	nsd
Call in sick to take day off	2.79	2.63	2.39	3.30
Anova Sig=.029	nsd	sdt HK	sdt HK	sdt EU
Falsify time/quality/quantity reports	2.82	2.70	1.73	2.55
Anova Sig=.000	sdt EU	sdt EU	sdt CM, M, HK	sdt EU
Pad expense account more than 10%	2.37	2.49	1.88	2.25
Anova Sig=.502	nsd	nsd	nsd	nsd
Accept gifts for preferential favors	3.02	2.60	2.19	2.10
Anova Sig=.000	sdt M, EU, HK	sdt CM	sdt CM	sdt CM
Deliberately make superior look bad	2.50	2.45	1.82	2.40
Anova Sig=.000	sdt EU	sdt EU	sdt CM, M, HK	sdt EU
Use company materials for self	2.75	3.11	3.30	2.75
Anova Sig=.003	sdt M, EU	sdt CM	sdt CM	nsd
Report company violations of others	2.62	2.57	2.21	2.55
Anova Sig=.079	sdt EU	sdt EU	sdt CM, M	nsd
Take extra personal time	3.0	2.87	3.05	2.40
Anova Sig=.089	sdt HK	nsd	nsd	sdt CM
Deliberately make peer look bad	2.49	2.40	1.50	2.40
Anova Sig=.000	sdt EU	sdt EU	sdt CM, M, HK	sdt EU
Give gifts for preferential treatment	2.80	2.51	2.43	2.50
Anova Sig=.076	sdt M	sdt CM	nsd	nsd
Pad expense account up to 10%	2.57	2.32	2.12	2.05
Anova Sig=.023	sdt EU	nsd	sdt CM	nsd
Personal business on company time	2.68	2.88	2.91	2.60
Anova Sig=.243	nsd	nsd	nsd	nsd
Divulge confidential information	2.53	3.34	1.35	2.25
Anova Sig=.000	sdt EU	sdt EU	sdt CM, M, HK	sdt EU
Take too long to do job	3.05	2.85	2.52	2.85
Anova Sig=.000	sdt EU	nsd	sdt CM	nsd
Leave work early	2.56	2.46	3.07	2.10
Anova Sig=.001	sdt EU	sdt EU	sdt CM, M, HK	sdt EU

**Table 2: Gender by Intended Business Behavior**

		Male	Female
Accept gifts for preferential favors: T-test 0.056	Unlikely	38.2%	50.2%
Male mean = 2.85	Likely	28.9%	22.2%
Female mean =2.55	Unlikely	45.9%	56.3%
Make superior look bad: T-test 0.002	Likely	15.4%	8.8%
Male mean = 2.57	Unlikely	41.3%	48.2%
Female mean =2.27	Likely	17.3%	13.5%
Report company violations of others: T-test 0.009	Unlikely	48.7%	51.8%
Male mean = 2.75	Likely	14.0%	5.4%
Female mean =2.45	Unlikely	46.9%	59.0%
Deliberately make peer look bad: T-test 0.021	Likely	17.5%	10.5%
Male mean = 2.76	Unlikely	50.0%	58.9%
Female mean =2.50	Likely	14.4%	9.7%
Pad expense account up to 10%: T-test 0.009	Unlikely	47.4%	55.2%
Male mean = 2.53	Likely	23.4%	15.8%
Female mean =2.24			
Divulge confidential information: T-test .069			
Male mean = 2.38			
Female mean =2.18			
Leave work early: T-test 0.014			
Male mean = 2.70			
Female mean =2.43			

1=very unlikely 5=very likely middle position excluded

H<sub>2</sub>: Females will demonstrate higher ethical intentions than males. Not Supported. An Independent Samples t-test showed no significant difference (sig. level = .159) between males and females and the ethical index. However, there were significant and interesting differences for individual questions as demonstrated in Table 2.

H<sub>3</sub>: Students from different economic backgrounds will show significant differences in their ethical intentions. Not Supported. The ANOVA resulted in no significant differences based on income. The income level to show the highest intention to act unethically was from 100,000-249,000. Both higher and lower income levels behaved more ethically than that group. Differences relative to individual questions were examined as well. As can be seen in Table 3, it was the income

range between 100,000 and 250,000 that were most likely to claim credit for the work of others, deliberately make a peer look bad, falsify time/quality/quantity reports, divulge company information, and take too long to do a job. At the risk of over-inference, it seems like a case of middle income crunch. Middle incomes tend to have more financial demands than those with either lower or higher incomes. This results in an increased pressure to make more and advance faster using the mentioned behaviors. This income group was also the least likely (though not by much) to report the accidental erasure of a file, and was significantly less likely to call in sick which seems to support the need for increased income.

**TABLE 3: Income by Intended Business Behavior**

	<100,000	100,000-	>250,000	250,000	
Claim credit for others' work*	Unlikely	29.4	43.7	61.7%	.025
	Likely	13.4	19.7	17.0	
Report accidental erasure of file	Unlikely	39.1	26.0	18.8	.098
	Likely	37.3	37.0	64.6	
Call in sick to take day off**	Unlikely	40.8	61.4	33.4	.000
	Likely	28.7	14.7	39.6	
Falsify time/quality/quantity reports	Unlikely	33.4	39.2	56.3	.062
	Likely	22.0	23.0	12.5	
Deliberately make peer look bad**	Unlikely	47.3	45.8	75.0	.001
	Likely	9.8	12.5	8.3	
Divulge confidential information**	Unlikely	46.9	44.9	70.9	.027
	Likely	12.4	15.9	12.5	
Take too long to do job**	Unlikely	25.5	38.3	45.9	
	Likely	30.7	35.6	25.0	

\*ANOVA p<=.05 \*\*ANOVA p<=.01

**Table 4: Grade Point Average by Intended Business Behavior**

		1.0-1.99	2.0-2.49	2.5-2.99	3.0-3.49	3.5-4.0
Claim credit for others' work**	Unlikely	2.43%	26.1%	39.5%	53.3%	64.3%
	Likely	12.1%	10.9%	14.3%	19.6%	10.7%
Falsify time/quality quantity reports**	Unlikely	33.4%	20.9%	39.4%	55.5%	71.4%
	Likely	18.2%	19.8%	20.4%	20.7%	13.8%
Pad expense account more than 10% **	Unlikely	29.4%	41.1%	64.9%	70.7%	75.9%
	Likely	23.5%	21.1%	11.8%	13.1%	10.3%
Accept gifts for preferential favors*	Unlikely	39.4%	31.3%	45.0%	56.6%	65.8%
	Likely	27.3%	28.3%	25.6%	23.9%	17.2%
Deliberately make superior look bad**	Unlikely	36.4%	36.4%	38.1%	67.4%	69.0%
	Likely	15.2%	15.9%	8.7%	9.8%	6.9%
Deliberately make peer look bad**	Unlikely	26.4%	41.1%	56.3%	75.5%	69.0%
	Likely	23.6%	15.6%	5.6%	4.4%	3.4%
Pad expense account up to 10%**	Unlikely	38.2%	40.0%	59.9%	60.5%	82.8%
	Likely	11.8%	16.7%	7.9%	18.7%	6.9%
Divulge confidential Information**	Unlikely	38.2%	40.2%	59.4%	66.0%	62.0%
	Likely	11.8%	12.6%	11.4%	10.3%	13.8%
Take too long to do job*	Unlikely	39.4%	24.7%	35.4%	46.2%	34.4%
	Likely	18.2%	39.4%	24.6%	29.7%	31.0%

ANOVA: \*p<=.05 \*\* p<=.01

H<sub>4</sub>: Students with different grade point averages will show significant differences in ethical intentions. Supported. Results of the ANOVA showed a significance level of .000, with those with lower GPAs successively more likely to cheat than those with higher GPAs. These differences were enhanced when looking at the ethical indicators on an individual basis. In the first 7 questions mentioned in Table 4, the GPA that is most ethical is the 3.0-3.49 group. Very consistently we see the least ethical behaviors at the lowest levels, getting more ethical with each step up in GPA and, oddly, dropping down just a bit at the 3.5-4.0 level

H<sub>5</sub>: Students with different levels of religiosity will show significant differences in ethical intentions. Supported. An independent samples t-test indicated a significance level of .001, with those who reported they subscribed to no religion significantly less likely to act ethically than those who reported being a member of a religious group relative to the 17 question index. Students who identified with a religious group were less likely to claim credit for the work of others, more likely to report the erasure of a company file, less likely to falsify reports and accept gifts for preferential favors, were less likely to make a peer look bad, and less likely to divulge company information. They were, however, also less likely to report the company violations of others.

## DISCUSSION AND CONCLUSIONS

Clearly, there is no one Asian ethic. Among Chinese students born on the Mainland, in Macau and in Hong Kong there are clear differences. These differences may be attributed to centuries of exposure to British culture in Hong Kong and Portuguese culture in Macau. However, the greatest differences came between the European and the Chinese students. The Chinese culture is extremely strong.

Reporting the company violations of others is still taboo. Employers should be aware that approximately 1/3 of respondents were likely or very likely to use company materials for their personal needs (31%); to call in sick to take the day off (28%); take extra personal time (30%); do personal business on company time (26%); take too long to do a job (30%), and leave work early (18.6%). Other undesirable behaviors include accepting or giving gifts for personal favors (25% and 21% respectively), falsify reports (20%), pad an expense account up to or more than 10% (13% and 15% respectively), and divulging confidential information (12%).

Only 17.5% of respondents said they were "very unlikely" to claim the work of others for their own. That means that for 82.5% of the sample population this behavior is within the realm of possibility, and for 15% of them, the behavior is likely or very likely. Other examples include deliberately making a superior or peer look bad (12.6% and 9% respectively).

As companies worldwide continue to expand their businesses across borders, executives will need to face and to manage potential “diversities of ethics.” Where a disparity in ethical mindsets exists, an emphasis on a thorough and prolonged training program may be necessary. In addition, clear cut policies and procedures would need to be in place to prevent misunderstandings.

Organizations are served well with an early determination of potential parallelisms and contrasts in ethical propensities between the corporate headquarters and the target location. Globalizing Chinese enterprises, such as those from Macau, need to be watchful for deviant practices of their managers. Jansen and Von Glinow (1985) noted that

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certain organizations develop counternorms that tend to deviate from acceptable practices and standards. These organizational deviations may further widen given geographical distances and cultural differences that exist across countries.

The greatest limitation to this study is the fact that the respondents were college business students, at the University of Macau which limits, to an extent, generalizability to the business environment in Macau. For better understanding of cultural diversities it would have been better to have a more even distribution of students from the various places of origin. It would be desirable to see this work expanded.

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# AMERICANS PREFER FAMOUS AND CHEAP, BUT FRENCH WOULD BUY HEALTHY AND TASTY: A CROSS-CULTURAL STUDY ON BRAND PREFERENCES

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## ABSTRACT

*The present paper demonstrates that particular attention should be drawn to consumer's culture when measuring importance of brand familiarity and celebrity endorsement in developing attitudes towards brands, by comparing American and French consumers' attitudes towards familiar and unfamiliar brands and celebrities. Such differences could be explained by the Uncertainty Avoidance Index (UAI) developed by Hofstede and Hofstede, as we can expect that consumers from high UAI cultures will prefer familiar brands more often than consumers from low UAI cultures.*

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## INTRODUCTION

Globalization of the world economy has led to dramatic rises in the scope and complexity of international brand management. Johansson and Ronkainen (2005) propose that the more globalized a brand is, the higher the esteem that it enjoys in terms of consumer perceptions concluding that there is a correlation between the reach of the brand, thus its familiarity and esteem and perceived quality. Accordingly, those authors state that research shows that one of the most common features of a globally integrated marketing strategy is the adoption of one brand name around the world. In addition, images of prestige or success are imbibed when brands are associated with glamorous personalities, and celebrities are used to impact credibility and aspiration values to a brand, because they are good at generating attention, recall and positive attitudes towards brands. Therefore, the present paper is relevant because it demonstrates that particular attention should be drawn to consumer's culture when measuring importance of brand familiarity and celebrity endorsement in developing attitudes towards brands. Such differences can be explained by the Uncertainty Avoidance Index (UAI) developed by Hofstede and Hofstede (2005), as we can expect that consumers from high UAI cultures will prefer familiar brands more often than consumers from low UAI cultures.

## GLOBAL BRANDS AND CONSUMERS' ATTITUDES

With the globalization of markets, there are more opportunities to create market potential through stimulating demand for products with universal appeal (Hassan et al., 2003). The

objective is to identify consumers having the same expectations and requirements vis-à-vis products, despite cultural and national differences. Thompson (2004) talks about an emerging stream of consumer research that suggests a far more encompassing and significant interrelationship between cultural processes and structures and brand meanings than just the brand image, while brands create unique identities for a firm's products in the eyes of its consumers (Keller, 2003). Global brand was defined by Steenkamp et al (2003) as the one that the consumers can find under the same name in multiple countries, while Holt et al (2004) see global branding as the one that relates to a standardisation of products, packaging and communications. Finally, when there is quality uncertainty, consumers tend to search more information before making a decision, but information may not be available or credible and they will consequently be guided by brand familiarity (Johansson et al., 1994).

## BRAND FAMILIARITY AND CELEBRITY ENDORSEMENT

Familiar and unfamiliar brands differ in terms of the knowledge regarding the brand that a consumer has stored in memory and tend to have a variety of different types of associations for familiar brands. Johansson and Ronkainen (2005), state that esteem for a brand is correlated with its familiarity level, which can be explained by the comfort and positive feelings that come with familiarity. However, celebrity endorsement can be a solution for unfamiliar brands because the celebrity world is one of the most potent sources of cultural meaning at the disposal of the marketing system and the individual consumer (McCracken, 1989). Therefore, celebrity image can be defined as

*the perceptions about an individual who enjoys public recognition as reflected by the celebrity associations held in consumer memory* (Seno and Lukas, 2007). The realm of celebrity's impact is confined to bestow a distinctive identity and provide added value to the brand which is obtained by user associations, as brands acquire images from the type of people who are seen using them. According to Shimp (2003), the most important attributes determining effectiveness of the endorser are credibility and attractiveness, with trustworthiness being a sub-attribute to credibility.

### CULTURE

Although transnational cosmopolitanism among other factors is accelerating the emergence of homogeneous global consumer culture, cultural dimensions can explain differences in consumer attitudes towards brands and celebrities. Indeed, Hofstede's influential work on cross-cultural value systems identifies many aspects of cultures that can be related to brand choice, and thereby, we assumed that uncertainty avoidance would be the cultural dimension that could better explain relationship between consumers and brand choices. Uncertainty avoidance was defined by Hofstede and Hofstede (2005) as *the extent to which the members of a culture feel threatened by ambiguous or unknown situations*. This concept captures the cultural pattern of seeking stability, predictability, and low risk rather than change and new experiences. According to the same authors, the essence of uncertainty avoidance is that it is a subjective experience, a feeling. Feelings of uncertainty not only are personal, but may also be partly shared with other members of one's society, as they are acquired and learned.

### RESEARCH DESIGN

In this article, and given our focus on global brands it is likely that the most relevant cultural dimension to be considered is the uncertainty avoidance index. Needless to say, our focus on uncertainty avoidance does not imply that other cultural dimensions are irrelevant to understand consumers' attitudes towards brands. It merely reflects the fact that culture is a complex whole and that it is tough to isolate dimensions that could totally explain consumer behaviour. It is also tough to measure all five of them in an exploratory research. Thereby and as it has been done in previous research (Jun and Lee, 2007; Erdem et al., 2006), only the uncertainty avoidance dimension was used in the present research. We believe that this dimension is more closely linked to the anxiety as an state of being uneasy or worried about what may happen.

### OBJECTIVES AND METHOD

The main purpose of the present paper is to understand in which measure cultural differences linked to uncertainty avoidance can have an influence on attitudes towards familiar and unfamiliar brands and celebrity endorsement perception. Indeed, many of previous studies on celebrity endorsement have focused on how celebrity endorsement influences consumer behaviour. What has received less attention in empirical research is the power of this endorsement when relating unknown brands. The United States' uncertainty avoidance index is 46, while France's score is 86. This means that those two cultures differ in the way they cope with anxiety generated by ambiguous situations. Thus, based on the previous discussion we stated research questions as an exploratory step to examine the influence of uncertainty avoidance on American and French consumers' behaviour regarding brands. Our aim was to understand if French are more reluctant than Americans to buy unknown brands and if celebrities' endorsement has the same impact on both cultures. The sample was composed of 25 American and 27 French respondents. Participants were first asked to rank brands they would buy by order of preference. The first product category was bottled water. Then, those same brands were associated with both known and unknown persons and participants were asked to rank the same brands again. The same procedure was applied to yogurts and sweeties. Finally, they were asked to rank a new set of yogurts this time featuring prices. All product categories featured familiar and unfamiliar brands.

### RESULTS

**Table 1. Order of preference for bottled water**

Bottled water (%)	Americans				French			
	1	2	3	4	1	2	3	4
<b>Order of preference</b>								
Evian	71	24	-	5	80	7	7	6
Kiwi	6	12	47	35	20	6	27	47
Dasani	24	53	5	18	-	33	27	40
Aqua	-	12	47	41	-	67	33	-

Both American and French participants prefer Evian because of brand familiarity, quality and price for the Americans and because of tradition, familiarity and brand nationality for the French respondents.

**Table 2. Preferred Brands with Celebrities**

Bottled water + Celebrity (%)	Americans				French			
	1	2	3	4	1	2	3	4
Order of preference								
Evian (Unknown)	41	29	24	6	54	20	20	6
Kiwi (New Zealand)	6	12	29	53	27	27	13	33
Dasani (Tom Cruise)	29	13	29	29	20	27	13	40
Aqua (Angelina Jolie)	24	47	18	11	7	27	47	19

But when an unknown person is associated with the brand 30% less of Americans would buy it, while French respondents would keep it at the first place. Kiwi being an unknown brand for both samples, it was ranked third by Americans and fourth by the French, but when associated with unfamiliar person (New Zealand rugby man), more than half of the Americans put it in the fourth place, while more French participants put it at the first place. As an American brand, Dasani was ranked second by more than half of American participants, because they are familiar with the brand, and fourth by 40% of the French respondents, because it is not mineral water. When associated with Tom Cruise, Americans were less willing to buy it, while more French participants put it in the first place. Finally, the unknown brand Acqua that ranked third and fourth by Americans, was pushed up to the second place when associated with Angelina Jolie, while more than 60% of the French participants had voted second place for the brand and retro ceded it at the third place when associated with celebrity. Verbatims presented in Table 3 illustrate some of the reasons of their choices.

Unlike for the bottled water, only unfamiliar brands were presented for the yogurts, as shown in Table 4.

Although both samples could recognize Danone's logo, they were disturbed by not being able to read what was written in the packaging. And when associated with French rugby man Chabal, which was unknown by Americans and known by few French respondents, both samples rejected it, as explained in the Table 6.

**Table 3. Positive and Negative aspects of Celebrities**

	Evian	Americans	French
Positive aspects		High quality Relatively inexpensive I'm familiar with French product Credible brand Good taste	I know the brand. French brand. National water. Emotional link. Drink it since was born.
Negative aspects		Expensive	Expensive
<b>Evian + Celebrity</b>			
Positive aspects		She's pretty and Evian is good I know the brand Still my favourite water She's beautiful and looks like us	Natural looking
Negative aspects		I don't know the girl Looks fake	The brand is more important than the girl.

**Table 4. Order of Preference for Yogurts**

Yogurts	Americans				French			
	1	2	3	4	1	2	3	4
Order of preference (%)								
Danone in Egypt	29	24	12	35	20	14	20	46
Jó	-	12	59	29	20	20	46	14
Go Morgen	-	41	24	35	14	14	27	45
Rachel's Organic	71	24	5	-	60	40	-	-

**Table 5. Preferred Brands with Celebrities**

Yogurts + Celebrity (%)	Americans				French			
	1	2	3	4	1	2	3	4
Order of preference								
Danone in Egypt (Chabal)	-	18	-	8	14	14	2	5
Jó (Brad Pitt)	24	41	35	-	47	20	2	1
Go Morgen (Unknown)	12	18	53	1	7	27	2	3
Rachel's (David Beckham)	65	24	11	-	34	40	2	-
							6	

**Table 6. Positives and Negatives aspects of Celebrities**

	Danone in Egypt	Americans	French
Positive aspects		I like strawberries I trust Dannon I recognize Dannon Looks too foreign	I know the brand. It is Danone Recognize logo + colors I can't read
	Negative aspects	I want to know what I'm eating I can't read it I haven't a clue what would be inside I don't like the brand	
Danone in Egypt + Celebrity			
Positive aspects		Dannon is familiar	It must be French Looks like a French product
	Negative aspects	Both man and product look scary I don't trust the person Not associated with good yogurt Makes me think the product is dirty Looks gross	Not attractive Doesn't fit with the product
Danone in Egypt			
Positive aspects		Americans I like strawberries I trust Dannon I recognize Dannon Looks too foreign	French
	Negative aspects	I want to know what I'm eating I can't read it I haven't a clue what would be inside I don't like the brand	

The very unfamiliar brand J6 was ranked third and fourth respectively by Americans and French, but when it was associated to American actor Brad Pitt, much more Americans and French ranked it first. However, when the unknown brand Go Morgen was featured alone Americans placed it in second place and French in fourth, but when unfamiliar person was associated to the brand, Americans retro ceded it to the third place, while French participants pushed it up to the second place. Finally, Rachel's Organic being an organic product, it was preferred by both samples,

despite the fact that when associated with English soccer player David Beckham, French pulled it down to the second place. When prices were featured with the brands for yogurts, American evoked much more price concerns than French who focused more on the brand and the product itself as demonstrated in the Table 7.

Among the brands featured for sweeties there were both familiar and unfamiliar ones, but all celebrities were well-known (see Table 8).

**Table 7. Positive and Negative Aspects of Brands and Prices**

	Tine (price 4,50)	Americans	French
Positive aspects		Looks like simple and normal yogurt Fruit is fresh Cheap Can easily tell what is inside Good packaging and price	I like the packaging Looks like Yoplait Looks like quality product Same as Yoplait, but cheaper
	Negative aspects	Too cheap looking	I don't like the fruits in it
Mishti Doi (price 3,45)			
Positive aspects	Nice price Second cheapest		

Negative aspects	I don't know the brand	Looks odd	
	I don't like the look		I don't like caramel
	Packaging is awful		I don't know what it is
	No picture		Bad packaging
	I can't tell what it is		
<b>Yoplait (prince 5,50)</b>			
Positive aspects	Is the most famous brand	I know the brand	
	I know the brand		Yoplait is French
	I trust Yoplait		Nice packaging
	Popular in the US		Brand reputation
Negative aspects	Very expensive		
	Too expensive		
<b>Engjapykni (2,10)</b>			
Positive aspects	The cheapest one	I like musli	
			Good cereals
Negative aspects	Looks too foreign	I can't read	
	Looks sketchy	Bad packaging	
	I can't read	Too cheap	
	Low quality because of price		
<b>Nesvita (price 5,20)</b>			
Positive aspects	I'm familiar with Nestlé	I know Nestlé	
	Looks healthy		Nestlé is good
	I trust the brand		Natural product
Negative aspects	Never heard	Healthy product	
	Too expensive	Bad colors	
		Not appealing	

**Table 8. Order of Preference for Sweeties**

Sweeties (%)	Americans				French			
	1	2	3	4	1	2	3	4
Order of preference								
Antho	59	29	12	-	14	54	27	5
Berg								
Haribo	-	-	18	82	27	14	7	52
Go	12	24	47	17	27	7	40	26
Aero	29	47	24	-	40	20	27	13

**Table 9. Preferred Brands with Celebrities**

Sweeties + Celebrity (%)	Americans				French			
	1	2	3	4	1	2	3	4
Order of preference								
Antho	59	35	6	-	27	47	20	6
Berg (K. Knightley)								
Haribo (R.)	-	-	-	100	14	7	34	45

Federer)									
Go	12	6	82	-	20	14	27		39
(G. Budchen)									
Aero	29	59	12	-	47	27	20		6
(George Clooney)									

Unfamiliar chocolate brand Anthon Berg was ranked first by Americans and second by French, but when endorsed by well-known English actress Keira Knightley, ranking was confirmed by Americans and the first place enhanced by the French. Nevertheless, the French brand for sweets Haribo, was ranked fourth by Americans and reached 100% of votes for the fourth place when associated with Swiss tennis man Roger Federer, while French split their votes between third and fourth places. Although some participants were familiar with the bars Go, both

samples put it in the third place and when associated with Brazilian model Gisèle Bündchen, more than 80% of Americans ranked it third and more French ranked it fourth. Finally, Aero chocolate from Nestlé was put in the second place by Americans, but when associated with American actor George Clooney, it jumped to the second place, with no more votes for the last place, whereas the first place chosen by French participants was enhanced by the celebrity. The explanations for those results are presented in Table 10.

**Table 10. Positives and Negatives aspects of Celebrities**

	<b>Anthon Berg</b>	<b>Americans</b>	<b>French</b>
Positive aspects	Packaging makes it look very prestigious It looks good, fancy I love chocolate		Attractive packaging Looks good Looks prestigious
Negative aspects	Not attractive		Not attractive
<b>Anthon Berg + Celebrity</b>			
Positive aspects	She proves how prestigious it is To look like her I know her I like her		She's well known She's attractive Good quality chocolate
Negative aspects	She adds to the appeal Should be expensive		I don't like her
<b>Haribo</b>			
Positive aspects			I love Haribo French brand Best sweets
Negative aspects	Looks cheap and terrible I don't know what it is Looks gross Not appealing		I don't like this flavour
<b>Haribo + Celebrity</b>			
Positive aspects			I love Haribo and Federer Federer is good He's not attractive I don't like him
Negative aspects	I don't recognize him He's not appealing Not so cute Brand is unfamiliar Doesn't help the product		

Results from this research confirm the statement that global brands have the ability to show consumers that they can obtain same benefits from a product category

wherever they are over the world and that is why companies should not hide globality (Johansson and Ronkainen, 2005). Accordingly, evidence from this

research demonstrated that neither American nor French participants feared global brands and that they already had well established attitudes towards them. Moreover, those results are not likely to be explained by the UAI that differentiate both samples, as French respondents did not act as being more reluctant than Americans to buy unfamiliar brands. However, differences in criteria used to make decisions about the brand to be bought were observed between the samples. Americans seemed to be more concerned by price and celebrity endorsement than French participants. Indeed, when associated with celebrities like Brad Pitt and Keira Knightley, unknown brands better scored with Americans than when they were presented alone. Nevertheless, all celebrities do not have a positive effect on a brand, as it was observed with Tom Cruise and Dasani, and Aqua with Angelina Jolie which Americans ranked worse when seeing brand and celebrity together. Furthermore, unfamiliar celebrities have a negative impact on some brands as it was the case with Danone and Chabal, Haribo and Federer, and Evian with the unfamiliar model. Conversely, French participants seemed to be more attracted by brands that conveyed health and taste image. This was clearly expressed with the yogurts displayed with prices. While Americans referred more frequently the price as a positive or negative aspect, French seemed to be more concerned by the products themselves. Finally, we did not include the impact of packaging on respondents' choices, but it was spontaneously expressed by participants from both samples. For example, the unfamiliar Anthon Berg chocolates attracted participants because they perceived its packaging as indicating a prestigious product.

### MANAGERIAL IMPLICATIONS

The current study has several meaningful managerial implications. First, the findings of this study provide brand management guidelines for the multinational marketers facing the challenge of achieving significant audience reach in the various customer groups at low cost with common messages. Brand familiarity and celebrity endorsement are often perceived as being universal techniques, but evidence from this research did not confirm this statement. Benefits of brand globality for which a critical factor would be creating differentiation and familiarity (Johansson and Ronkainen, 2005) should not be forgotten, because, as it was demonstrated by this research, consumers from different cultures do not display the same sensitivity to it. Celebrity endorsement arises as a possible solution, and when the celebrity is recognized globally, it is a low cost way to achieve cross-group coordination. Nevertheless, the use of celebrities associated with brands should be carefully reviewed for any cross-cultural communication as perception of celebrity's

trustworthiness and attractiveness can vary across cultures.

### LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The main limitations of this research are the restricted sample and its exploratory approach because 17 participants are not enough to represent a culture. We can also consider the possibility that using other brands and different celebrities would not replicate the results here presented, mainly if other product categories were involved. Furthermore, we should look for a correlation between participants' nationalities, brands' nationalities and celebrities' nationalities, which could explain preferences better than brand and celebrity familiarity. Other cultural dimension could better explain cultural differences in consumers' attitudes towards brands and celebrities. Finally, we should consider the packaging as a very important variable in influencing consumers' attitudes towards unfamiliar brands.

### CONCLUSION

International marketers and researchers focus on cultural differences to better understand and satisfy consumers from different countries. Brand equity, brand familiarity, country of origin effect among many other paramount issues in marketing have been analyzed in a country by country approach, considering that in each country there are individuals expecting specific products, brands and communication. Although many brands target global audiences, researchers and practitioners did not focus on differences in brands perception and attitudes towards brands across cultures. Being global does not mean being perceived and appreciated the same way by culturally different consumers.

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# DIMENSIONS OF PERCEPTUAL PSYCHIC DISTANCE IN EXPORTER-IMPORTER RELATIONSHIPS

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## ABSTRACT

*In international marketing management literature, psychic distance (PD) has been a widely used and researched construct. This two-stage study aims to develop a definition of perceptual PD based on exporters' perceptions and provide a measurement instrument of PD in the context of exporter-importer relationships.*

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## INTRODUCTION

The concept of "distance" has been of central interest to international scholars who aim to explain variations in international business and marketing strategies and operations across foreign countries. Psychic distance (PD) is one of the most widely used, researched, and contentious constructs in the field of international business and marketing (Shenkar, 2001). While it has been applied to a variety of issues, including export performance, foreign investment expansion, entry mode choice, and adaptation of the marketing program, existing research efforts have lead to inconsistent and conflicting findings. This study addresses existing problems in the PD literature in that it develops a definition of perceptual PD based on exporters' perceptions and provides researchers with a sound measurement instrument of PD in the context of exporter-importer relationships. We first analyze the PD construct across major existing empirical studies, and then, on the basis of the gaps identified, develop a qualitative empirical study employing the principles of grounded methodology to explore, analyze, and classify the various PD stimuli as perceived by export managers in manufacturing companies. Based on this fieldwork, we then build a measurement instrument for PPD and test it on a random sample of exporters in Slovenia.

## LITERATURE REVIEW

A review of the relevant literature exposes inconsistencies and weaknesses in three general areas: conceptualization, operationalization, and measurement of PD. Regarding conceptualization issues, a definition of PD must incorporate the essential notion of "perception" because perception is

a cognitive process by which stimuli (e.g., sensorial or, in our case, "psychic") are selected, organized, and interpreted. Perception differentiates between objective and subjective (or perceived) PD. Some researchers specifically mention perception, and others do not (e.g., Bello et al., 2003; Luo et al., 2001; Shoham and Albaum, 1995). Furthermore, some use the term "cultural distance" interchangeably (Luo et al., 2001; Shoham and Albaum, 1995; Simonin, 1999), whereas others distinguish it from PD (Sousa and Bradley, 2006). Two problems can be also outlined with the "distance" concept used in the literature in terms of its managerial relevance. First, most studies consider the home and foreign markets the relevant reference points that managers use to conceptualize PD. However, because most export managers do not manage operations in the home market, they often have no experiential knowledge of how different the target market may be from the home market. Second, identifying differences that do not create potential difficulties or managerial issues to the decision makers is useless because managers are primarily concerned about distance-creating factors. As Shenkar (2001) suggests, a closer examination of the realities of international business and marketing operations points to interaction as the key issue; that is, distance has little meaning until partners come into contact with each another and such interface produces "friction" or "drag" for those partners' operations.

Regarding operationalization of PD, several authors (e.g., Lee, 1998; O'Grady and Lane, 1996) outline the need to specify the factors that combine to determine subjective PD. Most definitions refer to three major categories of factors that constitute the distance: differences in culture, business practices, and environment. Unfortunately, such taxonomies of

the distance components are not supported by an explicit theoretical basis. Therefore, the heterogeneity of the constituents proposed across the various definitions of subjective PD makes them impossible to compare with one another. Furthermore, terms (particularly in the culture and business practices categories) are often poorly defined, and mentioned previously, the term “cultural distance” is often used interchangeably with PD, which tends to confuse the country and individual levels of analysis. In general, it seems that there is no homogeneous conception of the PD construct, and there is confusion and inconsistency in relation to the terminology used.

Regarding the measurement of PD, because PD is a result of decision makers’ perceptions, measures should require decision makers to evaluate subjective PD, not factors determined a priori in previous studies. Because the decision makers themselves are confronted with potential problems that result from their perceptions of PD, they should be able to identify the differences at the origin of such problems. The first conclusion based on the review of the literature on perceived PD suggests that multiple conceptualizations have been proposed that sometimes lack managerial relevance, operationalizations show little theoretical foundations, and measurements of the construct are heterogeneous and often employ misspecified instruments. Second, because it is impossible at this stage to ascertain whether variations in research findings are due to the impact of subjective PD or to the great number of subjective PD concepts and the measures employed, it is necessary to go back to the basics of field research and undertake a qualitative approach in which decision makers themselves define the components of PD that are relevant to their specific business context.

## QUALITATIVE STUDY AND FINDINGS

After having conducted 21 preliminary interviews with managers of exporting and importing firms, systematic qualitative data was gathered through ten depth interviews with export managers of manufacturing companies which generated more than 25% of their revenues abroad and exported to more than 10 countries. The number of datasets in this study is consistent with the guidelines for sample size in exploratory research (McCracken, 1988, p. 17). The participating companies ranged from small and medium-sized manufacturers to multinational firms and represented various industries, allowing identification of a variety of potential stimuli of PD. In the first part of the interview procedure, we asked respondents to formulate factors that caused them difficulties when working with foreign markets. This

ensured that respondents had in mind the components of the phenomenon studied. In the second part, participants described how their exporting activities were affected by each factor they mentioned. This stage facilitated the emergence of the PD stimuli grounded in the managers’ own language, as opposed to merely capturing dimensions previously identified in the literature.

First, the interview transcripts were analyzed for mentions of PD stimuli. An open-coding procedure was then performed on the selected items. Thirty-four statements were broken down into six categories, which were further organized along two dimensions. The first dimension involved predominantly cultural issues: categories included patterns of thought (difficulties in understanding intentions, adjusting to high- vs. low- context communication styles), patterns of behaviors (differences associated with local habits) and languages. The second dimension involved issues pertaining to the business environment and practices. Within this second dimension, categories included: a) relationships with businesspeople (difficulties in personalization, time horizon, trust, conflict, and cooperation); b) differences in business practices (time management, terms of payment in international channels, buying processes, technical support and margins); and c) differences in macro level factors (the local economic, political, and legal environment). Each of these two dimensions and its respective categories contribute unique insights into the nature of PD stimuli and the potential problems these can cause to exporting firms. Against this groundwork, we propose the following definition that emphasizes the managerial relevance of perceived PD by considering both the antecedents of PD and its consequences for exporting firms. *Perceived PD is an internal unobservable phenomenon, resembling a cognitive disorientation that stems from stimuli such as perceived differences in culture and business environment. Psychic Distance makes it difficult or problematic for a firm to understand the market, manage business relationships, and operate in the market.*

## QUANTITATIVE STUDY

Based on the results of the qualitative study, the causal factors of PPD and its immediate consequences are used to develop a formative measurement instrument of perceptual psychic distance compatible with covariance analysis modeling techniques. In doing so, we followed the method developed by Diamantopoulos and Winklhofer (2001). This procedure warrants that each indicator is relevant and takes into account the fact

that firms' perception is not equally impacted by each factor. Data from a representative sample of exporters is used. Finally, the new PPD scale is injected into a structural model to demonstrate its nomological validity.

## Research methods

A database compiling all registered businesses in Slovenia was used (AJPEZ, 2006) to extract a total of 1,567 firms with more than 10 employees, exporting to more than three countries at least 10% of their total revenue. Targeted respondents were in charge of the export activity. Firms were contacted to check if they exported via independent distributors and after elimination of firms with inadequate contact information, 828 firms were qualified for the survey. Respondents received an e-mail containing a link that redirected them to a web site developed for the study. They were asked to base their answers on the business relationship with one of their foreign distributors. In responding to the psychic distance items, exporters were asked to take into account the context of the country where the focal representative was operating. A total of 224 questionnaires (response rate of 27.05%) were included in the data set. Firms belonged to 8 out of the 16 industrial categories recorded in country with 77.7 % of firms belonging to SME category (less than 250 employees). Exports generated an average of 52.4 % of firms' revenues. The respondents had been responsible for the focal business relationship for an average of 5.5 years. Non-response bias, assessed based on Mentzer, Flint and Hult (2001) guidelines, was not found to represent a problem in the present study.

The qualitative study showed that the stimuli of psychic distance belonged to two general categories: cultural issues and business-economic issues which, in turn, caused difficulties in understanding the market, managing business relationships and working in the market. The six indicator that were developed captured the range of causes discovered in our interviews. The field study also allowed for generation of three reflective indicators which were needed to develop our index. They referred to (1) the difficulty to understand the country and its people (2) the difficulty to manage business relations and (3) the difficulty to work in the market.

## Analysis and findings

In the formative instrument constructions procedure, we followed step by step the recommendations of Diamantopoulos and Winklhofer (2001). First, the content specification and the

indicators specification of the instrument were assessed. Second, indicators collinearity was checked by examining their variance inflation factor and their shared variance (Kleinbaum, Kupper, Muller and Nizam, 1997). All six items were retained for their initial inclusion in the index. Then, we estimated a MIMIC model (Multiple Indicators Multiple Causes; Diamantopoulos and Winklhofer, 2001) with 6 formative indicators (PPDF1,2,3,4,5,6,) as a direct cause of PPD and three items (PPDR1,2,3) as reflective indicators of the phenomenon.

In this procedure, the regression weights of each indicator are interpreted as the validity coefficients for these items. Indicators PPDF5 (personal relationships), and PPDF6 (environment) displayed non-significant regression weights and were eliminated, one at a time, without affecting the characteristics of the model. Each of the remaining four formative indicators showed a significant relationship with the latent variable. The final model displayed an adequate fit with the data ( $\chi^2 = 17$ , d.f. = 7,  $p = 0.02$ ; GFI = 0.98, NFI = 0.97, TLI = 0.94, CFI = 0.98, RMSEA = 0.08). Characteristics of the indicators are displayed in Table 1. The three reflective indicators, PPDR1, PPDR2, and PPDR3 loaded adequately. Finally, the variance explained in the latent variable amounted to 59.6 %. We checked that the domain of the construct was adequately covered as the 4 indicators covered both the cultural (behaviors PPDF1, language: PPDF2, way of thinking: PPDF3) and business-economics issues (organization of business: PPDF4).

Next, the nomological validity of the formative construct was assessed by examining theoretical links between the PD index and three other relevant constructs. In this study, we chose to check the negative relationship between PPD and the three main variables of the KMV model (Morgan and Hunt, 1994), i.e., trust, commitment, and cooperation, as they represent the quintessence of relational exchange. The hypothesized negative links between perceptual PD and these three constructs are based on the findings of our field study, and on prior empirical work. For example, Skarmas et al. (2007) recently found that psychic distance negatively affected relationship quality in a cross-border exchange. Zaheer and Zaheer (2006) explained how trust was affected by cultural and environmental differences. Additionally, a negative relationship between PPD and relational norms (e.g., cooperation) has been hypothesized by Bello, Chelariu and Zhang (2003). Hence, we generate the following three hypotheses:  
*H1: PPD has a negative impact on inter-firm trust.*  
*H2: PPD has a negative impact on inter-firm commitment.*

*H3: PPD has a negative impact on inter-firm cooperation.*

When conducting this type of analysis, the first decision to be made concerns the specification of the construct to be injected in the structural model. While Burke Jarvis, Mackenzie and Podsakoff (2003) suggest that the construct can be used with or without its reflective indicators, they also warn that the absence of reflective indicators could destabilize the index. Therefore, we decided to run this analysis with both the formative and reflective indicators. The three hypotheses were tested via a Structural Equations Modeling (SEM) method using AMOS 4 software. The results of the confirmatory factor analysis along with the fit indices of the measurement model indicate a good conformance of the model to the data ( $\chi^2 = 154$ , d.f. = 92,  $p = 0.00$ ; GFI = 0.92; NFI = 0.91; TLI = 0.95; CFI = 0.96; RMSEA = 0.055).

## CONCLUSIONS

Despite a growing body of research on PPD, the examination of the literature shows that a number of conceptual and measurement issues surrounding the construct still remain unresolved. Using a design combining both qualitative and a quantitative approach, our study provides a number of important theoretical, methodological, and managerial insights. From the theoretical perspective, our qualitative study addressed conceptual issues related to the phenomenon studies. Prior studies predominantly relied on the previous literature on objective PD to define and operationalize PPD. In this research, we used a grounded-theory approach to identify distinct facets of PPD. First, the findings from our depth-interviews with export managers suggested two important groups of PPD stimuli, i.e., (1) the exporter's perception of differences in the culture of the focal foreign market, and (2) the firm's perception of dissimilarities in the local business practices. Second, PPD itself is conceptualized as non-observable phenomenon similar to a cognitive disorientation that takes place in the mind of the exporting firm's staff. Third, the immediate consequences of PPD are uncovered as difficulties in understanding the country, collaborating with local firms, and working in the local market. This approach led us directly to a measurement specification and the instrument was tested on a representative sample of exporters. The results of our cross-sectional study indicate that PPD construct can not only be conceptually defined, but also empirically measured. This is an important finding because the measurement of PPD is still the object of intense debate among scholars and because of the misspecification issues

detected in previous research. As we cannot manage what we cannot measure, our research represents an essential step towards a better understanding of the construct's role in international business. In the present research, a particular attention was dedicated to the specification of our construct. This led us to the development of a formative instrument. To the best of our knowledge, it is the first time PPD is approached from such a formative perspective, compatible with structural equations modeling. This is of particular importance, as Burke Jarvis, Mackenzie and Podsakoff (2003) have shown that adequate constructs specification warrants the scientific validity of empirical research findings.

From a managerial perspective, our research offers several important insights. Indeed, our PPD index can be used by exporters to appraise their portfolio of local and overseas distributors. It identifies the generic dimensions that may serve as a starting point for evaluating a foreign distributor portfolio and decide on the type of relationship that can be developed with each distributor. Our analysis showed that social bonds were more difficult to establish in the presence of high PPD. Hence, exporters could avoid costly mistakes and take into account PD when choosing governance mechanisms. Because it distinguishes PPD stimuli, our measure of PPD can be easily transposed into a scorecard with specific items to be assessed for each distributor in the portfolio.

As in any empirical research, the results of the present study should be interpreted through the lens of its limitations. First, we used export relationships as a research context for investigating PPD (in largely SME type of firms) and the construct developed here might be suited for this context only. Since perceptions of PD are affected by the type of decision to be made and the context prevailing when the decision is made (Dow and Karunaratna, 2006), further field research should be conducted in order to assess PPD in the context of larger MNCs operations and other countries. It is possible that firms located in other countries would exhibit different scores when evaluating the stimuli that cause PD. Finally, it would be interesting to investigate what are the drivers of importers' PD, at the other side of the dyadic relationship. Clearly, their different role in the exchange should modify the set of stimuli that triggers the PD they perceive towards the exporters' countries. Our intention in this research was to set forward a step towards a better understanding of perceptual psychic distance in the context of exporting. Our study proposes a field derived conceptualization and operationalization and provides researchers with an adequate instrument to measure

this phenomenon. It opens the way to further research on the impact of PPD on export relationships.

**Table 1: Psychic Distance Formative Instrument**  
PPDF1-2-3-4 weights calculated after PPDF5 and PPDF6 eliminated.

			<b>Standardized Regression Weights</b>	<b>t value*</b>
		<b>Formative Indicators</b>		
		To what extent the following aspects of the market where your importer operates are a problem for your company (no problem at all...major problem) 7points scale		
BUSINESS DIFFICULTIES	PPDF1	Behaviors of the people	0.41	4.41
	PPDF2	Language	0.13	2.06
	PPDF3	Way of thinking of the people	0.21	2.46
	PPDF4	How business is organized	0.25	3.42
	PPDF5	Personal relationships with business people (eliminated)	0.10	1.19
	PPDF6	Environment: economic, political and legal (eliminated)	0.13	1.46
		<b>Reflective Indicators</b>	<b>Standardized Loadings</b>	<b>t value*</b>
DIFFICULTIES	PPDR1	It is difficult to understand this country and its inhabitants	0.70	-
	PPDR2	In this country, it is difficult to work with local firms	0.61	7.52
	PPDR3	It is difficult to work in this market	0.69	8.38

\* Significant at  $p \leq 0.05$  if  $|t| \geq 1.96$ .

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# INTERDISCIPLINARY TRAVEL STUDY

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## ABSTRACT

*The article describes the development of an interdisciplinary study abroad program to Costa Rica to expose students to a global perspective in business and health care. This article discusses and highlights a need for an interdisciplinary study abroad program to a developing country. Program content, learning activities, benefits and outcomes are discussed.*

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## INTRODUCTION

With the world integrated by commerce, communications, transportation, and politics, young Americans are increasingly aware that they live, work, and compete in a global market place. Study abroad programs provide young citizens with world knowledge and competencies necessary for them to perform successfully in a global economy. The underlying goal of these international experiences is the expansion of global knowledge and intercultural appreciation, which are essential for graduates to function effectively in an increasing integrated world (Kitsantas & Meyer, 2002). While few would argue the benefit of study abroad experiences to the student, Hall speaks to the benefits to the faculty involved in study abroad programs (2007). Clearly this is an important distinction between studying abroad and teaching abroad. "Faculty need the experience of teaching abroad as much as students need the benefits of studying abroad" (para.2). Cultural knowledge limitations must be acknowledged in order for students to learn global communications skills. Hall cautions that this is not possible "if faculty members themselves are parochial in their vision and awareness" (para.6).

Most study abroad programs vary in length of duration and destinations. Length of visit ranges from a few weeks to a full year. Europe is the most preferred destination with 58% of total students studying abroad followed by Latin America as a distant second with a 15.2 % share for the year of 2006 (IEN, 2007). Recently, short-term study programs of less than eight weeks have gained popularity among students due to financial constraints and fears of violence against Americans abroad, especially since September, 11 (Lewis & Niesenbaum, 2005). Short-term study abroad constituted 52.8% of all durations for 2006. In fact,

one-year program are only 5.5% for the same year (IEN, 2007). Short duration programs can make visits to a foreign country cost effective, less threatening, and in some cases, give students the confidence to participate in subsequent programs of longer duration. Hall suggests that when comparing teaching abroad experiences ranging in length from two weeks to two years, there was no direct correlation between the length of stays and their impact (2007).

Aurora University (AU) has been offering short-term travel abroad programs for many years to various destinations. Each year approximately 1% of the AU student population participates in these short-term travel programs during May Term. AU students most frequently select European destinations consistent with national data mentioned earlier. In an effort to expand the number of destinations, AU has offered study abroad programs to Costa Rica for the last two years.

Aurora University is divided into the College of Education, the College of Arts and Sciences, and the College of Professional Studies. Both the Dunham School of Business and the School of Nursing reside within the College of Professional Studies, as does the College of Social Work. As we increase our interdisciplinary collaboration efforts, travel studies have emerged as an exciting vehicle for nursing and business faculty to work more directly together. The international travel study literature has noted that business students are more likely to participate in travel studies than students from the physical sciences or hierarchical professional majors (Lewis & Niesenbaum, 2005). This assertion has been borne out in our own experience. By combining forces, we were able to recruit enough students to make the trip feasible. Without this collaboration, the nursing faculty and science students (three from nursing, one from biology, and one from social work) probably would

never have had the opportunity for the global health systems study abroad.

## **PROGRAM DEVELOPMENT AND CONTENT**

Because Costa Rica is still a developing and relatively unknown country, it has been a challenge to recruit enough students from one discipline for a travel study program to become viable. Trips to other parts of the world such as African countries face the same if not more recruiting challenges (Lowe, Dozier, Hunt-Hurst & Smith, 2008). One avenue to attract the required number of students, usually 10 travelers, is to develop an interdisciplinary program that includes learners from different disciplines. Interdisciplinary courses have become more popular in higher education because they offer opportunities for learners to work closely together by combining their knowledge, skills, and experiences. Interdisciplinary study abroad programs make sense in that they reflect the interdisciplinary nature of our world (DeZure, 1999). As is the case with most universities, the AU General Education program contains several interdisciplinary options that can be easily re-packaged into international programs.

This last year, two faculty members from business and nursing joined forces to offer a two-course international program to Costa Rica. The business professor was experienced and had implemented several trips before with other business faculty and had agreed to mentor the nursing professor who was inexperienced in taking students out of the country. A bi-lingual speaker, the business professor had previously established relationships with the Costa Rican university's international studies coordinators and smoothed the way for the for the non-Spanish speaking junior faculty.

One of the two courses, Global Health System (GHS) is interdisciplinary in nature and meets general education requirement, and the other, International Business (IB), is a required business course but was open to all juniors and seniors. By opening the IB travel course to all majors, it made the experience interdisciplinary de facto. Both courses attracted students from several majors such as biology, business, communications, education, nursing, and social work.

## **LEARNING ACTIVITIES**

The Costa Rican study abroad program was structured to cover specific course content as well as a good overview of Costa Rica's history, culture, politics, economy, and educational systems. These presentations and lectures took place on the AU campus pre-trip and at Universidad Latina in San Jose,

Costa Rica. Additional learning activities included daily journaling and tours.

## **Daily Journaling**

Students traveling to Costa Rica were asked to keep journals. Perhaps one of the most popular uses of journals is to absorb and reflect on experiences that occur outside the traditional classroom such as study abroad programs. Journaling is an effective tool that allows students to reflect critically and learn in a non-traditional way as they experience first hand the culture, people, and customs of another country. As noted by O'Connell & Dymont, the journaling process has been used throughout human history and allows free-flowing, reflection that is student-centered (2006). Through journals, students can record a vivid experience, reflect on it, and connect it to the knowledge they already have. Additional benefits of journaling are improving students' writing, enhancing critical thinking skills, and developing creative skills. Students in the Costa Rican study abroad program were asked to keep a daily journal of their experiences and reactions to the lectures, presentations and tours (cultural, educational, and historical). Upon completion of the program, students' journals were submitted for the entire experience. Each journal was discipline specific and reflected the activities of that course.

## **Course Lectures and Presentations**

Classroom lectures and activities began before departure. A foundational background on culture, customs, history, economy, and language were covered through assigned readings and students' presentations and discussion. Costa Rican experts and scholars from Universidad Latina in their respective fields conducted more in-depth presentations. These presentations were delivered in traditional and non-traditional settings.

## **Tours and Visitations**

An integral part of this travel experience was the visits and tours in Costa Rica. They were designed to enrich the discipline-specific courses as well as the overall experience. Students had common tours to historical, cultural, and touristic areas. Students taking the international business course visited businesses (domestic and joint-ventures), not-for profit organizations like micro finance entities and government offices such the Central Bank of Costa Rica while students taking GHS course visited clinics and hospitals in urban and rural settings.

## **Student Presentations**

Because of the camaraderie developed among all the travelers and because of the communal gathering spaces afforded by our homey accommodations, the faculty and students agreed to combine our presentations into one large group rather than two smaller ones. The presentations took place around a large dining table. The first presentation was a video diary completed by one of the students which incorporated photos taken by everyone. That video diary was later edited, set to music, and re-produced for all the participants. One by one, the students presented informally about the highlights of their learning in Costa Rica, and discussed how their newly acquired knowledge might affect their overall professional development in their chosen field. Some noted that only by traveling to a foreign country could they see their own country more clearly. Many stated that neither photos nor words could express how this travel experience would affect them for the rest of their lives. Several expressed gratitude to their families for having given them this opportunity and for the generosity of the Costa Rican people. Several students became teary-eyed recognizing that this was our last official time together as a group. Transformation was a recurrent theme. This trip included many firsts; first airplane flight, first horseback ride, first salsa dancing lesson, first trip outside the US with their new passport.

## **International Student Collaboration**

A small group of Costa Rican nursing students from Universidad Latina was available to help chaperone our trips to some of the urban health care facilities. The Costa Rican nursing students' familiarity with the agencies and their staff afforded us increased accessibility and translation services. Being of similar age to our American students, they shared a curiosity about one another and enjoyed comparing notes about university life, coursework and socializing, too. Each group of students expressed pride in their school's programs. It was a bittersweet departing with gifts offered to the Americans. Some of the Costa Rican students confided that despite their pride in their universal health care system, they hoped to one day practice their profession in the US to raise their incomes and standard of living. Contact information was shared in the hopes of one day meeting again

## **PROGRAM BENEFITS AND OUTCOMES**

Assignments that assessed the attainment of the learning outcomes for each course included journals, class presentations, a comparative health systems paper for the global health systems students and a SWOT

analysis for the international business students. There were two major course outcomes shared by both the (IB) and (GHS) courses:

### **1. Critical thinking demonstrated by reading, speaking and writing about human behavior and social interactions across cultures**

As noted by student's reflection on journals & reflective papers, awareness and identification of their own ethnocentricity was probably the broadest and most universal outcome for all students. The sense of superiority of our American travelers decreased gradually and by the end of the trip, many comments were heard about how some aspects of life are better in Costa Rica. Journals reflected a respect for the collective orientation of Costa Rica in contrast to the individualism of America. While not as wealthy or advanced as America in many ways, Costa Rica was described as a more caring and happy place. The generosity and gracious response of the Costa Rican health care and businesses personnel was remarkable to students and faculty alike. Ecotourism concepts including the preservation of natural resources were embraced. The focus on education and health care at the expense of an army was noted and appreciated by many of the students.

### **2. Discuss historical, social, economic, and political factors affecting international business and health care systems**

While comparing health care systems, the global health systems students could see firsthand what they had read about; that Costa Ricans and US citizens have similar health outcomes despite enormous differences in per capita health expenditures. Students were impressed by the Costa Rican focus on prevention through the use of required newborn genetic testing. How could a third world country be so far ahead of us in the practical application of information gleaned from the Human Genome Project? Does high tech equipment associated with American health care really equate to better care? Suddenly health care economics became more interesting. Could the Costa Rican national health system called "social security" work in the US? The conclusion was no, that a country such as ours founded on individual freedoms would require different approaches to make health care accessible to all. Students had developed a sophisticated understanding of a complex US problem in a short time with an international focus that is not ordinarily possible in the typical university setting. Experiential learning provided via travel study is clearly superior. Citizenship and participation in the political process has been enhanced in part due to travel experience.

The program benefits to students exceeded the course outcomes. Students referred to their travel opportunity as a “gift,” and as a “wonderful opportunity”. New friendships were forged. A group identity was formed. Caring behaviors were observed such as looking out for one another in crowded locations or expressing concern for those students who suffered minor illnesses. Students were quick to share whatever was needed with each other. The accounting major became a consultant during financial transactions. The bi-lingual students (3) graciously translated as requested. The male students were protective toward the female students during evening social outings.

There is no doubt in the professors’ minds that the learning resulting from experience by travel study far exceeds that which usually takes place during a typical on-campus course format. We can *tell* students about different cultures but until we *show* them they are often unimpressed. The students’ reactions during travel, served as an immediate form of assessment telling us that they really “get it.” These enthusiastic reactions of students during travel study are enormously satisfying to the instructors who immediately know that all the hours of preparation had paid off.

## CONCLUSION

Initially planned for convenience, successful recruiting, and faculty mentoring, this short-term study abroad experience proved that interdisciplinary collaboration leads to even greater unforeseen outcomes. When traveling abroad, the two instructors as well as the students from different disciplines experienced an increased understanding and appreciation of other disciplines to which they have limited exposure on campus. All participants gained an increased awareness of and respect for different cultures and points of view. We are compelled to agree with Lewis and Niesenbaum who stated that “short term travel studies can promote the goals of liberal education including questioning one’s assumptions, gathering and interpreting data, and using information to inform one’s self-development/personal growth and one’s civic role in a globalized world” (p. 258).

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# **EXTENDING THE PROCESS OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) TO VALUE-CHAIN PARTNERS: TOWARDS A MODEL DEVELOPMENT**

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## **ABSTRACT**

Customer Relationship Management (CRM) is becoming crucial to acquiring and retaining customers. Unfortunately still a lot of companies do not understand the integrative nature of CRM and are still struggling to implement it. A few companies who have been successful have realized that CRM has to go beyond the organization to include value chain partners. In this paper the author develops an understanding of how CRM processes can be extended to value chain partners and develops a framework of cross-firm CRM. This should help advance an understanding of essential inter-firm nature of CRM processes and promote inter-firm relationships for enhancing profitable customer loyalty.

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## **INTRODUCTION**

In the global market managing long term relationships with customers is an imperative. At the same time markets are littered with stories of companies failing to implement CRM or struggling with it. Accounts of companies successfully implementing CRM and reaping benefits from it in the form of higher customer satisfaction and profits are few and far between. The organization spanning complex nature of CRM implementation coupled with rare successes indicate that CRM could be a sustainable source of competitive advantage.

Providing customers exceptional value is one of the major aspects of management of customer relationships. Organizations in their process of CRM implementation are realizing that customer's delivery of value almost always depends on the interaction and integration of partner organizations in value chain (Lager 2008; Myers and Cheung 2008; Day, Magnan, Webb and Hughes 2008). "The quality of supplier relationships affects the quality of customer relationships and vice versa" (Sawhney and Zabin 2002, p. 315). Hence for a customer relationship management to be really effective it has to be implemented in all partner organizations in the value chain. This action should facilitate the inter-firm interactions and integration. Considering that implementation of CRM within an organization is still not fully understood and successful (Lager 2008), the task of implementing CRM across organizations is monumental at best. Once successfully implemented across organizations in the

value chain though it should enhance inter-firm capabilities of value delivery and hence customer satisfaction.

The objective of this paper is to develop an understanding of how CRM processes can be extended to partners in the value chain and how this enhances development of profitable customer loyalty. In the process a framework of cross-firm strategic CRM will be developed.

There are multiple contributions of this paper. First and foremost it will help highlight the importance of cross-firm processes and relationships to customer relationship management and profitable customer loyalty. It will also enhance the understanding of management of customer relationship through managing and integrating processes and relationships in the value chain. The theoretical framework that will be developed in the process of investigation will also help to further the discipline of CRM.

## **CUSTOMER RELATIONSHIP MANAGEMENT PROCESSES**

For successful companies, "CRM is a series of strategies and processes that create new and mutual value for individual customers, builds preferences for their organizations and improves business results over a lifetime of association with their customers" (Gordon 2002, p. 1). The goal of CRM is to improve company marketing, selling and service processes to enhance customer relationships profitably. Beyond improving the core marketing, sales, and customer-

service processes it is just as important to bring about changes in medium and higher order organizational processes, with each process reinforcing the other.

Below I will review two major process models of CRM. The first one is by Zablah, Bellenger and Johnston (2004) and the second one is by Payne and Frow (2005). These two models will form the bases for the development of the cross-firm CRM process model. I have chosen these two models because of their detailed discussion and analysis of a comprehensive range of organization spanning CRM processes targeted towards developing, enhancing and sustaining customer relationships and profitability. Zablah et al. (2004) developed their CRM process model after an intensive investigation and analysis of divergent views of customer relationship management striving towards a common conceptualization of CRM. Payne and Frow (2005) developed their CRM process framework utilizing interaction research where they integrated information from literature review with information from interacting with field executives. The processes developed in the two above mentioned models when extended to and integrated with those of the value chain partners' should result in even higher customer relationships and profitability.

Zablah et al. (2004) posits that knowledge management and interaction management are the two primary processes through which the objective of the CRM macro process is achieved -- creation of market intelligence and utilization of such intelligence to achieve profit maximizing portfolio of customer relationships. These two processes are effectively bridged by customer segmentation and resource allocation processes. This is referred to by the authors as "customer evaluation and prioritization". Knowledge management guides customer segmentation and the subsequent allocation of resources to the most profitable customers, thereby making the interaction processes effective.

"The knowledge management process is concerned with all of the activities directed towards creating and leveraging the market intelligence that firms need to build and maintain a portfolio of customer relationships that maximizes organizational profitability" (Zablah, et al. 2004, p. 482) . This process includes collecting data, generating intelligence from data through datamining, and dispersing this information to all people who directly affect customer relationships through contact with customers or through impacting the marketing operations of the firm. "The interaction management process leverages available intelligence to build and strengthen customer relationships by enhancing the quality of individual exchange episodes. More specifically, the derived market intelligence is

utilized to influence the productivity (i.e. efficiency and effectiveness) of interactions in which the buyer and seller engage in" (Zablah et al. 2004, p. 483). Key aspects of the interaction management process are customer evaluation and prioritization. Here, the authors are referring to customer segmentation processes which direct efficient and effective allocation of resources (Zablah et al. 2004). "An organization's perceived level of responsiveness to the available market intelligence is contingent upon the customer evaluation and prioritization sub-processes" (Zablah et al. 2004, p. 483). These authors also stress that collaborative processes have to be an integral part of all CRM macro and micro processes for superior market and customer learning to take place.

Payne and Frow's (2005) CRM model also takes a strategic process based approach based on five key cross-functional processes which are integrated up and down each functional hierarchy. The five processes are the strategy development process, the value creation process, the multichannel integration process, the information management process, and the performance assessment process. This approach commences with a detailed review of an organization's strategy (the strategy development process) and concludes with an improvement in business results and increased shareholder value (the performance assessment process). The strategy development process determines how customer strategy aligns with business strategy, analysis of industry and co-opetition in the network, and what segmentation strategy to use. The value creation process determines what value the company is able to provide for the customer and also what value the customer gives back to the firm in the form of customer share of wallet over his or her lifetime. This directs the multichannel integration process which determines the most appropriate combination of channels to use, how to provide valuable customer experience within those channels and how to provide the same face across all the channels. This should help create competitive advantage for the company through building superior customer experience in each touchpoint where the customer and supplier interact. This is what Zablah et al. (2004) refers to as the customer interaction management processes. The entire CRM process rests on the information management process in the organization where superior learning about customers develop from collecting and intelligently utilizing customer and other relevant data. This corresponds to knowledge management processes as mentioned in Zablah et al. (2004). This learning can then be utilized by human resources in customizing interaction with customers

which should lead to customer loyalty and eventually a possible competitive advantage.

### **DEVELOPMENT OF CROSS-FIRM CRM PROCESS FRAMEWORK**

Companies marketing manufactured goods usually work with value chain partner organizations to manufacture and deliver the product to the destination desired by the customer. A major survey identified an additional 23 percent value achieved by working with partners (Day et al. 2008). Partner organizations such as suppliers, distributors, retailers, logistics providers all play important complementary parts in the process of satisfying the customer and generating customer loyalty and profitability. AMR Research in 2006 reported that about 70 percent of companies earn most of their revenues through indirect channels (Lager 2008). Component or raw materials from suppliers need to be of good quality and be available in sufficient quantities at the right time; distributors transport, store and promote the product, retailers enhance customers' shopping experience and logistics providers like UPS provide time and location utilities. Hence any effort by manufacturers to manage customer relationship should include all or some of the above mentioned entities. "In fact, most business processes are by nature inter-enterprise processes. For instance, capacity planning, order processing, logistics management, sales promotion management, and new offer development all require multiple entities to collaborate closely, in a networked manner" (Sawhney and Zabin 2002, p. 323). Day (1999) discusses one of the three requirements for creating a successful market driven company is to develop configuration that enables the whole organization to anticipate and respond to changing customer needs and market situations. Extending such configuration to value chain partners who are closer to the market should make organizations more market-oriented.

**Cross-firm CRM Strategy Development Process:** All successful CRM implementation needs development of an overarching CRM strategy laying down specific objectives of CRM, creation of processes and adoption of technologies that will help achieve the objectives, getting organization wide commitment, and finally assessment of the success of the implementation. The key is to have the right set of processes which are performed by trained people having a customer orientation, facilitated by the technology.

In order to engage partners companies need to involve them right from the beginning so that they become part of the strategy development process. CRM Strategy development takes place at the senior

management level, so senior management from partner firms should be included in the strategy development team so that goals and objectives of partners can be shared and aligned. This stage is very critical because if senior management in the partner firms do not take an active interest in the CRM project or if they feel their interests are not being fairly represented they will have little inclination to motivate the rest of their organizations to collaborate on cross-firm CRM processes (Favilla 2004). It is however important to realize that all partners are not the same time and their lifetime value to the value chain varies, some showing more promise than others. It is primarily the high value partners that should be brought into the fold of cross-firm CRM processes (Day et al. 2008; Maselli 2001). Partners who possess complementary capabilities in research, marketing, sales, customer service etc would be good choice. Research suggests that firms look for senior level strategic commitment and flexibility in adapting processes and technology on the part of the partners when deciding on engaging them in cross-firm CRM processes (Angeles and Nath 2003; Favilla 2004, Sawhney and Zabin 2002). Sawhney and Zabin (2002) suggest developing a partner relationship repository that includes partner profile information, partner performance, and partner economics to narrow down partners.

**Cross-firm Value Creation Process:** Delivering value to customers depends to a large extent on understanding them and this requires gathering and sharing of information. Very often distributors and retailers have more information about customers than manufacturers and hence the 360 view of the customer which is crucial for understanding the lifetime value of customers can only be truly available if partners like distributors and retailers are brought into the fold of the information/knowledge management processes. Partners more often than not play an important part in the value creation process through provision of information about product, delivery, and service expectations of customers to companies (Kracklauer, Passenheim and Seifert 2001). Distributors and retailers provide information, warranty, promote the product and take back returns, and logistics providers deliver the product at the doorstep as well as manage the whole supply chain system of an organization. This wealth of information if shared with companies can help in aligning product/service attributes with the value customers are looking for as well as help in determining through analysis, information on the lifetime value of the customer. So to provide superior value, value-chain partners need to be seamlessly incorporated into the value creation process of the firm (Kracklauer et al. 2001)

**Cross-firm Customer Interaction Management Process:** Where distributors, retailers and logistics providers are intermediaries in the value chain, they facilitate exchange of core benefits by providing the product and/or service more cheaply, more conveniently and more quickly, facilitate information exchange by allowing customers to track their deliveries and or provide warranty or financing information, and facilitate social exchange by proactively seeking out customers for customer service and feedback.

In today's trend of multichannel shopping, companies need to make sure customers have the option of communicating across a range of channels. Value chain partners can play an important complementary part in giving customers this option. Manufacturers and retailers can jointly prepare in-store and online promotions (Kracklauer et al. 2001). However interaction with customers across all channels (sales force, telephony, direct marketing, e-commerce and mobile commerce) has to remain consistent, relevant and appropriate (Goldenberg 2008). Hence sales force and customer service employees of partner firms who are engaged in customer interaction management need to be adequately informed and trained so their communication is not only consistent but also relevant and appropriate.

**Cross-firm Information Management/Knowledge Management Process:** In order to implement and benefit from cross-firm CRM processes discussed above, organizations and their value chain partners need to invest in CRM relevant information technology that will in a very broad sense facilitate generation, storage, and dissemination of information and streamlining of operations. Building an information sharing and analytical capability in collaboration with partners is critical for achieving and sustaining profitable customer loyalty (Marabotti 2003). This leads to an improvement in data quality and productivity resulting in added revenue opportunities and added time savings as realized by Avnet a large seller of electronics and its value added resellers (Favilla 2004). Despite this, a study conducted by the University of Texas with 1000 companies found that only 11% have some information sharing capabilities with their value chain partners (Marabotti 2003). The trend in value chain integration is towards analytics. Cross-firm value chain analytics (which is the process of extracting supply chain information for measurement, monitoring, forecasting and management of the chain) forms the foundation of a cross-firm information management process. The output of such analytic processes resulting in knowledge on customers, sales, marketing, logistics

when shared with partners can grow the overall profit "pie" as partners become more responsive to the market. For example, the European chemical industry estimates saving 2 percent of total industry sales through sharing knowledge with its value chain partners (Myers and Cheung 2008). Database and software companies are providing technologies galore to help companies share information with partners. Pivotal Corp. has a PartnerHub online portal that allows partners to access internal selling, marketing and customer information stored in Pivotal's CRM applications (Maselli 2001). Most CRM vendors have integrated partner relationship management portals built into their overall CRM offerings. In implementing these softwares and making partners a part and parcel of their CRM efforts firms are hoping to increase sales and customer service and make inter-firm operations more efficient.

**Cross-firm Performance Assessment Process:** Aligning strategies, processes and technologies with partners in CRM efforts is highly complex and along with promising returns come increasing challenge to manage conflict and performance of partners. Joint processes and shared technology platforms should help companies monitor the performance of value chain partners as well as communicate to reduce conflict. To objectify performance cross-firm measures of performance are needed. Firms along with their partners have to develop performance measures that will capture the contribution of partners to the overall CRM effort of the organization.

A good example of a successful cross-firm CRM effort is that between P&G and their North American Trading Company A&E. They launched a joint category management and co-marketing project to target the "young families with baby/infants" by sharing information and processes (Kracklauer 2001).

#### **CROSS-FIRM CRM PROCESSES AND PROFITABLE CUSTOMER LOYALTY**

Cross-firm CRM processes give rise to inter-organizational capabilities in managing market knowledge, creating differentiated value proposition for customers and customizing interaction with them, that facilitate organizations to implement strategies in the market to enhance customer loyalty and profitability of the firm. So it helps in making the operations of the firm and its partners more efficient as well as effective.

Cross-firm CRM capabilities are tied to the synergistic integration and interaction of skills and processes of individual firms where the joint capabilities become more than the sum of the

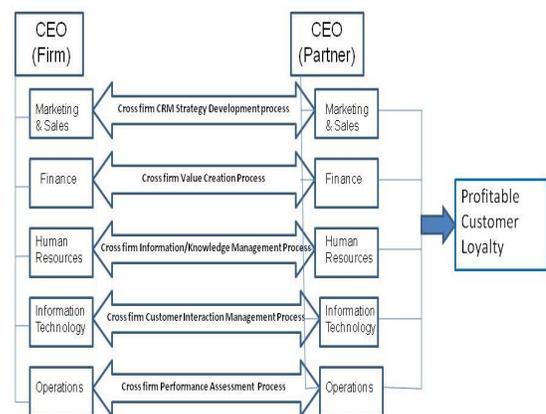
capabilities of the individual firms (Ackoff 1999). Cross-firm CRM processes need to be seamlessly integrated across enterprises up and down functions for it to be successfully implemented. Such integration allows development of 360 degree market and customer knowledge allowing companies to implement strategies to increase customer satisfaction and profits. Thus Cross-firm processes are valuable. They are definitely rare among competitors. Companies are still struggling to successfully implement CRM and only a handful of companies are reaping the benefits. So earlier organizations learn to reap the benefits of synergy with value chain partners the likelihood of knowing and catering to customer better increases. However organization-wide implementation of CRM processes is challenge enough, trying to link with other organizations in the value chain by syncing CRM processes is doubly difficult. This challenge can be overcome by active collaboration.

The essence and secret of success of Cross-firm CRM processes lies in collaboration across organizations in knowledge development and sharing, segmentation, interaction with customers in different channels. This collaboration develops tacit knowledge and capabilities overtime which is difficult to for other firms to effectively copy. To incent partners to adopt cross-firm CRM processes “make at least some part of your site mission-critical to your partners” says mySAP CRM’s director of solutions strategy Angela Bandlow (Favilla 2004, p. 47). Cross-firm CRM processes spans all functions across organizations leading to superior knowledge sharing and learning which translates into effective interaction with customers, higher customer loyalty, increasing share of wallet of the customers and increasing profits. This collaboration however can only come about if senior management in either firm are actively involved in the CRM effort and engage in change management. For enhancement of customer value through cross-firm CRM efforts it is also important to have a high number of contacts across companies which are assigned to capable and skilled employees in the two organizations (Palmatier 2008).

The above argument shows that Cross-firm CRM processes with value chain partners can lead to higher profitable customer loyalty provided it is implemented with due diligence and discipline with active involvement by senior management in either companies involved in the relationship. Figure 1 below is a visual representation of the cross-firm CRM process flow

**FIGURE 1**

## Cross-Firm CRM Framework



### CONCLUSION AND FUTURE RESEARCH

This paper develops a model of cross-firm CRM and discusses how CRM processes can and should be shared across organizations in the value chain. Organizations by themselves do not always have the capabilities to acquire and retain profitable customers and need to start collaborating with value chain partners to gain mutual increase in customer loyalty and profits. This research can be augmented by surveying and interviewing senior management who have successfully engaged value chain partners to jointly launch marketing programs and reaped the benefits. This should help bring to light best practices and clarify issues and problems.

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