Marketing Management Association

Dear Members of the MMA:

"Exploring New Frontiers in Marketing" is a fitting theme for the MMA Spring 2005 Conference. The conference will feature a combination of scholarly papers, panel sessions and speakers, both academicians and business executives, focused on extending our knowledge of marketing. David Aaker will be honored as a paradigm shifter for his pioneering work in brand equity management.

Many thanks are due to numerous volunteers working for the success of the MMA Spring 2005 Conference Program. First, I want to thank the 15 track chairs who publicized their tracks, appealed to authors to submit manuscripts and recruited reviewers, discussants and session chairs. I am very grateful to Mary Askim, John Cherry, Russell Casey, Raj Devasagayam, Larry Haase, Bill Hannaford, Rajesh Iyer, Karen James, Karen Kennedy, Nathan Kling, Robert Moore, Linda Mullen, Glenn Pitman, Mandeep Singh, and Holt Wilson for their service as track chairs for the 2005 spring conference.

I am also thankful to the many members who recruited speakers for the program or developed a panel presentation, such as Mary Albrecht, Brian Engelland, Jerry Field, Fred Hoyt, Thomas Klein, Michelle Kunz, Dale Lewison, Allen Marber, Susan Petroshius, Julie Toner, and Rama Yelkur. I deeply appreciate the many authors who submitted their manuscripts. Thanks are also due the many reviewers involved in the evaluation of these papers. I also want to thank all the presenters, discussants and session chairs who will help us "Explore New Frontiers in Marketing" in a lively and effective manner at the conference.

Appreciation is also extended to my co-editors for the proceedings, Michelle Kunz and Dee Anne Larson. Their work to ensure the quality of the proceedings is greatly appreciated. It is tedious and time-consuming work to review each paper for its adherence to formatting standards.

The 2005 Spring Conference continued the Master Marketing Teacher Competition, chaired by last year's winner of the competition, Jon Hawes. I appreciate the work Jon put forth for this quality teaching competition. MMA is also grateful to have the continued sponsorship of this program by Hormel Foods Corporation.

This year's conference features collaboration with the Society of Case Research (SCR). Many thanks to Martha Fransson, Program Chair of SCR for her work in reviewing cases submitted by MMA members and for developing special sessions of interest to both of our organizations.

Finally, I am thankful for the support and guidance of my predecessor in this role, Fred Hoyt, the current President of MMA.

It has been my honor to serve you as your Program Chair and President-Elect.

Judy A. Wiles

Judy A. Wiles

Southeast Missouri State University

mma

Marketing Management Association

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 at the historic Palmer House Hilton 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 *Journal for Advancement of Marketing Education.*

Current information about the organization can be found at its website: www.mmaglobal.org.

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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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Irwin/McGraw-Hill Outstanding Paper Award
"Consumers' Attitudes to Brand Extensions: The Role of Fit and Goal Congruency"
Susan Brudvig, Florida State University
Pushkal Raman, Florida State University

Best Paper Related to MBAA Theme, "Spotlight on People"
"Role of Customer Ethnicity in Building Brand Community: Strategic Implications for Marketers"
Michael Quinn, Siena College
P. Raj Devasagayam, Siena College

Firooz Hekmat Award for Best Paper in Consumer Behavior
"The Antecedents of Customer e-Satisfaction"
Cuiping Chen, The University of Arizona

Donald Shawver Award for Best Paper in Marketing Strategy
"Assessing Sponsorship through the Intellectual Capital Framework: Spin-off Effects from Integrating Sponsorship in the Management Control System"
Ragnar Lund, Stockholm University

MMA Global Award for Best Paper in Global Marketing
"The Effect of Attribute Information and Involvement on the Evaluation of Foreign Made Products"
Khaled Aboulnasr, Fairfield University

MMA Career Award for Innovative Contributions to Marketing
David Aaker, Vice Chairman of Prophet
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SUPPLY CHAIN RESTRUCTURING IN UK AEROSPACE

Susan B. Grant, University of Portsmouth

ABSTRACT

In response to changing global conditions, the UK aerospace industry adopted a new model for business performance capturing affordability, better value products and faster delivery. However after a decade, evidence shows lean practice has been narrowly applied. Contrastingly, this paper explores supply-chain restructuring resulting in strong integrative relationships, enabled by e-commerce.

INTRODUCTION

As the body of literature embracing lean thinking has continued to grow (Oliver et al 1993, Sohal & Egglestone 1994), a recent contender has included the UK Lean Aerospace Initiative. With its origins in the International Motor Vehicle program documented in the book 'the Machine that changed the World' (Womack et al 1990), it comprises a Lean Enterprise Model (LEM), - a systematic framework for organising and disseminating research results that was developed by industrial members of the US aerospace industry in partnership with MIT. The LEM is operationalised by means of a comprehensive set of competitive practices supported by practice level metrics.

Lean Enterprise Model

PRINCIPLES

Responsiveness to change **Waste minimisation**

Right thing at right place, right time and in right quantity

Effective Relationships within the value stream

Continuous improvement

Optimal first delivered unit quantity

ENTERPRISE LEVEL METRICS

Flow time

Stakeholder satisfaction

Resource utilisation

Quantity yield

Overarching Practices (metrics)

- **Identify and optimise enterprise flow (e.g. throughput)**
- **Assure seamless information flow (e.g. info retrieval time)**
- **Optimise capability and utilisation of people**
- **Make decisions at lowest possible level**
- **Implement integrated product and process development**
- **Develop relationships based on mutual trust and commitment**
- **Continuously focus on the customer**
- **Promote lean leadership at all levels**
- **Maintain challenge of existing processes**
- **Nurture a learning environment**
- **Ensure process capability and maturation**
- **Maximise stability in a changing environment**

The aim of the UK Lean Aerospace Initiative (a body composed of UK industrial sponsors, co-ordinated by the Society of British Aerospace Companies [SBAC]) has since its inception, been to raise awareness of 'lean production' philosophy throughout UK aerospace, and disseminate to the industry best practice methodology underpinned by 'lean enterprise principles and overarching practices (LEM) from a broad supply chain perspective. As such the research agenda has, through survey and casework, sought to identify best practice and shed light on the 'hows' of progressing towards and achieving best practice across the supply chain.

Preliminary Survey - Supply Chain Integration

A preliminary survey conducted across 28 members of the SBAC, found supply chain integration initiatives were disproportionately fewer than internal change programmes undertaken over the past 10 yrs. While many companies purported to have a high rate of success in developing relationships based on mutual trust and commitment between different supply tiers (one measure of SC integration), only 50% of survey respondents volunteered information of which actual alliances with direct suppliers, ranged from as few as 0.5% of all suppliers, to 100%. Where strategic alliances had been formed, the rationale behind formation mainly lay in the desire to access supplier expertise. Primes and 1st tier suppliers tended to establish a larger number of strategic alliances than lower tiers. Follow-up qualitative data revealed that where strategic alliances had formed, they fell mainly in the area of New product development. It is likely the long-term relationships are established for the duration of a product life cycle and the acquisition of a key competence not available internally. Around 60% of respondents provided information on joint product development projects between suppliers and customers. Over half of these respondents, reported customer/supplier involvement at an early stage of the new product development cycle was particularly strong in avionics, aircraft systems (hydraulics, electric's), ground systems (radar, navigation and landing), weapons, and fixed wing. In many cases, the product was defined as being extremely complex and/or extremely complex new technology was being applied and in some cases the product had a very long development time. New products in particular had strong cross functional/supplier representation often with customers driving the development cycle.

Supplier integration was further measured by the existence of formal and non-formal communication programmes and customer access to supplier information, enabled by e-commerce. Many communication practices involved supplier conferences, road-shows, monthly/annual reviews, customer forums, company visits, whereas more formal practices incorporated database communality between supply members, and use of IT systems (EDI) to ensure data trace-ability and availability, standardisation of software, and shop floor computerisation. The percentage of B2B transactions of direct product purchases was low.

Of the 82% of respondents providing information relating to customer access to supplier informatio*n*, only a quarter of respondents regularly shared information on design specifications, product drawings and value added analysis. The majority were not proactive in sharing information with customers. From this pool of volunteers, the research then sought to identify examples of best practice in developing supply chain integration. An ongoing 'lean' initiative was identified. The selected case is an example of a model of integrated supplier-manufacturer involvement in metals service provision enabled by IT.

THE APOLLO-BAE SYSTEMS SUPPLY CHAIN

Under a climate of increasing competitive pressures, shrinking defence budgets and rising internal costs, BAe Systems military programs (assembler and manufacturer of military aircraft) began to consider significant and widespread changes to its manufacturing strategy. It had traditionally operated a manufacturing strategy fragmented across a number of sites, with duplication occurring at some facilities. BAe's decision to drive cost out of the whole manufacturing process and satisfy three fundamental needs of the organisation, (to outsource most small detail manufacturing; further rationalise the supply base; and reduce mounting SC costs) led to a restructuring of the supply chain for metallic services.

BAe had traditionally purchased metal plate in bulk directly from a raw material supplier before it was passed off via off site stores to metal preparation/processing (billet preparation) lines prior to arriving at the factory for final NC machining. Purchase orders for metal plate extended for short periods only, and were in the main awarded on the basis of competitive bidding and capability, often resulting in a lower purchase price. While the role of the metal distributor to BAE in the 1990's had evolved to one where it would hold stock, part process materials and deliver on a JIT basis to a number of key BAE sites, the relationships between suppliers and the OEM remained distant, and wasteful. By 1998, BAe operated four distinct supply chains. Each of its 4 sites operated under four different materials management suppliers. While major changes had occurred in the way the OEM procured materials from its suppliers, resulting in cost savings from reduction of stock, space, work in progress and lead-time, further rationalisation of the supply base was sought in the shape of a transfer to a single service provider. The manufacturer was faced with outsourcing the entire physical handling of metallic materials.

Pre-Alliance

Apollo began life as a stockiest of blank aluminium slabs to UK and European markets. It pursued a strategy of competing through its service, i.e. JIT or line side- deliveries direct to the line, or through supplying a wider range of materials (commodities). Apollo increasingly adopted a value-adding distributor strategy. Their role expanded to include preparation of metal surface early in the 1980's. Lean initiatives moved up-stream to the Apollo production process and direct delivery on a pull JIT basis of prepared metal to British Aerospace. Eventually Apollo took on integration of metal across all European metals suppliers and became Europe's largest independent distributor and processor of metals (Apollo stock aluminium, steel, titanium and nickel alloys in plate, bar, sheet and extrusion form*)* to the aerospace industry. They had by the 1990's around 70% of their business tied to aerospace. BAE's relationship with Apollo was essentially adversarial despite 15 years of association, with confrontation typically over planning issues, and poor on time delivery performance. Apollo, however were able to offer a good price. Apollo's perception of the future with the Prime was short, that everything could change, and there was no point in building for the future. Consequently, there was a very limited amount of investment into the relationship by both companies.

Supplier Selection

Apollo was selected as sole service provider on the basis of its ability to work to JIT deliveries, and one of the few suppliers with the capacity to service a large OEM such as BAe MA&A. In addition, it was considered an innovative company that had sought to maintain quality and add value to its original distributor role in the industry. Furthermore, Apollo had specialised skills in metal processing, and had acquired both the technology and focus in the area of metal processing. The savings to BAe would include releasing valuable floor space for core activities, reducing process costs, and enhancing performance improvement-throughput and working capital. By working closely with Apollo, BAe would simultaneously solve its cost problem in logistics (functionally divided, cumbersome and reactive) and the supply based problem in purchasing as well as transferring risk to another party. Apollo's weaknesses included a record of low stock turnover, high lead times, and poor on- time delivery. In 1998, Apollo signed up to a £500M, 10 year contract with BAe MA&A to handle materials supply to the Eurofighter, Hawk, Grippen and Airbus models.

Re-designing the metallic supply chain – The Model

The objectives of the Millennium project were to transfer the supply chain from the OEM to that of a first tier single supplier. As such the structure of the supply chain would be simplified. Apollo Metals would take over small detail manufacture and small assembly previously owned by BAe, and in addition would be responsible for structuring and managing its relationships with lower tiers and BAe sub contractors. Apollo Logistics, the arm of Apollo Metals responsible for operating logistics services /physical handling of metals to four of BAe Systems key sites was conceived.

The framework of the implementation plan was to:

- Create a new stock location site situated close to the manufacturing set-up, where materials would be managed on a kanban basis straight to the line, run by Apollo Logistics.
- Physically move all existing commodity from the OEM's stock location to a new warehouse run by Apollo Logistics. BAE wanted to transfer stock consisting of Aluminium plate, Bar, Tube, Soft/ hard sheets and castings and forgings.
- Create stock records at owner's site where material is booked onto the owners site inventory records (Apollo Logistics)
- Transfer ownership of materials: material is issued off BAe systems records (to allow invoice submission)

- Move supply chain: outstanding purchase orders are closed down and subsumed by Apollo group purchase orders.
- Ensure appropriate Supply Processes were in place. These included ensuring service level agreements were in place between Apollo and BAe; ensuring quality procedures were in place; and ensuring value based order for the commodity in place between BAe systems and Apollo Logistics, ensuring invoice process was in place.
- Stock Replenishment included planning- Forecast in place and signed off by BAe systems and Apollo Logistics; Purchasing activity and approvals were in place at commodity owner site and Business agreements were in place between BAe and the commodity vendors.
- Ensure that sub contractors were purchasing commodity through Apollo group
- Ensure service level agreements and processes were in place for offsets

Apollo Logistics was to be responsible for its own first level tier of suppliers (Tier 2).
The lifecycle of the implementation took 4 stages and ran from February 1999 to early 2000.

Start –up Phase - February 1999- April 1999

The 'alliance' represented a big shift in behaviour on the part of BAe to treat its service provider as a close collaborator in their quest for cost savings. A key attitude/behavioural change included more open access to BAe's premises by the supplier. Information directly related to production schedules typically were now divulged to Apollo. Providing planning data to the supplier had the effect of reinforcing the importance of the supplier to the customer. BAe's implementation project manager adopted a consensus approach to 'development of the alliance' rather than dictating the approach to Apollo. There was also a dramatic change of style in the type of relationship that was now being advocated by Apollo, who took the view that it was important to start afresh, forget the past, and establish new types of business conduct. An atmosphere of mutual respect and recognition of each other's situation in the alliance was emerging with a focus on joint gains and a commitment to building strength into the future. Regular communication through progress reviews became fortnightly and were not just problem driven or for reviewing /sharing information but were also for reasons of relationship building. The difficulties faced in the start up phase of the project included overcoming initial perceptions and entrenched attitudes on both sides of the teams and cynicism regarding the sheer scale of the task.

Development Phase April 1999- November 1999

The development phase took 8 months to complete. It included progress against the overall plan, establishing sub project teams and resolving issues within the 30 sub projects. Many practical items such as the physical movement of stock and the start up of the premises of Apollo Logistics, were dealt with effectively during this phase. The Millennium project covered 16 products (e.g castings and forgings, Brough tube etc) and a number of project areas that would need to be transferred before implementation would be complete. Each area threw up its own set of difficulties and progressed at different paces. The project areas included: Quality issues, Project management, Communications, Sub contractors., The Warehouse Facility, Buy back reconciliation, Service level agreements, IT infrastructure. The difficulties associated with the development phase included an effort to make Apollo logistics into a tier 1 supplier before it was capable of operating to meet this requirement. There were difficulties with line problems and getting the project team to address them. Difficulties also began to emerge with the practical application of the buy back and pricing policy on the agreed contract.

IT infrastructure

By Jan 2000, the Apollo Logistics infrastructure was in place and networked to a hub at Apollo HQ in Birmingham. Apollo and BAe had sought to integrate their IT systems and applications (SAP and Baan) to meet this new challenge. Prior to Millennium, limited use of E-commerce was evident across the sector, however recent organizational extranet links between companies was set to enable immediate availability of live information, more effective scheduling, immediate electronic billing and invoicing. Technical data/base data (schedules) were to be quickly transmitted around the supply chain enabling reactive supply partners to respond. It was anticipated material flow would flow faster along the chain, stock turns and lead times would fall. In addition, a great deal of transactional costs were removed as electronic information replaced paperwork. The investment in IT cost around 35-40% of total turnover overall, and was to form the basis to support future e-procurement.

Handover phase December 1999- May 2000

Early on in the phase, an executive review threw up a number of key issues. Apollo Logistics was not able to own all required functions, management information was not adequate, and the financial model being used was immature as was the balanced score card. Furthermore, roles and responsibilities within the alliance still needed to be established. The difficulties during this phase of implementation included no formal method of assessing when the right time to hand-over was to be, no method of monitoring or support mechanism was in place following the hand over of the supply chain to Apollo, difficulties involving too many workarounds, some of which could not be supported on an ongoing basis. By April 2000, 60% of the project was complete 10% was ongoing and 30% had not yet started.

Completion phase May 2000- near future date

The objectives within the final stage of implementation included the completed transfer of the supply chain over to Apollo. This would include a completed buy, and the effective hand over to line management by ensuring that all 'to be' processes were to be operated by the right businesses i.e. Apollo Logistics, BAE systems, both with all the enabling processes in place to support them. Among the difficulties was the perception by some that the process was finished, others perceived the implementation process was not fully integrated with the requirements of the executive review. Additionally, some items were still not fully resolved, and some handed over items were not working according to plan. An effective mechanism for escalating items is being sought.

COSTS AND BENEFITS

The restructuring costs to the supplier included a large capital investment in a new site at Preston, and investment in stock worth over £12M, in addition to funding a team of 15 people during project implementation. For BAe Systems the costs involved investments in IT, IT skills and team training. For BAe a relatively small but significant step change in process costs had occurred, as it was now able to control material price entering the metal supply chain and the industry's ability to supply at the right time. Through rationalising the supply base from 4 to one, BAe was now able to control the supply through one place and at one point, driving down process cost. Prior to Millenium inconsistent volumes, leading to shortages and inefficiencies were common. The key benefits to Apollo enabled then to start identifying areas for added value, and to jointly develop a continuous improvement cost down culture, thus allowing them to differentiate themselves from the competition. With this changed relationship between customer and the supplier, Apollo's large stock base and its very low stock turns were transformed. Stock reduction, and the benefits of stock reduction have become obtainable and are shared with the customer. This has come about partly through the implementation of an integrated logistics systems linking BAe's manufacturing and assembly operations, with metal service provision. The system enabled Apollo to respond to known demand instantaneously. Minimal stock was to be located at Apollo Logistics- a warehouse that delivered direct to the product line. Undoubtedly, this 'quick response' strategy designed to meet BAe's requirement in short time frames with minimal inventory is a example of the benefits of integrating IT systems.

SUMMARY

The preliminary case studies reveal that while lean thinking is infiltrating the strategic decisions of many UK aerospace companies, it is by and large the larger downstream organisations that are most active in embracing lean philosophy and implementing 'lean' programs. Despite this, and numerous examples where waste is being targeted and efficiency improvements are being reaped, the collective experiences of participants suggest a modest beginning and progress based on incremental changes and improvements mainly within the internal organisation. In so doing millions of pounds worth of waste in areas of the wider supply chain are being ignored. In particular, SBAC companies have to a greater degree neglected the important issue of supplier and customer integration in the areas of purchasing and logistics. Encouraging evidence however, from the Apollo-BAe Systems Case illustrates the contribution of lean thinking to improved supply chain performance. This example demonstrates the development of strong strategic alliance between a prime and 1st tier supplier, of which there is a highly co-operative management mode, distinguished by very open, communication and a high degree of information sharing. The degree of interest commonality (similar to Macneil's [1980] mutuality) is high and the relationship horizon appears long term. The introduction of lean practices in this case has required conviction, leadership and commitment from both sides. The difficulties persuading the workforce of the benefits of change have been evident in low levels of 'buy in' to the principles of lean supply management at other parts of BAe systems and across European industries. With this in mind, picking the right people and programme managers to champion this initiative has been crucial and a key consideration in possible transferability of the model to other companies. Crucial to the implementation phase has been to utilise a substantial team of individuals seconded out from line functions to develop the concept over an extended period. Once again picking the right people, and investing the time and training in them has been crucial to the success of the implementation. The substantial investment also in integrated systems and use of e-commerce has been necessary to enable seamless information flow and rapid transfer of information for both sides to mutually develop quality, delivery and service. Apollo Metals are now applying the lessons learnt from this experience as they seek to transfer the model to a wide range of other industries including Automotive, Telecommunications and Power generation.

CONCLUSIONS

The importance of organisational innovation in the aerospace sector arises from the need to remain competitive in face of a number of changes, namely accelerated globalisation, declining defence budgets and changing customer demands as technology moves forward. The global aerospace industry responded to these pressures by adopting a new model for business performance embracing lean philosophy as a route to doing so. The UK aerospace industry via the LAI has adopted similar principles, and in doing so has established a lean enterprise framework for quantifying performance across the entire supply chain. The first phase of the UK LAI research program, centred on disseminating lean concepts and principles using metrics and case studies. This initial phase has highlighted areas of significant weaknesses in the industry's overall perception of the importance of supply chain integration as a competitive weapon. In particular, given the importance of supply chain integration in establishing systems efficiencies and competitive advantage (Macbeth 1994, Lamming 1993), and given the relatively poor levels of supply chain integration reported, it would seem imperative that later phases of the LAI programme address these weaknesses. It is hoped that the results of the study and continuing search for best practice examples will continue to contribute to the wider and long-term goal of providing a roadmap for companies to obtain a common understanding of lean principles and practices and the pursuit of supply chain excellence and competitiveness.

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DEVELOPMENT OF A RELATIONAL DATABASE SYSTEM FOR CONSUMER RESEARCH

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ABSTRACT

The past twenty-five years has witnessed an explosive growth in both the computing power that is available to researchers and the interface design that is used to present information to individuals. For the most part, the use of the computer to assist in the understanding of the decision making process has been in two categories of applications. To study decision processes and attribute selection computer programs such as Search Monitor and MouseLab were developed. The strengths of these programs is in both the ease of implementation (cost and time) and in their ability to trace decision processes and attribute selection. A disadvantage of these programs is that in the process of breaking down the decision process into a series of discrete steps, it becomes difficult to generalize to actual decision making actions.

Alternatively, computer applications such as simulated shopping environments, information acceleration and decision aids were developed to assist managers to make decisions based on market driven information. The strengths of these applications lie in their ability to use the information system as a means of determining market efficiencies and forecasting new product introductions. However, the development of these tools is often expensive and product line specific. For instance, the development of the information accelerator was estimated at $100,000 - $750,000 per application. Even with advances in technology this form of simulation will exceed most researcher's resources, academic and practitioner alike.

We attempt to extend the advantages of both objectives of the use of computers in the decision process noted above through the development of a World Wide Web based, *relational database system* (RDS). The RDS offers researchers the ability to study multi-attribute criteria decisions in the WWW environment. For managers, the RDS offers the opportunity to examine how target customers attribute preferences change during the decision-making choice process and which attributes are likely to be traded-off first. An additional benefit to managers is the RDS's ability to easily incorporate profiles of new products and insert them into the marketplace for consumers to view without the production of a prototype.

This presentation/paper describes the development of a browser-based tool that enables the researcher to take advantage of the Web's multimedia capability to examine both decision-making processes and choices. Using HTML and Javascript, the Web-based environment is connected to a database containing attribute level data of a product. Subject's desired criteria determine which alternatives will match. The capability of the RDS allows a record of all submitted attribute criteria, which alternatives are examined, how long an alternative is examined, which alternatives are retained for further inspection and which are eliminated from further inspection. The number of attribute re-calibrations and time spent re-calibrating attribute criteria is also collected.

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RESPONDENT PERSONALITY AND THE USE OF THE INTERNET FOR SELF-ADMINISTERED QUESTIONNAIRES

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ABSTRACT

The internet has dramatically changed the way individuals receive and share information. Self-administered questionnaires represent the most common way market researchers seek information. This research demonstrated differences between personality characteristics in the general population and a internet sample and identifies related issues for further research.

INTRODUCTION

The introduction of the Internet has dramatically changed the way individuals receive and share information. According to a US Census estimate, in 2000 nearly 200,000,000 US citizens were linked to the World Wide Web (2004). According to Kraut (1996) self-administered questionnaires represent the most common way that market researchers seek information. As these researchers seek more efficient and cost effective ways to acquire information, it is not surprising that the use of Internet surveys is on the rise.

Use of the Internet for self-administered questionnaires has several advantages over traditional paper and pencil surveys. First, while responses from mailed paper and pencil questionnaires can take two to three weeks, Internet surveys response times have been shown to be days rather than weeks by Mehta and Sivadas (1995). Second, the cost of sending and receiving paper and pencil questionnaires can be $4.00 or more per respondent, while the cost of surveys administered over the Internet can be as little as $.15 per respondent through one of the available data base services (not including the license fee for the software). Third, since respondents to Internet surveys typically do not see the entire length of the survey at one time, they may be less likely to abandon the questionnaire before beginning.

While Internet surveys can be a more efficient way to acquire information, they can be subject to sampling error. In a marketing context, where the researcher is interested in the opinions of a broad group of existing and/or potential consumers, the degree to which the sample represents the population is of paramount importance. Since Internet usage is not universal, it is possible to obtain biased result because those who respond to Internet questionnaires may differ on key variables from those who respond to mail questionnaires. Simsek and Veiga (2001) found ample evidence of demographic differences such as age, income and education between Internet users and non-users.

Personality differences of internet users who respond to web based questionnaires has not been studied. Kassarjian (1971) defined personality as a consistent response to environmental stimuli based upon inner psychological characteristics. If the personality profiles of respondents who reply to internet questionnaires are different than those who respond to paper and pencil questionnaires, then the results of researchers using internet techniques could be effected by the mode of data acquisition.

The subject of personality and consumer choice has been extensively researched. Alpert (1972) found that research results have been mixed and often controversial In an extensive review of the literature Kassarjian (1971) found that while significant personality correlates to consumer choice were often found, only 10% of the variance could be attributed to personality characteristics.

This research builds on other studies using demographic variables to disclose differences in samples by comparing the personality characteristics of internet responders to previously reported population norms. Since many marketing managers today have begun using web based internet testing instruments to save time and costs, personality issues represent a potential confounding variable for the results of these studies.

This research was designed to test the hypothesis: The internet personality characteristic percentage is the same as the general population personality characteristic percentage.

METHODOLOGY

Instrument

The questionnaire utilized the Keirsey Temperament Sorter (KTS) to categorize the personality types of the sample. The KTS was selected because of its well-documented utilization in discriminating personality types and for its ease of use by respondents. Further, KTS data from surveys administered via traditional paper and pencil methodologies as well as via Internet administered methodologies was readily available. The self-administered KTS contains 70 forced-choice questions. Of the 70 items on the KTS, 10 are used to differentiate between Extroverts and Introverts, and 20 are used to differentiate each of the further three function preferences. The items are scored according to the guidelines set forth by Keirsey (1984) by taking the sum of the items answered for each of the types. The type that is the more dominant between the two opposing classifiers represents the specific personality type of the respondent. A respondent classified as an extravert chooses people as a source of energy or is more interested in external happenings. A respondent classified as an introvert prefers solitude to recover energy or is more interested in internal reactions. The three other function preferences are defined as Sensation-Intuition, Thinking-Feeling, and Judging-Perceiving. A person of sensation is very practical, while an intuitive person is more innovative. The thinking-feeling function preference deals with a person's decision-making skills. If one's decision is based upon objective judgments, then the individual's preference is categorized as a thinker, but if they judge their decision more on values, then they would be considered a feeler. Lastly, a judger is one who appreciates planning, closure, completing a task. A perceiver is one who likes to keep options open and does not like being forced to a make decision quickly.

Personality types are generally thought to be innate due to the consistency of individuals' actions beginning at a very young age, long before individuals are exposed to a wide range of life experiences.

Sample

The sample consisted of information from two sources. First, in Keirsey and Bates' book, *Please Understand Me, Character & Temperament Types* (5th edition,1984), the authors provide summary results of their extensive research with percentages of the population represented by each of the 16 personality types. These results are a compilation of years of testing and refinement with numerous different subject profiles and sample sizes. The scores represent the general population norms on each type as reported by Keirsey and Bates. The reported results represent the bench mark to which all other studies are calibrated. Since the findings reported in the book were completed before the wide spread availability of the internet, we can conclude that the respondents used a traditional paper and pencil modality to complete the questionnaire.

The test sample was obtained by using values from the Keirsey web site, www.keirsey.com, where the 70 question instrument is online and available for anyone with access to the Internet. This self selected group of internet questionnaire respondents became the test subjects. As of October 8, 2004, 6,552,455 responses had been recorded on this website. There are no requirements to access and complete the questionnaire, and it is free for the users. The results from this sample were compared against the established norms to test for differences.

RESULTS

The data from the web results was compared to the established norms on each of the 16 personality types identified by Keirsey and Bates. Since the norms were reported in percentages, the Internet data, reported in numbers of respondents in each personality category, was reduced to percentages for the analysis purposes. The results are shown below. Table 1 displays the percentage of the population for each personality type by modality.

Simple observation discloses differences in the distribution of individuals in the test sample with the norms. The 16 personality variables displayed in Table 1 demonstrate differences in each category.

To test if the observed differences between the sample and the norms represented a significant difference, a Z value was computed for each personality type using the method found in Parket (1974) for the computation of a confidence interval around a known or target percentage using a Z values. The confidence coefficient chosen in this study was .99. Shown below is the algorithm used for the test.

n = internet sample size
P_G =general population personality characteristic percentage
P_I = internet sample personality characteristic percentage
□$_P$ = the standard error of the percentage

$$Z = \frac{P_G - P_I}{\square_P}$$

$$\square_P = \sqrt{\frac{P_G(100 - P_G)}{n}}$$

The Z value for a two tail tests for each of the 16 personality categories supported the hypothesis beyond a .01 level of confidence. Thus the percentage of sample respondents within each personality type compared with the norms would appear to be different.

While there is no evidence that purchase decisions made by either group would be different, the question of information source acquisition and velocity through the purchase process could be an interesting source for future investigation.

LIMITATIONS

This study has several limitations. First, the study made the assumption that the distribution of personality types has not changed since the original norms were reported in 1984. The assumption is based on the generally held belief that personality is innate and persistent. Therefore it would seem reasonable that the norms should be as valid today as in 1984. However, this was not tested. Second, the study assumed that the sample from the Keirsey web site accurately represented internet users. There was no way to test this assumption from the information available; however, with a sample size of over 6 million, it appeared to be a reasonable assumption. Third, use of a Z value assumes a normal distribution. Again, with a sample size of over 6 million, this appeared to be a safe assumption, but there is no way to test this from the information available. Fourth, the size of the sample resulted in the compression of the confidence interval. Prior studies have demonstrated significant results without personality explaining much of the variance in purchase behavior or attitude factors. This may be the case in this study, the significant differences in personality characteristics between the norms and the web sample may not represent enough difference to effect differences in questionnaire responses.

DISCUSSION

In this study, no attempt was made to test if personality differences, as demonstrated in this study, would effect the validity of internet derived samples. The author suspects that as with product choice and personality, this may be research purpose specific. With the growth of the internet for self-administered questionnaires, this research suggests, however, that there are factors beyond demographics that should be considered when choosing among testing modalities. The degree to which these differences may be of concern to the marketing researcher is a function of many factors. However, the research suggests that when considering an internet-administered type survey the researcher should be aware that the personalities of the respondents may differ significantly from the general population.

Personality factors have generally not been shown to account for more than 10% of the variance in attitudes and behaviors in most consumer behavior studies. However, these studies were done prior to the growth of the on-line consumer. Since the 1970s and 1980s, consumer behavior related to personality characteristics has not been well studied. The results of this study suggest that the differences between internet users and the general population may be great enough to warrant revisiting the issue. It may be that personality characteristics can explain more than 10% of the variance between shoppers who frequent traditional brick and mortar stores and internet shoppers.

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TABLE 1
Norms and Internet Results for the 16 Personality Types

Personality Types	General Population[1]	Internet[2]	Z Value*
ESTJ	13%	11%	145.7
ISTJ	6%	11%	515.7
ESFJ	13%	12%	72.8
ISFJ	6%	10%	412.6
ESTP	13%	3%	728.4
ISTP	7%	2%	480.0
ESFP	13%	5%	582.7
ISFP	5%	3%	224.8
ENFJ	5%	7%	224.8
INFJ	1%	7%	1477.1
ENFP	5%	9%	449.6
INFP	1%	7%	1477.1
ENTJ	5%	3%	224.8
INTJ	1%	5%	984.7
ENTP	5%	2%	337.2
INTP	1%	3%	492.4

[1] From *Please Understand Me, Character & Temperament Types,* David Keirsey and Marilyn Bates, 5th edition, 1984.
[2] From http://keirsey.com/cgi-bin/stats.cgi, October 8, 2004
* All significant at the .01 level

CONSUMERS' ATTITUDE TO BRAND EXTENSIONS: THE ROLE OF FIT AND GOAL CONGRUENCY

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ABSTRACT

This paper investigates the role of a brand extension's fit and consumer goal congruence in the formation of consumers' attitude to an extension. Experimental results found that brand extension fit impacted attitude toward brand extensions. However, goal congruence did not impact attitude toward brand extensions as expected. Implications are discussed.

INTRODUCTION

Brand extensions – brand names extended to new product categories (Kotler 2000) – are a profitable and valuable marketing strategy. While extending brands provides firms with an opportunity to financially leverage a brand's equity, research suggests some caveats that might limit brand extension possibilities (Lane 2000). One such limiting factor is fit – the similarity between the brand and the extension. Past research has demonstrated that brand extensions are not likely to be rated highly when the extension is inconsistent with the dominant brand (e.g., Bridges, Keller and Sood 2000). If consumers do not see a basis for fit, they usually disapprove of the extension (Lane 2000). In sum, research suggests that extensions are likely to be successful only when the consumer perceives congruence between the brand and its proposed extension.

Researchers have identified several bases for fit, including attitude to the brand (Broniarczyk and Alba 1994), brand familiarity (Desai and Keller 2002), transferable attributes (Keller and Aaker 1992), and advertising influences (Bridges, Keller and Sood 2000; Lane 2000). While most of these factors directly address the attributes of the brand and the product category, fewer attempts have been made to examine the role of consumer information processing in the evaluation of brand extensions. Specifically, there has been little systematic investigation of how goal evaluation by consumers interacts with the estimation of brand extension fit. Notably, Desai and Ratneshwar (2003) looked at the role of goals in modifying consumers' extension evaluations. They demonstrated that if a goal potentially achieved by a product's attribute (e.g., low fat) is particularly salient for a consumer (e.g., health orientation), consumers are likely to rate product variants favorably. They argue that because of differences in category structure and salience effects, goal-oriented consumers (e.g., health) are more likely to contrast product variants positioned on atypical attributes (e.g., low-fat cookies) against typical goal-appropriate categories (e.g., yogurt, fruit). Research along these lines raises the question of the relative importance of consumer goals and evaluations of brand extension fit. For instance, if the consumer has a dominant health related goal, will the effect of poor fit extensions be overridden if the extension is in a health related product category that is consistent with the consumer goal? Alternatively, is the effect of poor fit brand extensions invariant across product categories irrespective of consumer goals? This question is important in light of the central and modifying role of goals in consumer information processing and decision making (Bargh 2002; Huffman and Houston 1993).

The objective of this paper is to investigate the role of brand extension fit (the consistency between the brand and the extension) and consumer goal congruence (the degree to which an extension fulfills a goal) in the formation of consumers' attitude to an extension. Following a delineation of the conceptual background and hypotheses, the results of an experiment are reported. Subsequently, implications and directions for future research are discussed.

CONCEPTUAL BACKGROUND

A common theme in the brand extension literature is that consumers' evaluation of an extension is a function of "fit" – the similarity between the brand and the extension. Similarity between the brand and the extension is important to the success of an extension as it enhances transfer from the brand to the extension. In contrast, a poor fit may detract from transfer as well as stimulate undesirable beliefs (Aaker and Keller 1990). There is growing evidence that unless there is a recognizable basis for fit, consumers disapprove of the extension (Lane 2000).

Brand extension fit has been manipulated and measured in a variety of ways. In their analysis of reactions to extensions of well-known brands, Aaker and Keller (1990) demonstrated the importance of product category fit – the fit between the original brand's category and the extension category. A broader view of fit would suggest that it is not driven by product category similarity alone, but might arise from a variety of brand associations (e.g., Broniarczyk and Alba 1994; Park, Milberg, and Lawson 1991). In fact, Bridges, Keller, and Sood (2000) suggest that extension fit refers to *any* association that the consumer makes that serves as a basis for connecting the brand and its extension. The key determinant of fit is whether the connection is salient and relevant. For purposes of this paper, the Bridges, Keller, and Sood (2000) definition of fit is adopted: Extension fit implies that "any parent brand association, including category, brand concept, or brand-specific associations, can connect the parent brand with an extension" and serve as a basis of fit (p. 2).

Boush and Loken (1991) argue that atypical extensions are more likely to be judged a "poor fit" than more typical extensions, which are likely to have affective consequences (p. 18). In other words, a poor fit is expected to be evaluated less positively than a better fit. Consistent with previous findings, we posit that:

> H_1: Brand extension fit will impact attitude toward a brand extension, with better-fit extensions being evaluated more favorably than poorer-fit extensions.

In addition to fit, several other factors have been identified as contributing to consumers' brand extension evaluations. These factors include: Company characteristics, such as consumers' perceptions of the company's skill and capabilities (Keller and Aaker 1992, Sunde and Brodie 1993); Product variables, such as perceived quality (Keller and Aaker 1992), transferable attributes (Keller and Aaker 1992), and feature similarity (Park, Milberg and Lawson 1991); Marketing mix variables, such as advertising influences (Bridges, Keller and Sood 2000; Lane 2000) and placement (Desai and Keller 2003); and Individual difference variables, such as attitude to the brand (Broniarczyk and Alba 1994) and brand familiarity (Desai and Keller 2003).

While some researchers have investigated the impact of information processing goals on brand evaluations and consumer response (Keller 1991), only recently have researchers investigated whether consumers' pursuit of goals is relevant in brand extension evaluations. Goals provide a context in which information processing and consumer choice are organized. Huffman and Houston (1993, p. 194) define goals as "abstract benefits sought by the consumer that are available through the (abstract or concrete) features of a product class that offer fulfillment of those goals." Specifically, goal congruency – the degree to which an object fulfills a goal – has been suggested as an important factor in explaining consumer behavior (Martin and Stewart 2001). Indeed, several consumer behavioral theories would suggest that goal congruency impacts attitude to an object.

Consumers' evaluation of a product may be related to the extent that the product assists the consumer in achieving behavioral goals (e.g., Bargh 2002). If a product is associated with achieving a particular goal, the evaluation should be higher than if this was not the case. For instance, health-related goals should cause one to evaluate high-nutrition items more favorably. Similarly, consumers will respond less positively to an extension when that product is less congruent to their goals. In sum, if a brand extension may help a consumer achieve a goal, we can expect the extension be evaluated more positively and vice versa.

> H_2: The congruency of a brand extension and a goal will impact consumers' attitude toward a brand extension, with better-fit extensions being evaluated favorably compared to poorer-fit extensions.

Brand extensions that exhibit goal congruency are expected to induce a more favorable attitude. In addition, the fit is expected to impact attitude toward a brand extension, with more consistent extensions being evaluated more favorably. When these two conditions are jointly considered, it is reasonable to expect that when an extension is perceived to fit *and* the extension is congruent with the consumer's goal, the attitude towards the extension will be more favorable than if only one of the conditions were in place. Correspondingly, in the case of extensions exhibiting less fit and lower goal congruence, a less favorable attitude toward the extension can be expected than if only one condition was in place. This reasoning is consistent with the proposition that an extension may "fit" into another category if it is perceived to offer the benefits of the extended category (Broniarczyk and Alba 1994). In sum, when expansion fit and goal congruence are concurrent, we can expect an interaction effect as both of them are salient and relevant to the formation of attitudes toward the extension.

H_3: Attitude to the brand extension will be higher when both goal congruence and fit are present than when only one of these two variables is present.

METHOD

This section begins with an overview of the research design, followed by information on the respondents and the measures used for capturing the relevant constructs. These discussions are then followed by the presentation of the findings from the empirical testing of the hypotheses.

One hundred and twelve undergraduate students in an introductory marketing class at a large southeastern university completed questionnaires in exchange for extra credit. To reduce confounds with both with brand history and familiarity, a real brand with limited distribution was chosen as the core brand. Following Desai and Ratneshwar (2003), a core product was chosen that is expected to have a typical product attribute (e.g., good taste) and is in a product category in which some brands are being positioned on atypical attributes (e.g., low-fat, low calorie). Brand trial and recall were assessed so that those familiar with the brand could be removed from the sample. Three subjects indicated they had tried or recalled the core brand and were eliminated from the sample. In addition, nine questionnaires did not contain responses to items in key scales and these respondents were removed from the sample. The final sample contained 100 student respondents, and the use of student subjects is consistent with prior brand extension research where student samples have been used (e.g., Aaker and Keller, 1990; Boush and Loken, 1991; Lane, 2000, Park et al., 1991).

A randomized, within-subjects design with repeated measures was employed to reduce order effects and increase the power of a small sample. Goal congruency and brand extension fit were manipulated. The descriptions of these manipulations and the manipulation checks are described in detail in the following section.

A core brand (Dagoba Chocolate) that was not expected to be familiar to the sample was chosen. Dagoba's availability is primarily restricted to the west coast of the USA. Respondents were given a brief description of the core brand – Dagoba Chocolate. Following this, subjects were presented with a brief description of three plausible extensions of the Dagoba brand: ice cream, yogurt, and protein bars, representing varying degrees of fit. Perception of extension fit was measured using a seven-point semantic differential scale adapted from Bridges, Keller, and Sood (2000). Descriptive statistics and reliabilities for the scale are reported in Table 1.

Table 1: Mean Attitude Scores (Standard deviations in parentheses)

	Cronbach's Alpha	Healthy Prime (N = 51)	Not Healthy Prime (n = 49)	Total (n = 100)
Perceived Fit *				
Ice Cream	.97	24.5 (6.9)	23.1 (6.4)	23.8 (6.7)
Yogurt	.96	20.4 (7.0)	21.1 (7.3)	20.8 (7.1)
Protein Bars	.95	21.9 (6.9)	20.6 (6.8)	21.3 (6.9)
Attitude to the Brand Extension **				
Ice Cream	.96	19.9 (5.0)	18.8 (6.2)	19.3 (5.6)
Yogurt	.94	15.5 (5.9)	15.3 (6.9)	15.4 (6.4)
Protein Bars	.94	16.7 (5.6)	15.2 (6.4)	16.0 (6.0)

*Measured on five-item seven-point semantic differential scale (Similar/Dissimilar, Logical/Not logical, Appropriate/Not appropriate, Relevant/Not relevant, Makes sense / Does not make sense).
**Measured on four-item seven-point semantic differential scale (Unfavorable/Favorable, Unappealing/Appealing, Unpleasant/Pleasant, Bad/Good).

As a manipulation check, paired samples difference tests indicated that subjects perceived that the extension fits for branded chocolate with ice cream and for branded chocolate with protein bars were significantly different ($t = 3.36$, $df=99$, $p<0.001$); and that the extension fit for branded chocolate with ice cream and branded chocolate with yogurt was significantly different (t = 4.55, df=99, p<0.001). However, the extension fit for branded chocolate with protein bars and branded chocolate with yogurt were not significantly different (t = 0.66, df=99, p=0.51). In sum, ice cream is a "better" extension fit for branded chocolate, with protein bars and yogurt a poorer fit as compared to ice cream.

Goal congruency was manipulated with the goal being "healthy eating." The congruency and lack of congruency manipulations will hereafter be referred to as "health" and "non-health" respectively. The manipulation material consisted of a description of dietary guidelines from the FDA for the health manipulation and a newspaper article concerning dinner parties for the non-health manipulation. Subjects read either a summary of the USDA's food pyramid (representing a health orientation) or a newspaper story on dinner partiers for young people (representing a control group or absence of a health orientation).

The manipulation check was accomplished by comparing the treatment condition to respondent's response to the passage, asking for them to describe what they should keep in mind when grocery store shopping (i.e., foods that are tasty, healthy, high quality, good value, other – specify, and not sure). Subjects that responded "healthy" were coded as a healthy manipulation check and all other responses were coded as a non-healthy manipulation check. A 2x2 table of the manipulation check (healthy, non-healthy) by priming condition (healthy orientation, absence of healthy orientation) was constructed. This 2x2 table indicated that 86% of respondents in either priming condition responded to the question consistent with the priming condition. Cohen's Kappa was 0.71 (p<.001), indicating agreement (Huck and Cormier 1996) between the priming condition and the subject's response.

Given that attitude to a product is highly related to its familiarity, a relatively unknown host brand (Dagoba Chocolate) was selected for this study. Attitude to the extension, a repeated measure dependent variable, was adapted from Boush and Loken (1991), Broniarczyk and Alba (1994), and Goldsmith, Lafferty, and Newell (2000). Attitude to Dagoba Chocolate extensions were measured as summed scales consisting of four seven-point semantic differential items for each of the three chosen product categories: ice cream, yogurt, and protein bars. All reliability scores were above 0.95 (Cronbach's alpha). The scale's descriptive statistics are reported in Table 1.

RESULTS

The data were analyzed using ANOVA. Hypothesis 1 posits that better fit extensions will be evaluated more positively than poor fit extensions. Accordingly, we expect that attitude to Dagoba ice cream (best fit) will be the highest, followed by attitude to yogurt, and then protein bars (poorest fit). Figure 1 reveals that that fit impacted attitude to the extension (F = 18.07, p<0.01, Table 2) with better-fit extensions being evaluated more favorably than poorer-fit extensions (e.g., contrast of ice cream versus protein bars: F = 19.3, p<0.001, Table 3).

Table 2: ANOVA

ANOVA	SS	DF	MS	F	p
Between-Subjects Effect					
Within & Residual	5797.90	98	59.16		
Goal Prime (Treatment)	64.97	1	64.97	1.10	0.30
Within-Subject Effect					
Within & Residual	4857.44	196	24.78		
Attitude to the Extension	895.45	2	447.72	18.07	<0.01
Goal Prime by Attitude to the Extension	20.01	2	10.00	0.40	0.67

Table 3: Tests of Within-Subjects Contrasts

	Contrasts	Type III SS	df	MS	F	p
Attitude to the Extension	Ice Cream vs. Probars	71.09	1	71.09	19.28	<0.01
	Yogurt vs. Probars	1.74	1	1.74	0.55	0.46
Goal Prime by Attitude to the Extension	Ice Cream vs. Probars	0.16	1	0.16	0.04	0.84
	Yogurt vs. Probars	2.32	1	2.32	0.73	0.39
Error	Ice Cream vs. Probars	361.30	98	3.69		
	Yogurt vs. Probars	310.48	98	3.17		

The results support H_1 that brand extension fit impacts attitude toward an extension with better-fit extensions being evaluated more favorably than poorer-fit extensions. However, the results do not support H_2 that goal congruency impact consumers' attitude toward a brand extension ($F= 1.10$, $p = 0.30$, Table 3). In addition, the interaction hypothesis (H_3) was not supported ($F= 0.40$, $p = 0.67$): Goal congruency and extension fit did not interact to influence the attitude toward the extension.

DISCUSSION

Consistent with prior research, this study found that fit impacted attitude to the extension. However, this research departed from previous studies in several ways. First, the paper examined the degree to which consumers' goals influence their attitude to brand extensions, adding to our understanding of moderators of the fit-extension relationship. While support was not found for the hypothesis that consumers' goals influence their attitude to brand extensions, there are several reasons why an effect may not have been found. This study employed a repeated measures design, which provides increased sensitivity and power with smaller samples and an ability to rule out competing explanations (Mitchell and Jolley 2003; Shaughnessy and Zechmeister 1997). Yet repeated measures designs have several limitations such as carry-over effects, subject fatigue, subject sensitization, practice effects, and differential transfer (Mitchell and Jolley 2003; Shaughnessy and Zechmeister 1997) that could have confounded the results. Therefore, research employing a different design seems warranted.

Second, this paper used an attitudinal measure of consumers' reaction to a brand, as opposed to measures typically found in this stream of research that combine perceptual, preferential, behavioral, and/or attitudinal items into a single measure of consumers' response. Although the role of affect in brand extensions is acknowledged (Broniarczyk and Alba 1994), affective attitudinal measures are relatively infrequent in this stream of research (for exceptions, see Bottomley and Doyle 1996; Desai and Keller 2002; Martin and Stewart 2001). Typically, measures of consumers' reactions to extensions combine perceptual, preferential, behavioral, and/or attitudinal items into a single scale representing consumers' response. For instance, Klink and Smith (2001) measured consumers' extension evaluation as a scale composed of two items – favorability and purchase intention. Aaker and Keller (1992) measured consumers' evaluation of the extension as perceived quality, trial likelihood, and product superiority. Continued research that focuses on disentangling affect, perceptions, and behaviors as measures of consumers' reactions is more theoretically sound and may provide more explanatory power.

Finally, because there are many examples of brands that have been extended successfully into domains that would not be predicted by existing research, further understanding of factors that may mitigate the evaluation of an extension is warranted (Klink and Smith 2000). Behavioral goals seem to be a worthy line of inquiry. Future research might investigate whether measured or manipulated goals impact the attitude toward an extension, which might shed light on the relative importance of advertising and benefits segmentation.

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AN EXPLORATORY INVESTIGATION OF CONSUMER ABILITY TO IDENTIFY TRUST CUES ON E-TAILER WEB SITES

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Abstract

This exploratory study examines the ability of consumers to identify trust cues on online retailers' web sites. Subjects were given a list of forty-nine web sites to review and find each of ten trust cues. Results indicate that of the forty-nine sites analyzed, security policies, return policies, information on the company address, shipping information, and VeriSign logos were not found on a large number of the sites by 20% or more of the respondents. In some instances, subjects found a trust cue when it did not exist. The study investigates patterns for each cue, as well as individual web sites.

BACKGROUND

Online retail sales continue to grow, and constitute a larger portion of overall retail sales. Specifically Forrester Research predicts e-commerce sales will reach $230 billion by 2008, increasing steadily at a19% year-over-year growth rate, and comprising 10% of total retail sales (Cantwell, 2003). The results of a 1998 Greenfield Online study examining why consumers had never shopped online, found consumers have concerns regarding payment security, payment-clearing structure, company credibility, product returns, and the absence of a privacy policy (Yoon, 2002). Consumer WebWatch, a project of Consumers Union, found that online shoppers place little trust in e-commerce sites (Greenspan, 2002), while Princeton Survey Research Associates found that less than one-third of 1500 US Internet users surveyed trusted web sites selling products or services. One frequently cited reason for not purchasing online is a lack of trust, and privacy concerns are a primary reason for online shopping drop-outs (Hemphill, 2002). TRUSTe sponsored a survey conducted by NFO WorldGroup (Hodge, 2003) which found concerns related to privacy would have a significant negative impact on 2003 online holiday shopping. The three main reasons cited for reducing online shopping, or not shopping online at all, were fear of identify theft, potential theft of credit card information, and concerns about receiving spam after making purchases.

The full potential of electronic commerce will not be realized unless consumers are confident that their privacy and confidentiality are protected (Hemphill, 2002). Furthermore, Sonja Grabner-Kraeuter (2002) posits that the most significant long-term barrier for realizing the potential of e-commerce to consumers is trust. These studies would indicate, there is a need to improve trust in the online retail environment.

TRUST

Historically trust has been the result of experience, but in the online environment, trust must occur before the experience can happen (Warrington, Abgrab, & Caldwell, 2000). Thus consumers must rely on cue-based indicators to develop some sense of trust before making an online purchase. Several popular press and trade publications have addressed the need for trust and h6w online retailers can build consumer trust (Brondmo, 2000; Kelly, 1998; PRNewswire, 2000; Sindell, 2000; Smith, 2000; Zemke & Connellan, 2001). Furthermore, academic researchers also address the issue of building online consumer trust (Grazioli & Jarvenpaa, 2000; Lee & Turban, 2001; McKnight & Chervany, 2001-2002; Urban, Sultan, & Qualls, 2000; Warrington, Abgrab, & Caldwell, 2000; Yoon, 2002). Items identified in these publications indicate actions and web-site content which can serve as indicators, i.e. trust cues, that online retailers can use to build trust with their online consumers. These trust cues can be grouped into three basic overall categories: 1) policies to inform consumers, 2) company contact information, and 3) third-party seals of approval or endorsement.

Policies to inform consumers

Since privacy seems to be a recurring concern voiced by consumers, sites should post a privacy policy, indicating what information they collect from consumers, and what the company does with that information. Endeshaw (2001) purports sites that embrace privacy guidelines or other forms of standards establish a form of self-declared codes of conduct. Additional support for posting a privacy policy on the retailer's web site is contained in multiple models of consumer trust (Grazioli & Jarvenpaa, 2000; McKnight & Chervany, 2001-2002; Turban, King, Lee, Warkentin, & Chung, 2002). Perhaps just as importantly, Fraley (2002) suggests that privacy is a critical strategic issue for every company, and that by treating it as such, a component of competitive advantage.

Fear of divulging credit card and other financial information is also an inherent concern for many online shoppers. Therefore, it is imperative for online retailers to address security issues and concerns in a security policy or statement on the web site (PRNewswire, 2000). The importance of this trust cue is endorsed by many academic researchers (Garbarino & Johnson, 1999; Grazioli & Jarvenpaa, 2000; Lee & Turban, 2001; Warrington et al., 2000). The researchers recommend security policies should address what measures the company takes to ensure secure online transactions, specific technologies employed (such as SSL), and may also include or address more detailed explanations of Seals of Approval requirements. This aspect will be addressed shortly in this discussion.

Consumers shopping in the traditional brick and mortar environment have access to merchandise return policies, usually posted in the store, and/or printed on merchandise sales receipts. In the online environment, web retailers must provide this information in an easily accessible format. A statement regarding return policies should address basic guidelines, time period to return merchadnise, as well as specific procedures and requirements to return merchandise (Greenspan, 2002; Lee & Turban, 2001; Turban et al., 2002; Urban et al., 2000; Warrington et al., 2000). One way to reduce consumers' concerns is to fully disclose all information regarding service and shipping fees (Anonymous, 2002). Shipping information should also include delivery options and associated costs, along with means of tracking or otherwise inquiring about delivery after order.

Corporate Information

Since consumers do not have the ability to physically visit the store and ask questions, it is important that online retailers provide multiple means of contacting the business. These contacts include: email, telephone number, and a physical address. An email address and telephone number provide ways for consumer to make direct contact, ask specific questions, and solve problems if problems occur in the purchase process. Information giving a physical address provides a level of credibility, that the retailer has a physical existence. Again industry experts and researcher alike have encouraged consumers to look for ways to contact the online retailer, and for online retailers to provide consumers with multiple contact points (Anonymous, 2002; Lee & Turban, 2001; Turban et al., 2002; Urban et al., 2000; Warrington et al., 2000).

Third Party Seals of Endorsement

Seals of approval or endorsement are not new to consumers. The Underwriter Laboratories (UL) and Good Housekeeping Seal of Approval have been used to promote reliable products for decades. The Internet and online environment is no different, however many online seals of approval programs are only a few years old. There are several seal-approval programs, with three prominent in the literature: Better Business Bureau Online, TRUSTe, and VeriSign. Seals of approval programs certify that companies agree to abide by the seal of approval standards, and pay a registration fee that is determined by sales volume (Miyazaki & Krishnamurthy, 2002). Once approved, the web site is authorized to place a "privacy seal of approval" logo on the site. TRUSTe and BBBOnline purport that consumers who view these logos are then assured that the company has been audited for their respective privacy practice, and thus consumers can be confident about the privacy and security of their personal information. TRUSTe has the larger market share, just about twice as many subscribers as BBBOnline (Cline, 2003), however the traditional Better Business Bureau's 91-year history gives it higher name recognition, hitting some 93% of Internet users surveyed, over the 6-year-old TRUSTe, which claims a 69% recognition rate.

VeriSign establishes a trusted identity between the online merchant and consumers through the accreditation of the public key in the form of digital certificates. The seal indicates that the site displaying it adopts up-to-date security technology and is registered with either the bank or the Internet company. Simply stated, the VeriSign logo tells consumers that the transmission of their personal and credit card information is secure (Grazioli & Jarvenpaa, 2000).

Third party seals of approval have been cited by many researchers as a means of building trust with their online consumers (*Cheskin Research and Studio Archetype Deliver eCommerce Trust Study*, 1999; Cline, 2003; Endeshaw, 2001; Grazioli & Jarvenpaa, 2000; Hemphill, 2002; Myazaki & Krishnamurthy, 2002; Shneiderman, 2000; Turban et al., 2002; Urban et al., 2000; Wakefield, 2001). The results of these studies indicate that consumers will identify one or more of these endorsement seals as an assurance of the site's security and business conduct in accordance with an established policy or procedure.

PURPOSE OF STUDY

The purpose of this study was to investigate how reliably typical consumers could find and identify trust cues presented on top-rated web sites. A series of papers has followed the presence of trust cues on web retailer web sites (Kunz, 2004; Kunz & Cheek, 2004; Kunz & Henderson, 2003). Results have varied with different data sets, but for the most part policies and contact information have been used by the majority of the retailers investigated, while far fewer of the retailers use third-party seals of endorsement. Based upon a call for further research by Kunz and Cheek, (2004), the purpose of this study was to examine how well consumers could find and identify trust cues.

METHODOLOGY

Top-rated web retailers were identified in the "50 Best of the Web" report, published by *Internet Retailer* in December of 2003 (Peters, Wagner, Demery, & Giesen, 2003). Forty-nine of these fifty companies had active web sites in January of 2004. A trained data collector examined each of the sites for the presence of ten trust cues. These cues included: 1) privacy policy, 2) security policy, 3) return policy, 4) shipping costs/information, 5) email contact, 6) address/location, 7) phone number, 8) third-party endorsements for the Better Business Bureau, TRUSTe and VeriSign. Every site had an email contact listed. All but two of the sites had a privacy policy. Additionally, two sites did not post shipping information in an open area of the site. Three sites did not have a return policy posted, and three did not list a telephone number. Only four sites did not have a security policy posted, and five sites did not list a physical address. As was the case in previous research cited earlier, third-party seals of endorsement were infrequent: five sites had the TRUSTe logo, six sites posted the BBBOnline logo, and fourteen of forty-nine sites had the VeriSign logo posted. Information regarding cues present on specific web sites is presented in Table 1. A convenience sample of 60 university students enrolled in two sections of a principles of marketing course were then given an assignment in early January 2004, to visit each of the 49 web sites and determine if the sites had the ten trust cues. Students reported whether or not they had found each of the cues for each site on a data sheet. The number of subjects indicating that no cue was found on the site was converted to a percentage of students reporting results for each individual site's ten cues, since not all respondents completed the data form in its entirety. Results are reported for those sites that 15% or more of the respondents could not find an existing trust cue.

RESULTS

There were a total of 37 of 49 sites on which students did not find existing cues. Of these 37 sites, subjects were unable to find three or more cues on 18 sites, while on 19 of the sites a sizeable percentage of the subjects could not find only one or two cues. Investigation into the specific trust cues that subjects were unable to locate found only two sites, eHobbies.com and TShirtKing.com where subjects had difficulty finding a privacy policy. There were thirteen sites that respondents had difficulty finding an existing security policy. Nineteen sites listing a return policy were designed in such a way that subjects could not find the information. Five of these sites were reported as NOT having the return policy by 40-60% of the subjects. Shipping policies were not found by about one-fifth of the subjects on seven of the sites. Similarly, about one-fourth of the subjects could not find email contact information for seven of the sites. There were 18 sites that the subjects had difficulty finding address/location information, three of which, Bluefly.com, eBay.com, and YankeeCandle.com, that were incorrectly reported by more than 50% of the subjects. Telephone numbers were difficult to find on four of the sites. Finally, the three third-party logos were the most difficult for the subjects to find. Almost all, 96-100% of the subjects could not locate the BBBOnline logo for three sites: AllPosters.com, Ebags.com and eHobbies.com. It appears that the BBB logo was difficult to find on Godiva.com, Overstock.com, and Zappos.com as well. Approximately half of the subjects could not find the TRUSTe logo on the AllPosters.com and iTunes.com sites, while three-fourths could not find it on the Diamond.com site. Subjects also had difficulty finding the TRUSTe logo on the Drugstore.com and eBay.com sites. Finally there were eleven sites that subjects found the VeriSign logo difficult to locate. Clearly, the VeriSign logo was more difficult to find, or the subjects were unfamiliar with this particular logo.

It is interesting to note that some subjects reported finding non-existent cues for sixteen different sites, with GoodBuys.com confusing the subjects on four of the trust cues. These rather interesting results may be indicating that a particular site that is confusing. Perhaps, further investigation of what the subjects found that they classified as privacy, security, return or shipping policy could provide better insights into how information is categorized or interpreted by consumers.

SUMMARY

Clearly these results, while very preliminary and only exploratory in nature, indicate that consumers may not be cognizant of the trust cues available on web sites as they are shopping online. While the clear limitation to this study is the use of students as subjects, and given that students do not always exhibit due diligence when given a class assignment, it could be argued that the typical consumer may not exert any more effort in locating pertinent trust cues and information. Based upon these results it would seem that third-party seals of endorsement are the most difficult to recognize or find, followed by address and return policies. While not as many sites were incorrectly reported, security and shipping policies/procedures were also not recognized for a considerable number of sites. These findings should indicate to web retailers that it is extremely important to provide easy access to important trust-related information, so consumers have to expend the least amount of effort in finding important information and policies when visiting the web retailer's site. Future research should address the format of data collection, perhaps replicating the process in a controlled environment, or more appropriately from consumers in an actual online shopping experience. Additional sites could be sampled, and further details collected from the subjects regarding their difficulty or ease in navigating through the site, their opinion regarding the site layout and design, as well as comprehension of the information provided in specific policies should be investigated.

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Table 1 Presence of Cues on Web Sites

Cue	Yes	No
Privacy Policy	47	2
Security Policy	45	4
Return Policy	46	3
Shipping information	47	2
Email Contact	49	0
Address/location	44	5
Phone number	46	3
BBB logo	6*	43
TRUSTe logo	5*	44
VeriSign logo	14*	35

*BBB logo on six sites: AllPosters.com, eBags.com, eHobbies.com, Godiva.com, Overstock.com, and Zappos.com

*TRUSTe logo on five sites: Allposters.com, Diamond.com, Drugstore.com, eBuy.com, and iTunes.com

*VeriSign logo on fourteen sites: BestBuy.com, Buy.com, CrateandBarrell.com, Diamond.com, eBays.com, eBay.com, Godiva.com, HotTopic.com, LLBean.com, MusiciansFriend.com, Overstock.com, PersonalCreations.com, SimonDelivers.com, and Zales.com

THE ANTECEDENTS OF CUSTOMER E-SATISFACTION

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ABSTRACT

As the novelty of the Internet is gradually disappearing, e-retailers recognize that their ultimate goal is to make profits by enhancing repeat purchases and volume of sales hence building customer loyalty. Thus understanding what creates a satisfying online shopping experience becomes crucial. However, in the scholarly literature, few studies have examined the factors that influence customer e-Satisfaction. To partly fill this void, this research examines the roles that e-expectations, perceived e-quality, perceived e-sacrifice, and perceived e-value play in determining the levels of e-Satisfaction and develops a comprehensive model of the antecedents of customer e-Satisfaction by integrating various research streams of traditional customer satisfaction. For future research, the proposed conceptual model needs to be empirically tested by using a random sample of real-world online consumers. The results of the empirical test(s) should be employed to offer strategies and tactics for online retailers to improve e-customer satisfaction, hence to gain sustainable competitive advantage.

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THE CASE FOR COOPERATIVE LEARNING IN MARKETING COURSES

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ABSTRACT

Marketing educators have responded to the directive from both employers and AACSB that the development of teamwork skills be integrated into the marketing curriculum. Whether across a wide variety of courses or implemented in specific courses, this development is usually undertaken in the context of a team project. The typical group project, however, does little to adequately address the issue of the development of teamwork skills. Well-intentioned faculty do little to facilitate this development beyond simply forming the group and providing the assignment. Anecdotal evidence suggests that faculty are often faced with issues of problems of group dynamics, perplexed over how to effectively form groups and invariably question how to grade group assignments, particularly when cases of social loafing are apparent.

The purpose of this paper to provide some suggestions from the extensive literature on cooperative learning to the faculty member intent on using group assignments to facilitate the building of teamwork skills. Cooperative learning, which is consistent with the paradigm shift in recent years from teacher-centered learning to student-centered learning, involves more than merely assigning students to teams. Rather, there are a number of fundamental principles of cooperative learning that are often neglected by the faculty member making group assignments.

The underlying premise of cooperative learning is for the team to reach consensus by building cooperation among members. This requires, at a minimum, positive interdependence, individual accountability and group processes that necessitate the group reflecting on their performance as a group. Each of these is discussed along with some popular myths regarding cooperative learning that may lead faculty to resist its implementation.

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CROSSROADS: U.S. BUSINESS AND LATINO CULTURES
A LEARNING COMMUNITY

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ABSTRACT

Learning communities have a long history in teaching liberal arts. Recent efforts to improve the quality and effectiveness of teaching and learning have resulted in renewed interest in learning communities. Although there are a number of learning community programs in the liberal arts and sciences, there seems to be relatively few examples that involve a business course.

This paper explores the origins and the current level of interest in learning communities and reviews a number of models of learning communities. It then presents an example of a learning community involving an Introduction to Business course and a Latino Culture course.

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ADVERTISING, R&D, AND MARKET-BASED ASSETS

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ABSTRACT

The purpose of this study is to examine whether advertising can contribute directly to market-based assets and, if it can, determines how much value advertising can deliver using the secondary data from various sources. The findings of the research showed that advertising can not only work to improve market performance measures but also to develop and maintain the value of relational market-based assets. R&D was also found to positively affect the value of market-based assets by presumably enhancing a firm's intellectual market-based assets. A firm's advertising and R&D can develop and improve market-based assets (relational market-based assets and intellectual market-based assets), which can be represented by brand value. In addition, changes in advertising and R&D were positively related to changes in brand value. This means that increases (decreases) in expenditures on advertising and R&D directly lead to increases (decreases) in brand value.

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ASSESSING SPONSORSHIP THROUGH THE INTELLECTUAL CAPITAL FRAMEWORK

SPIN-OFF EFFECTS FROM INTEGRATING SPONSORSHIP IN THE MANAGEMENT CONTROL SYSTEM

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ABSTRACT

Sponsorship is associated with multiple objectives ranging across functions and departments. A general weakness of sponsors is that decision making connected to sponsorship is often separated from the marketing department. Discusses how sponsorship activities can be linked to overall corporate performance. Initial conclusions are drawn from an ongoing case study.

INTRODUCTION

The sponsorship network

Marketing theory suggests that classical organizations will be replaced by new forms of network organizations consisting of various specialized firms connected to each other through their specific competence and resources in cooperative exchange relationships (Gummesson, 2004). Firms today are not likely to possesses all strategic resources and capabilities to stay competitive. To sustain competitive advantage it must rely on an exchange of resources with the surrounding network (Cavusgil et al., 1997; Stanek, 2004). The primary reasons for business alliance formation are according to Stanek (2004) connected to: sharing risk (Alter and Hage, 1993), access to markets (Kogut, 1989) competitive preempting (Segil, 2000) and fast and flexible ways to access resources (Dyer et al., 2001). Creating and maintaining loyalty and changing brand perceptions is costly and may be difficult to do alone in every situation (Doz et al., 1989). Sponsorship gives access to valuable marketing related resources such as brand loyalty and other relational resources that are owned by another organization.

The sponsorship exchange relationship

From a structural point of view, sponsorship links buyer and seller together through a third party, for example a sports team. In this particular exchange relationship the seller of a product chooses not to interact directly with the presumed buyer but decides to engage in an active alliance with the sponsee instead. Through the alliance formation the sponsor gains access to various intangible assets such as strong relational ties with different stakeholders (e.g. presumed or actual customers, employees or shareholders etc.)

Evidence suggests that sponsorship is more and more moving from a donor recipient position (Thwaites, 1995; Witcher et al. 1991) to an active partnership where value creation is based on the combined resources and shared knowledge between the two (Thompsson 2002). This perspective has encouraged recent studies to adopt an inter-organizational research approach studying the exchange of resources and the mutual adaptation between the organizations and the effectiveness of the exchange relationship (see e.g. Olkkonen, 1999, 2001, 2002; Thompsson, 2002). Olkkonen (2001, 2002) studies the network surrounding sponsorship and what resources and activities are exchanged between the actors involved and also the cultural differences between the sponsor and the sponsored organization and the adaptation process between the two organizations. Amis et al. (1999) presents sponsorship as a resource, which either singly or in combination with other resources, can assist in sustaining competitive advantage. A reason for the complexity associated with sponsorship measurement and management is that it can be used to target different objectives and stakeholders with the same partnership. Recent studies have shown that sponsorship should be used as an activity that ranges across different departments. The value of a sponsorship program has shown to be greater if it is used in a variety of different ways across the organization (Amis et al., 1999). Different departments and functions should therefore be involved in the target setting, planning, implementation and evaluation. The combined activities have to be consistent with the overall objectives and resources have to be measured in a coordinated way.

Sponsorship management, often an isolated activity

A general weakness of sponsors has for long been that sponsorship decision making is separated from the marketing department and detached from the overall objectives of the company. Parker (1991) suggests that sponsorship, as a communications medium should be considered alongside other communications media in terms of its ability to answer the objectives. This should in fact become even more pertinent because sponsorship usually depends upon the support of other communications media for it to be effective. Organisations often take sponsorship related decisions from the corporate affairs or public relations department. Two separate budgets are used for communication decisions within the same organisation. As a result, decisions can be taken to undertake sponsorship without consideration of wider issues (Parker, 1991).

Linking sponsorship objectives to corporate performance through the Intellectual Capital framework

Researchers in the areas of accounting, organizational theory and marketing, have had a common interest in visualizing the link between tangible assets that appear on the balance sheet and less tangible value drivers. Driving forces for this within the Intellectual Capital movement, have according to the review of Andriessen (2004) been to: improve management of the intangible resources (see Sveiby, 1997, 2002 and Edvinsson, 1997); give new insight into value drivers that determine future success (Kaplan and Norton, 1992; Marr et al. 2003); monitor effects from actions (Marr et al., 2003); translate business strategies into action (Kaplan and Norton, 2001), link a company's long-term strategy with its short-term actions (Pike and Roos, 2000). The resources that a sponsored activity is selling to the sponsor, according to the definitions in the intellectual capital framework, could be categorized as relational resources and competence (see Hannes and Lowendahl, 1997). Relational resources refer to reputation, client loyalty etc and competence is defined as the ability to perform a given task and exists at both the individual and organizational level (competence includes knowledge, skills and aptitudes on the individual level; and client specific databases, technology, routines, methods, procedures and organizational culture on the organizational level) (Johanson et al., 2001). Prior to entering a partnership the sponsor determines whether there is a complementary fit between the resources of the sponsee and those in possession by the company. Various models have been proposed within the Intellectual Capital framework to link non financial and financial resources. The framework can be useful in determining the relative value of different elements of the sponsorship considering the set of resources and objectives of the specific sponsor. The need to overtly link sponsorship initiatives to broader corporate strategy has previously been identified (Amis et al., 1999). A proposition in this paper is that the Intellectual Capital framework can help visualize links between sponsorship and value creation from different organizational perspectives and contribute to making tacit knowledge explicit. Previous research has suggested that sponsorship should be an integrated part of the marketing mix in order to produce a common and powerful image for the firm (see e.g. Twaites 1995; Amis et al. 1999). Not only image related activities should however be taken into consideration when taking strategic decisions about sponsorship. Often a sponsorship program includes activities that are managed outside the marketing department. Common objectives with sponsorship are for example to stimulate staff and field testing of potential products (Abratt et al., 1987) which involve the departments of Human Resources and Research & Development. The activities in different departments and functions affected by the sponsorship should be linked to each other and to a common overall objective. Models such as the Balanced Scorecard (BSC) (Kaplan and Norton, 1996) are generally used to visualize the impact of different intangible activities on the financial outcome of the company and to filter overall objectives of the company to operational staff at different levels and departments. I have used the BSC to frame general objectives of sponsorship based on their contribution to the different intangible resources of the company. Objectives should be converted into alliance metrics and should be set by all parties in a partnership with corresponding feedback mechanisms, incentives, and sanction while remaining manageable in number, based on results and prioritized (Stanek, 2004). The metrics should also include both financial and non-financial measurements (Goold and Quinn, 1990). The BSC and other similar models align the non financial measures with the financial measures to offer a more balanced basis for long term strategic decision making. The present study aims to extend the current discourse on sponsorship measurement and management by introducing sponsorship to the Intellectual Capital framework.

Three characteristics of successful measurement systems are presented by Ukman (2004) as being rich in intellectual property content; tailored to metrics important to business; refreshed through time as knowledge develops and needs change. Stanek (2004) highlights the need for relevance and actuality of the measurement system. Information generated by the system should be important, addressing reoccurring management issues; the process should demand frequent and regular attention from operating managers at all levels of the organization; and the information should be interpreted and discussed during face- to- face meetings of superiors, subordinates and peers; the process should also rely on continual challenge and debate of underlying data assumptions and action plans (Simons, 1991). The effect of these characteristics are discussed in this paper with examples from an ongoing case study of a firm adopting a management control system to direct focus on relevant issues in sponsorship management. Besides the BSC several other management controlling models, originating from the Intellectual Capital framework, have shown to be effective in monitoring intangible data (Skoog, 2003). The Balanced Score Card (Kaplan and Norton 1996), the service profit chain (Heskett et al. 1994), the intangible asset monitor (Svejby, 1997), and the intellectual capital model (Edvindsson and Mallone, 1997) have in common that they formally acknowledge non-financial aspects as important elements in the value creating process. With exception for the intellectual capital model they all aim at gaining deeper understanding of short term as well as long term organizational aspects where monetary measures are put in constant relation to non-financial organizational representations, such as different customer and employee activities etc (Skoog, 2003). Measuring multiple objectives is nothing new. Many companies have performed both financial and non financial measures for a long time. However the measures have often been used to improve short term operations and the measures have also often been performed locally in the isolated functions or SBUs. With the variety of objectives that are present in the sponsorship context an integrated model ranging over different departments and functions is assumed to have positive effects on control, coordination of activities and their alignment with corporate objectives. Sponsorship related activities are both performed and measured in different departments outside the marketing department, such as Human Resources etc.

Planning, set targets and align strategic initiatives

Measurement systems have shown to be valuable tools for making tacit knowledge explicit. Grönhaug and Nordhaug (1992) suggest that the identification of resources and the determination of how these resources will be used to its advantage is crucial in management. As noted by Andriessen (2004), measurement is however neither a necessary nor a sufficient condition for management. Companies have always managed people, morale and strategy that is essentially unmeasured (Stewart, 2001).

Communication of shared objectives and coordination of activities

As mentioned above, the BSC should be seen more as a communication and feedback mechanism than a controlling tool (Kaplan and Norton, 1996). The organization in the present case study uses a management control system called the Performance Management Process (PMP) which has similarities with models derived from the Intellectual Capital framework. The model helps communicate visions and strategy of executive management to departments and functions involved in the implementation of sponsorship and other activities. A unique attribute of sponsorship is that it involves different departments and functions across the organization and is often directed to achieve a variety of objective and target several audiences. Prior senior managers are assembled to establish common objectives and evaluation criteria. These representatives are part of the so called "task force". *"It is a top down approach departing from the board. Frequent meetings are held with those executives involved in setting the evaluation criteria."* The meetings held by the "task force" are called "shared objectives meeting" and are held twice a year in the beginning and in the end of the year. Sponsorship is taken as a part of the marketing department and the measurements are integrated in PMP. Twice a year, research from different parts of the organisation is collected and the positive and negative outcomes are reviewed, best practices and lessons learned are shared. Human resources measurements are based on two parameters, the number of sponsorship related activities undertaken by the human resource department with the employees as a target and staff satisfaction. One objective with having a positive attitude towards the sponsorship within the staff is that they will use it in their communication with other stakeholders of the company.

Linking strategic objectives to sponsorship measures

The promotional programmes connected to the sponsorship are also used as an incentive for these distributors to leverage the properties. The sponsor has a trace of all promotions used by the distribution system since these have to submit the promotions that they want to use for approval. Distributors also have report changes in transactions during the promotion period as part of the business agreement. The use of promotions by the distributors combined with changes in transactions during a fix period gives a basis for calculating a return on investment. A reason for tracking performance drivers instead of actual financial figures, is the time factor. There is in fact an inherent incompatibility between the time required to bring about fundamental strategic change and many financial reporting cycles (Goold and Quinn, 1990; Stanek, 2004). *"Through the reporting system it takes months for the financial figures to come in. An other easy way of measuring this is the number of members that use the properties in Europe. What is the volume that these represent? We can also look at the communication that the members used, to how many consumers did they communicate?" Sponsorship Manager* The sponsorship measurements are assessed in relation to other performance measures within the organization, for instance brand tracking studies across Europe. *"We benchmark and we try to identify what are the sweeps that are created through sponsorship. Not only sponsorship is driving this but also advertising etc." Sponsorship Manager.* Different research programs are: brand tracking, "the marketing mix model", and "link", i.e. what value does sponsorship bring, compared to other parts of the marketing mix, what does it add to the bottom line. All of the figures are ultimately connected to the impact on business, i.e. the financial return. By comparing different activities with each other the management control system is also enhancing strategic feedback and learning across functions and departments. This finding is supported by Kaplan and Norton (1996) who suggest that the learning aspect is in fact one of the main contributions of management control systems similar to the BSC. By comparing the outcome of different parts of the program with each other, new ideas have emerged that improve performance. By applying the processes that worked in one area in another area, new ideas are generated for the program.

Visualizing processes and activities to assist management decisions

Measurements of logo exposure can for example lead to do short term adjustments to increase visibility during an ongoing event. Other measurements such as brand studies and retail promotions tracking are more long term and the information is used when assessing future sponsorship opportunities or when renegotiating contracts. Different measurements are performed in different departments and are coordinated by the sponsorship research manager. These assist decision maker in: identifying objectives and setting the strategy, assess sponsorship opportunities, optimize leveraging activities and evaluate the performance.

Performance is assessed by tracking behavioural and attitudinal change of the target groups. When tracking end consumers, passion and values of these consumers has become increasingly important information rather than focusing on demographics. Information is a valuable resource also in the adaptation process between the sponsors and the sponsored. By sharing information on objectives and needs the exchange relationship would theoretically become more effective. In practice however this information exchange is often limited to a certain degree since information also has an important role in the negotiation process. *"We inform the organizers if they have to change things. We are involved in the same thing so we try to have an open discussion with them. At the same time we try to protect our interests as much as possible through research and they do the same. They use their research to sell the properties. We want to buy something at the right price. We participate in their research telling them what we are looking for and they try to take this into consideration.", Research Manager, Sponsorship.*

The willingness to exchange information is also driven by a need of the sponsor to control its marketing platform. A difference between sponsorship and other advertising and marketing activities is that the content of the commercial message is to a great extent controlled by an outside party. A poorly organized event or a misbehaving athlete can affect the message for example affect the message in a negative way. Sponsors try to minimize risks by increasing control of the event and tracking as much as possible connected to audience attitudes and perceptions.

CONCLUSION

Sponsorship investments are rarely used to their full extent. One reason is the lack of integrated measurements between the departments. To increase effectiveness in sponsorship management the multiple objectives of sponsorship have to be treated in a balanced way. The paper takes its starting point in introducing the intellectual capital framework to the area of sponsorship measurement, proposing the balanced scorecard as a model for better integration of sponsorship measurement into the value creating process of the company. The study presents initial findings from an ongoing case study of an organization that has integrated sponsorship management in its overall management control system. Findings suggest that the integration of sponsorship in a broader management control system helps the SBU implement their part of the sponsorship program in accordance with overall objectives. By comparing different practices and outcomes with each other, findings also suggest that the measurement system helps the managers find new solutions to increase value from their sponsorship program.

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BRAND EQUITY ANALYSIS IN MARKETING REASEARCH: PAST AND FUTURE APPLICATIONS

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ABSTRACT

Brand Equity has become a powerful source of competitive differentiation within diverse marketing world. Meanwhile, over the past decade, brand equity analysis has received considerable attention in the marketing literature. Marketing scholars have made important contributions in extending and recapturing sources of brand equity. The author provides a synthesis and integration of recent contributions to brand equity analysis (BEA) through both marketers and scholars in related disciplines, suggests that research scholars might explicitly the role of brand knowledge in customers' mind, the effect of different product category, and the financial-outcome of brand equity.

INTRODUCTION

A particular manifestation of recent interest in Brand Equity analysis (BEA) is large number of conceptual and empirical applications (Aaker, 1991;Moore, Wilkie and Lutz 2002; Keller 1993; Keller, 2003; Krishnan, and Hartline, 2001; Osselaer and Alba 2000). Much of empirical work has been conduct by marketing scholars. There are at least two reasons for this: First, the outcome of brand equity substantive focus on measuring non-financial indices, including brand association (Chen; 2001; Dillon, Madden, Kirmani, and Mukherjee; 2001; Supphellen, 2000), brand name (Kerin, 1998; Simon, & Sullivan, 1993), Perceived Quality (Buchanan, Simmons, Bickart, 1999). Second, marketing's rich tradition in different type of consumer goods has contributed to the testing of important parts of empirical brand equity study. We begin with a brief review of BEA. By addressing issues of interest to marketing scholars, we then provide a review that synthesizes and integrated the finding of 30 empirical BEA studies across a board range of measuring sources/outcome of brand equity. We ended with a discussion of BEA's offer further direction.

BRAND EQUITY ANALYSIS: ORIGINS AND OVERVIEW

The concepts of brand and brand equity have been viewed from a variety of perspectives. The American Marketing Association (AMA) define brand as "a name, term, sign, symbol or design, or a combination of these, that identifies the goods or services of one seller or group of sellers and differentiate them form those of the competition"(Campbell, 2002). Cobb-Walgren, Ruble and Donthu, 1995; Simon and Sullivan, 1993; Park, Srinivasan 1994 also provide the similar conceptual definition of brand to AMA. Brand equity is expressed in term of the value consumers assign to a brand above and beyond the functional characteristics of the product. (Keller, 1998)

Keller (1993) defined customer-based brand equity as effect of brand knowledge on consumers' response to the marketing of brand. It occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand association in memory. It consists of two components, brand awareness and brand image. Brand awareness related to brand recall and recognition performance by customer. Brand image is relevant to the set of associations' links to the brand that consumers hold in memory (Keller, 2003). This model approaches brand equity from the perspective of the customers, Understanding the needs and wants of consumers and devising products and programs to satisfy consumers to enhance customer-based brand equity then are at the heart of successful marketing (Hoeffler, and Keller, 2002; Walfried, Banwari, Sharma, 1995; Washburn, Plank, 2002).

BRAND EQUITY ANALYSIS: EMPIRICAL RESEARCH

The review provides an integration and synthesis of 30 empirical BEA articles in a variety of academic journals in marketing, strategy and management. All articles are published and 29 articles published from 1993 to 2003. The left article is published in 1990 wrote by Aaker and Keller. Aaker is the one of branding's academic pioneer. We conducted a comprehensive literature search using the following criteria: First, selecting ABI/Inform as our electronic database; Second, using brand equity and journal of marketing, brand equity respectively as abstract and citation and publication, and bibliographies from conceptual and empirical brand equity analysis articles. The goal of this review is around the following questions: (1) In what components have BEA been applied? (2) What evaluation approaches (financial related and non-financial-related) have BEA been used to measure brand equity? (3) Product classification (4) The role of brand knowledge

IN WHAT COMPONENTS HAVE BRAND EQUITY ANALYSIS BEEN APPLIED?

We follow Aaker's 1991 five categories of brand equity in our review. *Brand awareness* consists of brand recognition and brand recall performance. Brand recognition related to consumers' ability to confirm prior exposure to the brand when given the brand as a signal. Brand recall related to consumers' ability to retake the brand form memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a signal (Keller, 1993 1998). The most common applications of BEA focus on the brand name-brand extension in our review. Aaker and Keller 1990 provide study of brand extension by applying BEA to examine the entering new product category decision for low/ high brand equity in foods industry. Cobb-Walgren, Ruble, Donthu, 1995 provide the study of brand name by using BEA to examine the relationship between advertising expenditure and level of brand equity.

Brand association .It is one of the informational nodes linked to the brand node in memory and contains the meaning of the brand for consumers (Keller, 1993). Marketing programs create a brand image that link strong, favorable and unique association to the brand in memory. Imagery associations can be form in two ways. First, it could be directly derived from a consumer's own experiences and contact with the product, service, brand, target market, or usage situation. Second, it could be indirectly derived from the depiction of these same attentions as communicated in brand advertising or by some other source of information, such as word of mouth. Johar and Pham, 1999 provide the study of brand association-sponsor to express people rely on not only the market prominence of the brands, but also the semantic relatedness between brands and events; Dillon, Madden, Kirmani, and Mukherjee, 2001 provide the study of brand specific association to examine the mean attribute ratings of consumers with different levels of brand experience may be similar, the knowledge underlying those ratings is different.

Perceived quality. The meaning of perceived quality is customers' perception of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose (Aaker, 1991 1996; Keller, 1998). There are general dimensions of product/service quality in the prior research: (1) Performance. (2) Feature. (3) Conformance quality. (4) Reliability (5) Durability. (6) Serviceability. (7) Style and Design. Erden 1998 offers the empirical study for the relationship between new product and consumers' quality perception. His major finding of the study is if the new product does not meet expectations, consumers update their quality perceptions accordingly. Buchanan, Simmons, and Bickart, (1999) offers the study of quality perception for the impact with display structure and brand equity.

Brand loyalty. Loyalty is in terms of repeat purchases and the amount or share of category volume attributed to the brand, that is, the "share of category requirement". In other word, how often do customers purchase a brand and how much do they purchase (Aaker, 1991 1996)? However, some customers may buy out of necessity – buying because the brand is the only product being stock or readily accessible; the only one they can afford to buy and so forth. Loyalty or frequency programs have become one popular means by which marketers can creates stronger tie to customer. The purpose of it has been identified as "identifying, maintaining, and increasing the yield from a firm's 'best' customers through long-term, interactive, value-added relationships." Moore, Wilkie, and Lutz (2002) provide the study of buying behavior for intergeneration to examine the behavior loyalty. The result in the study is Intergenerational impact on brand equity to be persistent and powerful across an array of consumer package goods.

Other proprietary brand assets. The purpose of keeping more proprietary brand asset is to create stronger competitive advantage, compared within the current homogeneous brands. It should be the secondary association could be created in a number of different ways by linking the brand to various intelligent proprietary rights. This potation will be combined with the brand association part in this review (Aaker, 1996; Keller, 1998). Aaker and Jacobson (2001) offer the related issue about the R & D in high-tech corporations to examine when there are changes in the new skill announcement brand attitude is associated contemporaneously with stock return and lead accounting financial performance.

WHAT EVALUATION APPROACHES USED TO MEASURE BRAND EQUITY?

There could be classifying to two basic approaches to measuring brand equity. First, an indirect approach could assess potential sources of customers-based brand equity by identifying and tracking consumers' brand knowledge structure. Second, a direct approach, on the other hand, could measure customer-based brand equity by assessing the actual impact of brand knowledge on consumer response to different elements of the marketing program.

Measuring sources of brand equity-Capturing customer mindset

Four dimensions are highlighted in the customer - based brand equity as important measures. *Brand awareness.* Aaker 1996; Krishnan, and Hartline (2001); Mackay (2001) Brand awareness is an important and sometimes undervalued component of brand equity. Awareness can affect perceptions and attitudes. It can make peanut butter taste better and instill confidence in a retailer. In some contexts, it can be a driver of brand choice and even loyalty. Brand awareness reflects the salience of the brand in the customers mind. For new or niche brands, recognition can be important. For well-known brands, recall and top-of-mind are more sensitive and meaningful. Aaker and Keller 1990 provide the study of brand awareness to examine the branding strategy when new product announcement in the market. *Brand associations.* The key associations / differentiation components of brand equity usually involve image dimensions that re unique to a product class or to be a brand. Measurement of associations / differentiation can be structured around three perspectives on the brand: the brand-as-product (value), the brand-as- person (brand personality) and the brand -as organization (organizational association). Kalra and Goodstein (1998) provide the study of the brand-as-product to examine the tie between minor/premium brand equity and price sensitivity. Using personality as a general indicator of brand strength will be a distortion for some brand, particularly those that are positioned with respect to functional advantages and value. Aaker; 1997 provide the reliable, valid and generalizable measurement scale to measure the brand personality. *Brand attitude* This confidence translates into consumers' loyalty and their willing to pay a premium price for the brand (Aliawadi, Lehmann, & Neslin 2003) and have positive effect on brand equity (Faircloth, Capella, Alford, 2001; Morgan, 1999/2000; Martin, and Stewart, 2001) As an instance, a study by Kalra and Goodstein (1998) found that consumers incline to buy brands when the value position for the minor brand appears to reduce its brand equity as measured through pricing effect like Admiral and Sigma when compared to brands such as Whirlpool and Nikon that can bid a price premium. *Brand attachment.* Perceived quality is one of key dimensions of brand equity- it is the core construct in the Total Research approach to measuring brand equity. Using the Total Research data base, perceived quality had been shown to be associated with price premium, price elasticity, brand usage, and remarkably, stock return. It also has the important attribute of being applicable across product classes. Of course, high quality may mean something different for a bank than a beer (Aaker 1996). Tax, Brown, and Chandrashekaran (1998) use complain handling as one kind of perceived quality for performance assessment in the telecommunications, Bank, Health care insurer, the provider of ambulatory and emergency services for measuring commitment and trust. Several other studies use similar types of measures as variable of performance assessment (e.g., Buchanan, Simmons, Bickart 1999;Erden; 1998; Kalra and Goodstein; 1998).

Measuring outcomes of brand equity -Capturing market performance.

Simon and Sullivan 1993 have developed a technique fir estimating a firm's brand equity derived form financial market estimates of brand-related profit. They begin by estimating the current market value of the firm. Their methodology attempts to extract the value of a firm's brand equity that is based on the financial market valuation of the firms' future cash flow (Keller 1998). Adapting an event study method, Lane and Jacobson 1995 were able to show that stock market participants' response to brand extension announcements. The stock market reaction was less favorable (and sometimes even negative) for extensions of brands for which consumer familiarity was disproportionately high compared with consumer regard was disproportionately high compared with familiarity. Several researchers have studied how the shareholder value reacts to the brand equity for companies and products. For example: Kerin and Seturaman 1998 claimed the brand names are a corporate asset with an economic value that creates wealth for a firm's shareholders for 58 firms 148 brands in 1995 and 55 firms 143 brands in 1996. They also provide a validated empirical study for the positive relationship between a firm's accumulated brand value and market-to-book ratio.

PRODUCT CLASSIFICATION

Based on product classification use criteria to distinguish among convenience goods, shopping goods, specialty goods and unsought goods (Kolter, Ang, Leong, Siew et al., 2003; Huang 2004). There are three of them are described in the following section because most of brand equity literatures use them as measurement.

Convenience goods

Most of studies conduct the convenience goods as their measurement because its characteristics tend to inexpensive, high buying frequency, not important in consumers' mind. Lower ego-involvement (Huang, 1998 2000), Such as toothpaste (Aaker & Keller, 1990; Chan Su Park and V. Srinivasan 1994; Erden 1998), shampoo, mouth wash (Chan Su Park and V. Srinivasan 1994), drink (Bronnenberg, Mahajan, & Vanhonacker, 2000; Kish, Riskey, and Kerin, 2001) had been used for investaging the relationship between brand component and consumers' mindset. Agarwal and Rao 1996 use the candy bar as their study measurement to provide the phenomenon that consumer purchase intention will be influenced by their preference and perception.

Shopping goods

Compared to convenience goods, BEA's empirical articles are considerably less shopping goods. They are goods that the customer, in the process of selection and purchase characteristically compares on such bases as suitability, quality, price, and style (Kolter, Ang, Leong, Siew et al., 2003 p.412). Aliawadi, Lehmann, & Neslin, 2003; Burton, Lichtenstein, Netemeyer, Garretson, 1998; Moore, Wilkie, & Lutz 2002; Simon and Sullivan 1993 have conducted consumer package/food product as measurement in their study.

Specialty goods

They have unique characteristics or brand identification for which a sufficient number of buyers is willing to make a special purchasing effort. (Kolter, Ang, Leong, Siew et al., 2003 p.412). Osselaer, Alba, (2000, 2003) use the whitewater raft as their sample in the experiment research. In this category the feature of service is more important than products when consumer consider buying the goods. In our opinion, those goods types of BEA is somewhat missed. As was notes previously, BEA does not conduct that all consumer goods categories in the research, only that some researchers use non-convenience goods as the measurement in their studies On the basis of recent research, we believe that there is the important question surrounding consumer goods categories. This question pertains to generalization. An important avenue for future research is to use the different goods category or good type (e.g., industrial and consumer goods) as the sample measurement to minimize the bias between theoretical and real world.

THE ROLE OF BRAND KNOWLEDGE

As Keller, 1993 had noted, the definition of customer-based brand equity is the differential effect of brand knowledge on consumer response to the marketing of the brand. Brand knowledge could be conceptualized as consisting of a brand node in memory to which a variety of associations are linked. Several BEA studies have noted, learning play a critical role in the competitive marketplace (Erdem, Swait, Joffre, and Broniarzyk et al 1999; Keller, 1993 2003; Osselaer and Alba, 2000; Osselaer 2003) In general, consumers would like to try to learn as much as possible before making decision, especially in unfamiliar in ambiguous brands when consumer use more information. They enhance confidence, reduce uncertainty, increase safety perception, Eisenhard (1989) reports that confidence increases as information usage increases because consumers believe that "no stone has been left upturned". Erdem, Swait, Joffre, and Broniarzyk et al 1999, providing the study to explore the links between consumer learning and consumer choice process in general and considering two recent trends in the marketplace: store brand and internet brand. As can been seen in our BEA's reviews, few researchers has attempted to regard the learning process / brand knowledge conversion as the variable to measure the performance of brand equity on financial outcome. Therefore, we suggest future researchers to future these effort by measuring learning process/ brand knowledge conversion on influencing the outcome of brand equity-financial performance.

CONCLUSION

The central thesis of this article is to conduct a thorough assessment of its current status and a synthesis of its findings. Our analysis suggests that research scholars might explicitly the role of brand knowledge in customers' mind, the effect of different product category, and the financial-outcome of brand equity.

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ETHICS THEORIES AND THEIR TEACHING IN MARKETING EDUCATION REVISITED: "SHOULD I OR COULD I…THAT IS THE QUESTION."

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ABSTRACT

Since the ethical scandals within companies such as Enron, WorldCom, and Martha Stewart Living Omnimedia, Inc., more emphasis has been placed on increasing personal, business, and corporate ethical standards. This study reviews past ethical theories and makes suggestions regarding where and what ethical constructs should be taught to marketing/business majors.

INTRODUCTION

Ethics has been defined as a general term for what is often described as the "science of morality" whose goal is to determine what is good, both for the individual and for society as a whole ("Ethics" 2004); the philosophical study of moral values and rules (Google: Define Ethics 2004); moral philosophy involves systematizing, defending, and recommending concepts of right and wrong behavior ("Ethics" 2004). These are all similar definitions that all encircle the same concept using different verbiage to describe the same word: ethics. Today the "E" word is a hot topic in the world of business. It is also a bit of an elusive topic as well; in that everyone knows it is out there as an issue, yet it seems that no educator or practitioner has definitively found a way to deal with it. There is no doubt that many people have tried to come up with a cure-all for the ethical dilemma with a plethora of studies, papers, seminars, and codes of ethics among individual businesses. There are many varying opinions, thoughts, and ideas on the subject. However, there is still no one answer to the ethical education dilemma. In nearly every ethical dilemma facing the business world, the situation is different and therefore so are the circumstances surrounding it. Since every situation is unique, there is clearly no "one best way" to handle them. When an individual encounters a personal or professional ethical dilemma for the first time on his or her own, they might not always make the best decision. Once the ramifications of such a decision have been felt, a person is more than likely not to make the same mistake again. This person now has a frame of reference to reflect back on when a similar situation arises in the future. "This shows what we know intuitively – that even good people are fallible, and the risk of moral error multiplies exponentially in an environment of moral indifference. Lacking a publicly shared set of values, individuals can easily become morally isolated" (Paine 2002).

DISCUSSION

One of the more popular theories on ethics is that "ethics has become an option," and that "generally speaking, behaving ethically means avoiding lying, cheating, and stealing, as well as cruelty, deception, and subterfuge" (Gershon 2003). Another suggests, "Is ethics simply politics in disguise?" It is said that "if one guy robs you it's ethics, but when 435 people rob you it's politics." Cohen illustrates this point by using the example of a slave dealer advocating that one must always be honest about a slave's health and pay bills promptly. It may sound to some that the dealer is trying to be a moral man; however, "if the dealer were really as ethical as he should be, he would condemn slave trading all together" (Cohen 2002). The point that these men are both trying to make is that people all look at ethics in such different ways; what may seem right to one person may, in turn, seem terribly wrong to another. For instance, is it unethical to promote tobacco products? Some say the blame really sits with tobacco producers and that if it is unethical to promote it, it should be unethical to sell it, as the promotion is not what causes the decision to smoke in the first place (Endacott and Boyes 2003).Now the question becomes, why? What causes such a rift in how people view the topic?

Causes of the dilemma

According to Michael Cole and Tim Little of the University of California, "ultimately…a better understanding of ethics could make the difference between a successful career and one that ends up shipwrecked upon the shores of ignorance, fear, or greed" (2002). This statement, while true, begs the question of how do people get a better understanding of ethics? When most people think of training individuals for a career, many will look toward the colleges, universities, and institutions throughout the world that house and teach young minds the ins and outs before releasing them into the "real world". Therefore, it would be logical to state that in the classroom would be a good place to start this crusade of "ethics education" and that is just what some colleges and universities are contemplating right now.

According to research, "ethics education in the accounting field (where much of the trouble has been originating as of late) in the 1960s and 1970s was largely limited to a few cases in auditing classes until the AACSB in 1979 made ethics education a requirement in the common body of knowledge of business education programs. Ten years later, this requirement was expanded to include ethics in the student's major area of study" (Madison 2002). A group of individuals recently conducted a study in the state of Ohio about ethics being incorporated into their accounting study programs. They found that "undergraduate students in Ohio's colleges and universities receive approximately ten hours of classroom-based ethics educations while they earn their bachelor's degree. And more than half the universities studied require all business student to take an ethics-specific class" (Madison 2002). Upon reading these statistics, it becomes clear that schools are taking steps in the right direction, but there is always room for more improvement. Consider for a moment the rest of the fields within the college of business. A great deal of heat has been placed on accountants and professors of accounting to improve the ethical values of those who will soon be entering the field. Perhaps academia should stop and consider the rest of the business world. Madison suggests that we stop and think about the people who are most generally to blame in serious ethics code violations, such as Enron and WorldCom. "Many of the recent culprits who have disdained ethical behavior occupy influential positions, such as CEO, CFO, and senior partner" (Madison 2002). For a person to attain such a position of high authority and responsibility takes a lot of hard work and experience and is there any way to guarantee that they have come from an accounting education background? Therefore, the recent emphasis in higher education among soon-to-be accountants on what is right and wrong at the expense of attention to other majors may well contribute to future problems.

Another thing to take into account when thinking of how to educate the young minds in this world to be more moral businesspersons is the effect that corporate scandals are having on students. The lack of ethical practices in businesses is bound to have an impact on students' views of CEOs, presidents, and other leaders of major corporations. An article focusing on Pace University's Lubin Business School concludes: "Ripples from the corporate scandals have begun to be felt by Westchester's business schools, which have spent recent months updating course work and, in some cases, pondering whether additional ethics instruction is needed." The university's school of business has spent recent months reviewing whether to go beyond the ethics instruction required within each course. Currently, the university is considering opening up a center for corporate governance. A management professor from the university stated: "The [corporate] scandals have tarnished how students view top corporate executives. I find, this year particularly, that students are very cynical. They think this is the way it is. They don't think to express the kind of shock that I would have thought they would have expressed. They're not as upset as I think they ought to be." (Philippidis 2002). A multitude of other schools are also going through similar reviews in trying to decide whether or not to make changes in their curriculums to accommodate this seemingly ever-growing need for more ethics intervention. Mr. Louisot makes a good point in his article by stating: "Ethics, however, is not only a concept to be taught to philosophy or management students; it is a tool. …ethics must be evidenced by decisions and actions inspired by a set of values. Thus, the real challenge is ethics in action." (Louisot 2003). It is important to realize that just because a person learns a concept, and even if they seem to understand and agree with it at the time, the real test comes when they have to perform it.

It appears that the root of the problem truly lies much deeper than the curricula of our educational institutions. Mike Clowes may have nailed the true root of this problem down exactly in stating: "No doubt [the universities] hope these courses will head off future ethical failures. I suspect, however, that even had these courses been emphasized twenty years ago, and all the executives now on trial for financial shenanigans had taken and passed them, many, if not most, of the scandals still would have occurred. Call me a pessimist, but I think the ethics course will be only modestly successful in reducing cheating by corporate management. That's because if people don't have a solid ethical base before they get to graduate school, they are unlikely to acquire one once they get there. In fact, they may well cheat their way through school, perhaps in the ethics courses, if it's possible" (Clowes 2004). While this last statement made by Mr. Clowes is intended to show a degree of humor, it still has a great deal of truth to it. He goes on to say: "And then, when they are under pressure in the real world, those little alarm bells that should ring when an ethical dilemma presents itself fail to ring or are too easily silenced. The ethics courses at business schools will do no harm, and they may even do some good. But the place to start correcting the nation's ethical deficit is with the youngest generation." By this, Clowes is not referring to the youngest generation of up and coming executives, he is speaking of the nation's children. He continues: "Executives cheat their shareholders, customers, and the government because during the formative years their ethical compasses were never set to true north. *The foundation for ethical behavior is laid in the home by parents while children are young, and it is reinforced during the early school years*" (Clowes 2004). This last statement by Mr. Clowes is by far the most important and contains the greatest degree of truth. In almost everyone's experience going through grade school, high school, college, and even into graduate school, one could often pick out those that were fortunate enough to have had positive childhoods, moral and responsible parents, and a solid upbringing – from their actions alone. Most often, those getting into trouble were the ones with poor developmental upbringing. Unethical behavior begins at the beginning: how an individual is raised, what they have seen all their lives, and what they have come to view as acceptable or normal after so long.

This reality is troublesome as we look into how individuals are raised within today's families. Single parents, divorces, children out of wedlock, domestic violence, same-sex relationships, and a plethora of other things that today's children are being exposed to, cause greater (albeit misplaced) responsibility on education itself for ethical education. This trend has been present for many years and does not appear to be improving. To paraphrase Cole and Little, the difference between a successful career and one that ends in disaster could very well be a good set of ethical values. It is important to note that employers now rate ethics higher than creativity in a top ten wish list of graduate attributes (NZ Mgt 2003). Therefore individuals should start learning the difference in right and wrong as soon as they have the capability to understand.

Another consideration in finding the possible causes of ethical standards demise, as noted in Joseph F. Coates' *Updating the Ten Commandments,* is that "a large and growing percentage of people are either no longer adherent to or practitioners of traditional religions; thus, they lack a concrete ideological base to guide them through ethical situations. Second, the moral precepts of the Ten Commandments are inadequate for dealing with many of the ethically and morally loaded situations we face today" (2003).

Remedies to the dilemma

According to Business Credit, Deloitte and Touché, LLP, finds that "while most companies have taken the initial steps toward establishing a code of ethics, a limited number are actively monitoring adherence to the program. It finds that 83 percent of firms responding have established formal codes of ethics, but 25 percent are not actively monitoring them. Only 55 percent of them have an active ethics officer." One positive statistic, however, reported that 95 percent claimed that their code applied to *all* of its members, a fact that might be the key to success of an ethics code (2004). If employees are expected to adhere to some code that their superiors are exempt from, this will only breed hostility and discourage compliance. One bothersome thing about these companies, though, was the fact that "more than half of them address compliance issues only when failure happens. At that point, the board is forced to react to problems, rather than prevent them which would be much easier." One good thing is that 90 percent of these companies said their policies included all shareholders, suppliers, customers, and others as well, but only 52 percent of that 90 distributes the codes to those parties" (Business Credit 2004). For businesses desiring to create a code of ethics, Association Management provides a list of companies that have had success with their codes and provides Web sites that can be visited to view these policies (2003). Some of the world's most socially responsible companies include: 3M, Canon, Dell, General Mills, Johnson and Johnson, Merck, Tupperware, BP, BT, Intel, Procter & Gamble, and Tesco (Fittipaldi 2004).

As far as the mass media television involvement, "the Destiny Channel plans to launch in August with a block of programming distributed on local college cable channels and hopes to debut its own dedicated channel in summer 2005. Destiny wants to air original and acquired programming pegged to ethical issues. College students are the primary target, but the network hopes adults 18-49 will tune in. Destiny executives contend that college students are hungry for perspective and information" (Romano 2004). It is possible that, if the channel can find an effective way to do this while attracting college students to the shows, this medium would be much more effective than anything that could be taught in a classroom. It would be viewed by students as something they were choosing to watch and participate in, rather that something they were being forced to listen to. Congress' involvement comes in the form of the Sarbanes-Oxley Act. While most corporations view it in a negative light, thinking only of the imposition of increased compliance and disclosure requirements, the Act actually "represents a unique opportunity for communication, teamwork, and integration. It can be a platform for articulating the corporate mission, values, ethics – and, indirectly, the company's potential. There have always been communication gaps between investors and boards of directors, boards and management, within management itself, and management and employees. Sarbanes-Oxley actually represents an opportunity to reach out to all with the same message." (Burns and Musmon 2003). To be done correctly, the Act must be an integrated approach so that the message is understood and adhered to by all (alluding to the point made earlier of the CEO having to set the tone and abide by it himself to promote cohesion) (Burns and Musmon 2003).

"Procurement ethics remain a hot-button issue for Congress – although in light of last year's major initiatives on corporate responsibility, such as Sarbanes-Oxley, it appears there is little interest in further legislative action in this election year" (Ethics Update, 2004). There is one other group out there , referred to as the Open Compliance and Ethics Group Project (OCEG), newly formed in 2003, including some of the United States' most-recognized business and thought leaders. The group's members are industry leaders who represent various corporate disciplines and intend to publish recommended standards and best practices to help U.S. businesses reduce corporate and investor risk (Swartz 2003).

CONCLUSION

While adding to or changing the college ethics curriculum may assist in making Americans make good ethical choices, nothing will make as big an impact as changing the way so many youngsters in this country are now being raised. This is where more time should be spent – educating the *parents* as well as their children on how to do what is right. This means bringing family values and their teachings once again to the top of the family priority list. Sadly, unless drastic changes are made, ethical decision making in marketing and other business disciplines may not witness much improvement.

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MORAL CHARACTER DEVELOPMENT AND MARKETING EDUCATION

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ABSTRACT

This paper invites marketing educators to reflect how traditional teaching approaches may affect students' character and presents a number of pedagogical strategies that help students to affirm who they are and to continue their moral character development in their professional life.

INTRODUCTION

This paper invites marketing educators to reflect how traditional teaching approaches may affect students' character and presents a number of pedagogical strategies that may facilitate students' moral character development. These strategies are being implemented in my current undergraduate and graduate marketing courses in a Christian college in Ohio. In my thirteen years' college teaching experience and learning, I have continuously investigated how traditional teaching approaches relate to students' character development and derived strategies that facilitate undergraduate and graduate students to be moral managers. As a part of this investigation, I have reviewed how ethics is presented in many marketing textbooks and the literature about teaching ethics. I have had the opportunity to present several papers relating to this topic at various conferences (Lam, 2003; 2004). I continue to ask the following questions: How can I facilitate students to initiate moral character development when they are used to being socialized by many marketing practices? How can I facilitate students to examine how marketing activities have shaped their identities to the present and may yearn for the ultimate good of humanity? How can I help students to bring their classroom moral learning to future business settings? I believe that it is a priority of my profession to guide my students through a broad range of classroom activities to discover who they are and to examine how marketing activities have shaped their identities to the present. I would also aid them to use their conscience as their witness of the laws written on their heart and assist them in developing awareness of certain virtues. They are expected to learn that their professional marketing integrity does not come from strict adherence to codes of conduct of organizations or high moral standards, but comes from their own personal identities and integrity.

What's Wrong with Traditional Teaching Approaches

Marketing education refers to equipping students to do good marketing activities well and to improve customers' welfare. Palmer (1983) reminded educators how the objectification process of our knowledge may keep our students from being transformed by the knowledge. It means that the way we lead students to know the subject matter can inspire or demoralize students' character. I find that the traditional teaching approaches tend to objectify the knowledge of marketing, present value-neutral marketing techniques, and alienate students from their identities being shaped by marketing practices.

From my years of experience with business students in Hong Kong and the United States, I find that many students have an attitude toward marketing activities that has been socialized by many marketing practices. They want to master the marketing techniques or skills quickly and even conform to the culture codes created by marketing activities. They avoid facing the reality that they "conform to the code in fear of cultural ostracism and isolation" when Cheerier and Murray (2004) criticized marketing activities. They believe that they are moral but are often unwilling to examine their values behind their choices in-depth. They are skeptical about being ethical in the business world and even perceive that they will be less successful if they are ethical in their professional life. Unfortunately, students can easily rationalize their egotistic values when there is strong advocacy of enlightened selfishness as the essence of marketing management (Clarke-Hill, Colin, Mike Flynn and Ed Little, 2004), and active glorification of greediness as a foundation of capitalism in teaching marketing ethics (Cooke, 2005).

When I reviewed many marketing textbooks, ethics is usually treated as a means to achieve profit objectives of an organization. Students are allowed to make their ethical choices but are not challenged to discover who they are and their responsibilities in the moment of history of humanity. If students are not critical and reflective about the impact of marketing, advertising, and consumption upon their authentic self and their purposes in their lives, how can they choose the right techniques for the long-term interest of consumers or avoid seeking organization goals at the expense of consumers' interests? It is no doubt that rational decision-making purpose and value-neutral marketing techniques presented in traditional teaching approaches cannot inspire students to seek higher values when many students have already lost the moral meaning of life as Porpora (2001) described American life. When students are guided by relativistic values, organization goals, and situational ethics, they tend to be immoral as MacIntyre (1984:107) criticized managerial practices. Furthermore, Thompson (2002) reminded marketing educators there is lack of ethical intent within the marketing discipline when competent marketers were developed without feeling any obligation to seek higher values such as honesty, justice, and gratitude to the community.

Harder (2003) criticized the notion of "self-interested choice" in individual economic decision making can blind us to a realization that there is power imbalances among different groups of people in the world and there is embedded violence in the global market economy. A few powerful consumers dictate what is to be produced and even take away many people's security, esteem and choices when they are forced to obey the global market rules. Rampel (2004) criticized that the conventional name of human beings as consumers in market economy took away the human element in our human relationships. The glorification of individual free choices and consumer sovereignty can expand the ego of an individual at the expense of interdependent relationships among people in the exchange process. The notion of consumer as a summation of self-interested choices or as a king in the exchange process can dampen the social fabric of humanity. Would students treat human being as commodities and control customers when they are marketers if they blindly accept these marketing rhetoric as value neutral in traditional teaching approaches?

PEDAGOGICAL STRATEGIES

The pedagogical strategies I use are based on the Natural Law approach (i.e., to be aware of the laws written on our hearts cannot be denied and to know our self-destructive behavior when we suppress our conscience) (Aquinas, 1953; Budziszewski, 2003; Kreeft, 1994; Lewis, 1947) and the Ethics of Virtue approach (i.e., to develop habits to achieve the fundamental goods that natural laws require a person to pursue). The basic focus of my pedagogical strategies is to affirm each student's worth and to inspire them to acquire virtues. The basic strategies are: learning from mentors, critical research, and service learning. These strategies are grounded on the principles of collaborative learning and self-reflection practices.

Learning from Mentors

At the beginning of each course, students are encouraged to find mentors from whom they can learn virtues that they want to cultivate during the semester. Some good experienced marketing professionals are invited to be our guest speakers and to address the importance of moral character in their professional career. They show the beauty of virtues and present good models to the students. Students are encouraged to connect their personal ethics and professional ethics with the corporate world.

Each undergraduate student in the basic marketing and sales management courses has to interview a Christian business man or woman who is involved in sales and marketing area for at least one hour and learn how his/her mentor integrates his/her Christian faith with his/her professional and personal life. Most students interview their parents or close friends and appreciate the opportunity to understand their mentors in-depth. They are asked to reflect their learning including: discover their own gifts when they are triggered by some unique characteristics of their mentors, examine their own life and how their present life will destroy their own gifts, think about what kinds of people they would like to be and their own responsibilities in the moment of history of humanity, imagine the future situations in which they can use their learning from this paper, and describe their personal vision and professional code of ethics. Before they submit their final paper, they discuss their drafts with their peers and have opportunities to articulate their own identities to their peers. In the meantime, I encourage them to review the handouts relating to American Marketing Association code of ethics, ethical issues in marketing, ethical guidelines listed in the marketing textbook, a previous student's creed of marketing, and ten commandments in marketplace when they write their own professional code of ethics. I also challenge them to think about their own values and their identities in-depth when I comment on their papers. The process of meeting mentors and writing up their own papers is designed to awaken their own conscience and affirm their own worth. At the end of the course, I will ask them to reflect what kinds of virtue they need to develop in the coming two or three years. Furthermore, I will encourage students to contact these mentors again and reflect their own personal growth again when they are prepared to take other courses taught be me.

Critical Research

Undergraduate and graduate students have to be critical and reflective about the impact of marketing, advertising, and consumption upon their existence and their relationships with their creators in their individual learning assignments and group projects. For example, in undergraduate consumer behavior class, each student has to keep a journal that describe how they acquire, use, and dispose products for seven weeks. Through their in-depth studies of the recent consumer behavior and the use of psychological theories they have already learnt, they must reflect their own values, their ways to seek happiness, the discrepancies between their attitude and their behavior, the external and internal influences upon their consumption behavior, their self-control mechanism, and their moral responsibilities in their consumption behavior. The process is to challenge their materialistic values and their views about themselves as commodities on the personality market. They are expected to increase their consciousness of being responsible to other human beings.

In our undergraduate marketing course, students are asked to examine the marketing practices of their favorite products and evaluate whether the marketing programs of their chosen products effectively create, communicate, and deliver values to customers and other stakeholders. In the meantime, they must find out how their personal or their friends' identities are being shaped by these marketing programs before they judge whether the marketing practices are ethical or not. In addition, they are asked to create new marketing programs that are ethical and related to the chosen company's mission statement. They are also guided to assess organization values and social responsible programs of their chosen company. They learn to discern what kinds of organization they need to work with such that their gifts and talents can be nurtured and developed. As far as they can find organizations that do the kind of work they really believe in, and they really think the world needs more of what those organization do, then they can find it easier to be leaders in that context (Vaill, 2003). Furthermore, they must reflect their collaborative learning in their project and imagine how they transfer their learning in their future working situations.

Undergraduate students in marketing are assigned to judge which business and consumer ethics scenario are morally acceptable or unacceptable and support their reasoning. Through various discussions of ethical aspects of marketing practices, they are challenged to think about what basic ethical principles they are adopting in particular situations and to practice their moral reasoning. They are guided to cultivate intellectual habits that "counsel, judge, and command those things that are for the sake of the end." (Aquinas, 1953). The end will be the good things that can flourish in human beings and can be known through our innate reasoning abilities. When my students practice their human reasoning and learn to choose the right means to achieve their ends properly, they gradually learn how their choices resonate with their deep conscience, and thus they may acquire the virtue of prudence.

All my graduate students are employed adults and are thus generally more mature than my undergraduate students. They have had more in-depth experiences and opportunity for thought on their moral character and their future than novices; they can reflect the role of personal conscience, laws and corporate policies, supervisors' behavior, and market structure in their business decisions. Most affirm that personal conscience has played a significant role in their business decisions. They expect their companies to "walk their talk" and expect to be respected as dignified human beings. Many do not show strong faith in a company's written laws. Some even perceive that their personal ethical standard is much higher than that of their company. They are reluctant to practice their personal virtues when their company's focus is the bottom line. They are asked to assess the changes in their working environment over the past five years and have to anticipate the possible changes in their working environment in the coming five years. They are oriented to learn how to learn about their own learning, and to be prepared to sustain themselves through developing teams and renewing their spirit in the dynamic and changing environment. They are also asked to assess their organizations' mission, moral standard of their supervisors, and the discrepancies between the customers' perception and employers' perception of their companies' brand. Through these assessments and information sharing in the classroom, they can affirm who they are and come to realize that they are empowered in seeking some universal common good in humanities.

Service Learning

Graduate students and undergraduate students in marketing management are asked to serve the community through the development of a marketing plan for a different profit or non-profit organization. Through the service learning projects, students practice the concept of servant leadership and stewardship of resources in a community. They are expected to develop a pro-active attitude towards the solidarity of a community and to be inspired to seek the common good of a community with a sense of personal and communal growth. When they reflect their sense of feeling good in serving the community, they can discover their being as a part of community and learn to be grateful to the community when they are marketers.

CONCLUSION

As a marketing educator, I realize the way I guide students to learn marketing subjects can be very demanding and rewarding. I must learn how to protect the space that students can grow and be patient with their growth, in particular in 21st century American culture in which adults are encouraged to accomplish many things in a short period of time. I must take the risk of challenging students' prejudices and ignorance when I want to guide students to listen to their deep conscience and to be truthful to themselves. I also have to finish a lot of content materials in a very short period of time and to use students' time effectively. However, students are facilitated to be engaged in understanding many marketing techniques and ethical guidelines with a true sense who they are. I believe that this approach can help educators to have a true sense of their work and their growth as they can be sensitive to how and what they teach relating to students' moral character development.

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AN INTEGRATED APPROACH TO TEACHING MARKET RESEARCH, COMMUNICATION AND TEAMWORK SKILLS

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ABSTRACT

Building upon learner-centered teaching theory, this paper outlines the teaching strategies used to simultaneously develop research, communication and teamwork skills in an upper-level undergraduate market research class.

INTRODUCTION

A market research class can be used as a foundation for teaching students not only the basics of the market research process, but also crucial communication and teamwork skills. With a carefully planned schedule of coordinated assignments and activities, such an upper-level business elective class can achieve multiple objectives. By the end of the semester, students will have experienced the stages of the market research process as well as sharpened their writing, presenting and teamwork skills. With the teaching approach described in this paper, students gain deeper insight into the market research process and develop professional-level skills that will serve them well in the future.

The teaching techniques discussed in this paper are an application and extension of the ideas in Weimer (2002). Weimer describes her "learner-centered teaching" approach as an "entirely new way of thinking about teaching and learning tasks and responsibilities" (xxii). Weimer reviews and integrates multiple strands of the theoretical literature on learning and discusses how theoretical findings can be applied in college classrooms. While many of the individual changes she recommends are small, they cumulatively produce a significant change in the mindset of professors and a corresponding shift in student attitudes toward learning.

The approach described in this paper of integrating market research content with more general skills development is not meant to produce market research experts who are ready to design and conduct complete research projects. The objective, instead, is to produce critical "consumers" of market research---people who understand both the strengths and limitations of different market research techniques. Their market research background will help them spot new trends and opportunities, develop successful marketing campaigns and perhaps even think of radically new products capable of transforming business models (Huppertz 2003). This approach works well for junior and senior-level students who have completed introductory management and marketing principles courses but not a statistics course.

Below, this paper begins with a brief review of the key elements of Weimer's learner-centered teaching approach. This will be followed by a discussion about applying and extending Weimer's approach in a market research course. Then, specific strategies used by the author for integrating the teaching of market research with writing, presenting and teamwork skills will be outlined. In seeing how this author has successfully applied and extended the learner-centered approach, it is hoped that the reader will see what is possible to achieve and how to reach such goals in his/her own teaching.

LEARNER-CENTERED TEACHING

The goal of learner-centered teaching is ambitious: to transform students from "passive, dependent learners" into "autonomous, intrinsically motivated and self-regulated learners" (xx). Instead of focusing on covering certain material and delivering clear presentations, faculty will need to "design experiences, activities and assignments" that will allow students to "encounter the content" (xviii).

Weimer stresses that faculty need to do everything they can to create the best possible climate for learning in their classrooms. As faculty, we should be asking: "*what* the student is learning, *how* the student is learning, the *conditions* under which the student is learning, whether the student is *retaining* and *applying* the learning, and how current learning positions the student for *future* learning" (xvi, emphasis added). Thus, with the learner-centered approach, the content of a course is both a *means* and an *end*; mastery of the course content is one objective, while learning the content also allows for the achievement of other learning objectives.

For faculty contemplating a shift to learner-centered teaching, there are five key changes recommended by Weimer. First, faculty should be willing to give up some of the power in the classroom, giving students more choices in how to structure their learning (8). This will produce students who are more confident in their learning abilities---students who will be able to learn, on their own, what they need to learn to survive and prosper in the future. Second, faculty should be willing to reexamine the content covered in their classes, with an eye to pruning content coverage and thus allowing more discovery of concepts by the students (10-11). Weimer cites supportive literature on the benefits of problem-based learning, deep (vs. surface) learning and the constructivist approach to learning. Third, faculty should view themselves more as facilitators of learning rather than transmitters of knowledge (13-14). As faculty, we can guide, critique and encourage our students, but we cannot guarantee that learning takes place. Fourth, faculty should remind students that the ultimate responsibility for learning lies with the students themselves (15-16). Students often resist accepting this responsibility, but it is in their long-run best interest to do so. Finally, faculty should rethink their assessment techniques in light of the objectives of the learner-centered approach (16-17). As the saying goes, "what you measure is what you get." Students will work hardest on what gets evaluated. If we want students to develop lifelong learning skills, we must incorporate assessment of those skills into our courses.

APPLYING AND EXTENDING WEIMER'S APPROACH

The starting point for the design of the course described in this paper is Weimer's learner-centered teaching approach. The course, therefore, makes significant use of activities that allow students to discover and apply key market-research concepts. Students spend less time listening to lectures and more time discussing, thinking and working on tasks. By the end of the course, students have become better learners as well as novice market researchers.

The course also pursues two other objectives that are not addressed by Weimer. The first such objective is the building of other skills besides learning: writing, presenting and teamwork skills. Through extensive use of checklists, step-by-step guidelines and feedback, the specific steps involved in the skills become so ingrained that they are done automatically. With the practice from this class as a foundation, students should be confident and successful professionals. A second objective not discussed by Weimer is to have the students experience a complex, multi-stage process. This adds additional difficulty to course planning, as the process must be broken down into a number of sub-processes, each of which must be successfully completed before the next is tackled.

TEACHING MARKET RESEARCH

In this author's course, students learn about the market research process from a number of different sources: assigned readings from the text, updates on current developments in the field and a multi-stage team project.

Textbook Readings

Assigned readings from the text serve as the foundation for other learning activities in class. Shao (2002) succinctly covers all market research fundamentals; Zikmund (2000) is more comprehensive. The readings are grouped into three modules. The introductory chapters cover the multi-stage market research process, ethical considerations and secondary sources. The next set of assigned chapters covers exploratory research techniques such as focus groups, in-depth interviews and direct observation. The final assigned chapters discuss survey design, experiments and test marketing.

When a learner-centered approach is being utilized, students are responsible for reading and reviewing basic concepts from the text in advance of class. With the central role of activities and projects in the class, students see the text as a useful resource in their discovery process. Reading the text is no longer just a chore required by the professor. Limited class time is devoted to discussing the most complex concepts from the text and related cases.

Current Developments in Market Research

Of course, no text can give students a complete and up-to-date perspective on the exciting field of market research. In the course discussed here, current developments in the field are studied by drawing upon articles, books and speakers. The study of current topics not only adds to students' knowledge about the course material---it also facilitates the development of professional habits.

Early in the semester, students are instructed to find and review a current business press (Wall Street Journal, Business Week, etc.) article about market research. On the day the article reviews are due, class time is allocated to allow the students to share their findings with the class. Many students need encouragement to develop the important habit of staying abreast of current business news. This simple step is important for moving them out of their "student" mind set in which only the text book matters. Besides developing an important professional learning habit, an article review assignment is an excellent test of whether the students have grasped the fundamentals of market research. Typically, even after a month of class, about twenty percent of the class has difficulty with distinguishing between the methods and the findings in a market research case, and between the research itself and the application of the research to marketing strategy.

Later in the semester, students obtain a more in-depth view of "real world" market research from one of the books on the class reading list. Suggested topics include detailed field observation (Underhill 1999), gender-specific marketing (Quinlan 2003), spending on luxury items (Danziger, 2002; Silverstein and Fiske, 2003) and marketing clusters (Weiss 2000). The above books are written for mainstream audiences and portray market research as vital to business success. Again, students see the importance of reading more than the minimum text book and simultaneously see the market research process in action.

In the final part of the course, students learn first-hand about the challenges of the field from a local market researcher. The practitioner provides students with an insider's perspective of how carefully conducted market research is used to support critical management decisions. Students also benefit from seeing a professional-level business presentation.

Team Project

The final and most innovative way in which students learn about market research in the course described here is via a multi-stage team project. The project, with components that correspond to the topics studied during the semester, provides hands-on learning about each step in the market research process. (See Graf, 1999, for guidance on designing a semester-long market research project.)

Setting up such a project requires a significant amount of planning on the part of the faculty member. The market research process is cumulative, with the success of each stage depending on the completion of work in the previous stages. In order to have the students complete their projects by the end of the semester, many preliminary deadlines have to be met during the semester. (It is rather like planning a complicated dinner menu: all of the smaller tasks have to be timed just right to have everything come together smoothly in the end!) Weekly assignments provide structure and keep the class on schedule.

The overall goal of the project is to research the market potential for a new product or service in order to determine whether it would be a good investment. The project begins with a question: "what new product or service does our town need?" When asking the students to brainstorm about potential business offerings, two restrictions are suggested: college students must be part of the potential market (so that fellow students will be able to comment on the idea) and it must not be part of a chain or franchise (so that the students are not restricted in their plans for the business). The students first brainstorm on their own about possible business ideas. Then, each team decides which product or service they are going to research. The students are enthusiastic about the projects being real marketing challenges, not hypothetical cases. The prospect of discovering new, profitable market niches adds a lot of energy to team discussions!

TABLE 1: SAMPLE SEMESTER SCHEDULE

WEEK	IN-CLASS TOPICS	ASSIGNMENTS DUE
1	Introduction. Links between market research and strategic management.	
2	Overview of the market research process. Ethics. Prewriting and drafting.	
3	Use of technology. Revising of drafts. Peer feedback on writing. Team formation and selection of business idea.	Individual papers on new business ideas.
4	Secondary sources. Writing mechanics. Teams discuss secondary sources	Critique of current market research article.
5	Focus groups. Letters and memos. Teams develop goals and questions, then conduct focus groups.	Critique of business writing sample.
6	In-depth interviews. Human and mechanical observation. E-mail writing. Content analysis exercise.	Choice of book for book review. Team project: exploratory research phase.
7	Test. Start book reviews.	
8	Presentation skills. Feedback on prewriting.	Prewriting of book review.
9	First group of individual presentations on book reviews. Peer critiques of book review drafts and presentations.	Draft of book reviews.
10	Surveys. Second group of individual presentations on book reviews. Peer critiques of presentations.	Book reviews.
11	Questionnaires. Sampling. Guest speaker.	Critique of selected survey.
12	Experiments. Test Marketing. Pretest and revise team survey.	Draft of team project survey.
13	Team presentations.	Team project, survey research phase.

In the first phase of the team project, students focus on exploratory research to refine the teams' business descriptions (what they plan to sell and how it meets the need of their target markets). The teams start by compiling background information from relevant secondary sources. They assess the reliability of those sources, seeing that all information is not of equal quality. The teams then prepare for a focus group discussion. Their fellow students act as volunteer subjects and provide input on the feasibility of the proposed new products or services.

In the second phase of the team project, the students apply what they have learned about survey design. The students begin by developing specific research objectives; all of the questions in the final draft of the survey must be linked to those objectives. Once they prepare draft surveys, the students pre-test the survey instruments on a few fellow classmates. The pre-test subjects are debriefed extensively and provide feedback on wording, flow and instructions. To avoid the need for campus approval of the survey and to speed the process along, classmates again serve as respondents for their fellow students' surveys. (Obviously, the small and biased sample does not produce conclusive results.)

IMPROVING COMMUNICATION SKILLS

A market research class such as the one described in this paper is an excellent vehicle for the development of crucial communication skills. With proper planning, such a class may be designated as a "writing emphasis" course, allowing students to count it as both a business elective and a general degree requirement course. (At other institutions, such courses may be called "writing intensive" or "writing across the curriculum.") In such courses, faculty spend as much as twenty percent of the semester instructing students on improving their writing, with special attention paid to skills specific to that particular discipline. Students have numerous opportunities to practice their writing and to receive feedback from both faculty and peers.

The most fundamental writing habit for students to develop is the well-known three-step process of prewriting, writing and revising. After discussing this in detail in the first part of the semester, students must turn in evidence of the stages they went through in preparing their assignments. Although most students will have been exposed to the three-step writing process in earlier courses, a significant majority report new insights into the benefits of writing a document in more than "one fell swoop."

Needless to say, the many assignments and the discipline of using the three-step writing process mean a significant amount of work for students. They can be encouraged with reminders of how important good writing will be in their future careers. As Worth (2002) argues in his excellent business writing handbook, taking the time to craft a clear message can often mean that your communication is read carefully instead of tossed aside. (See also Kolin, 2004, on business writing skills.)

Part of the process of becoming a good writer is developing a critical eye for what other writers do correctly and incorrectly. For instance, students are challenged to find and critique examples of both good and bad business writing. The students may use letters, memos or e-mails that they have come across in their daily lives to prepare their reports.

Throughout the semester, students practice their writing while they are learning about market research. In one of the early assignments in the course, students brainstorm about new products and services and write up their ideas in the form of business proposals. Shortly after that, they write short reviews (two pages) of recent news articles about current market research, commenting on the methods and findings of the studies. Later in the semester, they prepare book reviews (five-ten pages) on the contributions of the aforementioned popular market research books and how the books relate to their team business ideas. The students receive extensive comments from their peers and professor on drafts of their short papers. To enhance the quality of discourse, handouts on the criteria to be used in preparing peer feedback are distributed and discussed.

Students also practice their writing skills as they participate in the team project. After reading about the elements of a well-written business letter, they write letters of invitation to potential (and hypothetical) focus group and survey participants. After both the exploratory and survey phases of the team project, the teams prepare professional written reports summarizing their findings. The students must incorporate the needs of the assumed audience of potential investors into their reports. With these tasks, the students must deal with the challenges of writing documents collaboratively.

Finally, a significant portion of the students' grades is based on in-class, business-style presentations. The students must apply the familiar three-step process of prewriting, writing and revising to produce well-organized, clear and informative presentations. Each individual student prepares a report based on the popular market research book he/she has read. The class teams prepare end-of-semester presentations on their research findings. The students are assigned responsibility for preparing peer reviews of the in-class presentations; this process enhances their observation and awareness of strong presentation techniques. As with the written papers, students are guided in their formation of feedback with a structured evaluation form.

BUILDING TEAMWORK SKILLS

With the multi-step team project and supporting assignments, students have the opportunity to forge strong bonds with their fellow team members.

A culture develops in the teams based on expectations of strong contributions from all members. For instance, each individual member has the responsibility to bring forward a credible business idea at the start of the semester and, later on, to bring to the group a specific idea for a relevant secondary source.

The repeated interaction with their team members builds familiarity and trust. Nearly every week, the teams have time in class to work on part of their project relating to that week's assigned reading. As they work on the assigned tasks, students get to know the strengths, weaknesses and personality quirks of their team mates. The students reflect upon their progress through the four stages of team development: forming, storming, norming and performing (Dessler, 2004, 355). On feedback forms, students typically report that the team experience in this class has been the most positive of their college experience.

Finally, it should be emphasized that every member of a team has responsibility for the quality of the entire report. Grades are assigned based on the team's product, not individual parts of the product. Students learn that sometimes they must make an extra effort to pick up the slack or compensate for a weakness in a team member.

CONCLUDING REMARKS

As faculty, we want to share our knowledge and passion about our areas of expertise. We also have a responsibility to assist our students in building skills that will serve them in the future, no matter what specific interests they develop. With careful planning, market research fundamentals can be taught along with writing, presenting and team work. A learner-centered approach that also teaches professional skills and involves students in the complex process of market research will produce deep and long-lasting learning by students.

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QUALITY, PRODUCTIVITY AND PROFITS: SOME ANECDOTAL EVIDENCE FROM THE U.S. AUTOMOTIVE MARKET

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ABSTRACT

This study examines the relationships between quality, productivity, and profits in the U.S. automotive market. The sample size of six companies limits hypothesis testing to non-parametric methods. The results using Kendall's $_{tau\text{-}b}$ correlation coefficient were found to be marginally significant.

INTRODUCTION

The purpose of this paper is to examine the relationships between quality, productivity and profits as found in the U.S. automotive marketplace. In this study productivity and cost are used interchangeably as the two terms are related directly and inversely. While cost has long been a subject of key interest in business research, quality has surfaced as an important determinant of profits for U.S. automakers during the past three decades. In examining this market and its growing competitive intensity, three relationships are forefront: quality and profit, productivity and profit, and quality and productivity.

A key aspect of this research is the approach used for measuring the variable profit. Measurement is a problem encountered in all research; caution is particularly warranted in business research when profit is the focus. Complications arise because profits are measured inconsistently among companies that apply different accounting standards, resulting in reported figures that can vary widely (sometimes this limitation simply has to be accepted). The problem is not dishonesty by managers per se but the assumptions they make about timing revenues and costs. Accounting rules and procedures offer wide discretion for making estimates that become little more than 'educated guesses' depending upon the underlying assumptions (Henry, 2004). Thus, calculating accounting profits is as much an 'art' as it is a 'science.'

In this study the profit figures are calculated and reported by Harbour and Associates, a respected and well known consulting firm to the automotive industry. Relying on Harbour's expertise for estimating costs and profits engenders a degree of confidence in their calculations. The time period covered is 2003; all the data were gathered from publicly available print sources (*e.g.,* Lundergaard, 2003; Kiley, 2003; Hawkins, 2004).

A limitation of this study is the small number of observations available (data are from Harbour clients and J.D. Power and Associates). The three variables -- quality, productivity and profit -- have only $n = 6$ observations. Recognizably, this limits the statistical analyses that can be performed. Consequently, non-parametric methods are applied, and then supplemented with anecdotal evidence (this sample size limitation is something readers will have to bear with the authors).

The study begins with a discussion of the definitions and sources for the variables. Next, the relationships between variables are detailed based upon the academic literature, complimented with articles from the popular business press. Hypotheses are then specified and the results discussed with anecdotal evidence added from public sources to gain further insight. Lastly, summary comments conclude the paper.

QUALITY, PRODUCTIVITY, AND PROFITS

A large amount of dialogue has emerged that focuses on the concepts of quality, productivity and profits in the U.S. automotive industry. Unfortunately for the 'Big 3' domestic companies, their history is one of continually losing market share to Japanese firms since the latter entered the U.S. market and even more so since they began manufacturing vehicles here. Keys to the Japanese strategy have been a continuous emphasis on high quality and tight cost controls through labor productivity efficiencies. By the late 1980s the domestic companies eventually acknowledged their failure to compete effectively (Salter, 2004). This lethargy devastated their combined market share which has dropped to 62% in 1993 (source: Ford Motor 2003 10-K Report, 2004).

Variable Definitions

Quality. Originally the term meant 'freedom from defects', basically making it an engineering perspective (Kotler and Armstrong, 2004, 284). Later, a consumer perspective emerged where the definition of quality changed to emphasize buyers' evaluations (O'Shaughnessy, 1995, 338). This shift in definition was recognized early by the Japanese firms that understood the importance of learning the consumer's viewpoint of quality -- and then delivering high quality products to meet this expectation.

Stepping into this gap between engineering-based and consumer-based approaches was J.D. Power and Associates (Toyota was their first client; Cato, 2002). The Power survey work in automotive quality rating and customer satisfaction has long been recognized as the standard in the automotive industry. More important, their reports are based on *what customers* say and *not what J.D. Power and Associates* say about different vehicles.

The measurement of quality employed here is from the *J.D. Power and Associates 2003 Initial Quality Study* of the U.S. automotive market (Lundegaard, 2003). Each year this study reports 'problems per 100 vehicles' (PP100) experienced by new buyers and lessees after three months of ownership. High quality means *few* PP100, while low quality is just the opposite with *many* PP100 (*e.g.*, Lexus at 76 is high quality; Hummer at 225 means low quality). In this study quality is reported at the company level, calculated based on PP100 by make and weighted by market share. (See Appendix A - Vehicle Makes by Parent Company).

Productivity. The terms productivity and cost are used interchangeably as the two concepts are directly and inversely related. The productivity figures are measured by Harbour and Associates, a consulting company that has been reporting on automotive manufacturing costs since 1981 (Salter, 2004). Productivity is the 'number of labor hours per vehicle' for assembly, stamping and drive train manufacturing operations as based on Harbour's industrial engineering in-plant studies (Harbour, 1999). Publicly disclosed figures are reported at the company level while individual plant efficiencies are disclosed in their yearly report (price of the report is around $495).

Harbour and Associates teams visit upwards of 50 to 60 plants per year, measuring all types of activities related to manufacturing vehicles (Harbour, 1999). But productivity is more than working faster to produce more, it also includes smarter product designs and smarter manufacturing processes that also save time (Kiley, 2003). The pressure on productivity improvement is needed to remain competitive as seen in Table 1 - Labor Hours Per Vehicle by Company, illustrating the drop in hours per vehicle and thus implying cost savings. Without a relentless pursuit for productivity the manufacturers would be in deep trouble cost-wise to earn a profit. Woodyard (1999) reports labor cost for the 'Big 3' automakers of $45 per hour versus $35 per hour for the Japanese companies, putting further pressure on cost containment. While the productivity-cost differences between companies has narrowed, Harbour estimates a cost penalty of $300, between 3 to 8 hours per vehicle, adverse to domestic automakers (Kiley, 2003).

Table 1
Labor Hours Per Vehicle by Company

Company	1999[1] Estimate	2003[2] Estimate	% Change
Nissan[3]	30.8	16.8	- 35%
Honda[3]	30.8	22.3	- 27
Toyota[3]	30.4	21.8	- 28
General Motors	45.6	26.1	- 47
Ford	34.8	26.1	- 25
Chrysler	44.3	28.0	- 37

[1] Woodyard, 1999; [2] Kiley, 2003; [3] Japanese firms did not report numbers for all plants for year 2003.

Profits. The term 'profit' is often applied loosely in business research, partly because each firm varies in the method used when calculating profits given the range of GAAP (Generally Accepted Accounting Principles) rules. In this study a consistent measure of profits comes from Harbour and Associates; this fact should instill a certain degree of confidence in the reported profit per vehicle figures. (Based on discussion in Hawkins (2004), the authors of this research conclude that the Harbour estimates are operating profit per vehicle.)

Japanese firms have consistently outshined U.S. companies on the profit scoreboard; Nissan is the profit leader in 2003 at $2402 per vehicle (Hawkins, 2004). Ronald Harbour (the President of Harbour and Associates) enumerates several sources of cost savings per vehicle: labor productivity of $400-500; lower warranty costs of $200-300; lower capital investment costs of $400-500; and fewer sales incentives of $500-1000; this adds up to between $1000 and $1500 (Kerwin, 2002). In this same vein, Harbour (2002) says there is an "ever strengthening correlation between manufacturing performance and quality" and that productivity is directly linked to high quality as good manufacturing processes means guaranteeing quality. As a practical reminder, however, costs and profits are affected by more than just labor costs. In 2003, General Motors and Ford reported 'cost of goods sold' of 92.1% and 93.8% of worldwide automotive sales of which labor is a fraction, albeit not an insignificant portion (sources: General Motors 2003 10-K Report, 2004; Ford Motor 2003 10-K Report, 2004; calculations by authors).

Two sources of angst that eat into profits and counter quality and productivity savings are warranty costs and sales rebates and/or low interest financing deals. Garsten (2004) reports the automotive industry is facing nearly a $12 billion warranty burden in 2004, amounting to between 1% and 3% of sales. Worse, the number of vehicles affected has jumped from 247,000 in 1994 to 529,000 in 2003, for a 114% increase. About 19.8 million or 8% of all registered vehicles in the U.S. were recalled in 2003 (Power and Lundergaard, 2004). Unfortunately, the domestic automakers they had a disproportionately larger share of these recalls.

Also escalating unit costs are cash rebates and low cost financing deals. In 2002 rebates were near $2338 per vehicle, rising to $3505 in 2003 (Garsten, 2003), and to $5000 for the 'Big 3' automakers in 2004 with General Motors alone near $7200 (Hawkins, 2004; Welch and Kiley, 2004). Rebates amount to around 23% off sticker price at GM compared to 21% off sticker at Ford. Meanwhile Japanese firms are not immune to this 'disease' either as they are forced to become more aggressive with rebates -- but only at 10% off sticker price -- to remain competitive. And subsidized leases have jumped as well. While the average subsidy on a lease was at $2376 in August, 2002, it rose to $4024 in August, 2004, up 70% (Kim, 2004). It almost seems that companies strive vigorously to improve productivity and quality in order to pay for ruinous warranty costs and rebate/financing deals.

Variable Relationships

Quality-Profit. This relationship is one widely investigated in academic research. Kotler and Armstrong (2004, 283) maintain that high quality builds customer satisfaction and value with Parnell (2004, 94) adding it can also lower costs. Reinforcing this position are Pitts and Lei (2003, 126-7) stating that quality is one key for building competitive advantage.

There is theoretical and empirical support for this position. Pitts and Lei (2003, 127) hold that a strategy based on quality enhances market share which raises profitability. A reference in Aaker (1988, 210-211) to work by Buzzell shows percent return on investment rising as quality increases. Jain (2000, 304), in reviewing Buzzell and Gale's work with the PIMS (Profit Impact of Marketing Strategy) database, states that a firm's quality relative to its competitors is the most important factor affecting performance. In a related vein, Ohta and Griliches (1986) found that as quality of used cars increased, the vehicle's transaction prices rose in concert (presumably profits for the used car sellers were higher as well).

Productivity-Profit. In equating productivity with costs, a basic tenant of microeconomic theory applies. Higher productivity leads to lower unit cost which induces lower prices and expands demand that leads to higher market share and profits for the more efficient competitors. Similarly, the experience curve effect from portfolio theory equates relative market share as a proxy for average unit cost; thus larger relative share is equated to lower unit cost and has a positive effect on profits. Jacobson and Aaker (1987), in another study using PIMS, examined relative cost and ROI, finding significant results for three of six product categories and all coefficients having the expected negative sign.

Quality-Productivity. This axiom relating quality-productivity (cost) seems counterintuitive at first glance. Previously, conventional wisdom held that high quality could be achieved but only at the tradeoff of higher unit cost. Early on Japanese companies spearheaded quality as a strategic factor, demonstrating that high quality and low costs can be achieved simultaneously and were not mutually exclusive, a finding that puts a dent in the traditional quality-cost tradeoff proposition. Harbour and Associates explain how high quality works to lower manufacturing costs: (1) fewer rejected products; (2) less rework on defective products; (3) lower warranty claims; and (4) less need to sell-off 'seconds' at discounted prices (Kerwin, 2002).

HYPOTHESES TESTS AND RESULTS

The hypotheses proposed here are derived from the relationships discussed above. After specifying each hypothesis, a discussion of results follows immediately. First, a comment is in order regarding the selection of the statistical methods employed.

Unfortunately, only a small number (six) of observations are available for testing relationships in this study. In these situations non-parametric statistical methods can be applied and can deliver highly satisfactory results as no assumptions are made about the underlying data distribution (Bhattacharyya and Johnson, 1977; 537-8). Correlation is one such procedure for ranked data with Kendall's $_{tau-b}$ an appropriate test statistic. A second statistic is Wilcoxon signed-ranks test, used for comparing two related samples of ordinal data (both these procedures are in SPSS). Statistics for both methods are reported in the discussions of results.

Hypothesis Tests

Hypothesis 1 - Quality-Profit Relationship. This relationship uses J.D. Power and Associates quality data where *few*PP100 means *high* quality.

H_1: High product quality is positively related to high profits.

Results: correlation coefficient Kendall's $_{tau-b}$ = -.467, at p = 0.094 level of marginal significance, (n = *6*). Readers are reminded that a negative sign should be interpreted favorably as supporting this hypothesis. For the Wilcoxon signed-ranks test weak results are found: 4 negative ranks, 2 positive ranks, Z = -1.153, at the p = 0.249 level of significance. The conclusion reached is that the correlation between high quality and high profit is marginal (at best) for explaining profit per vehicle and not supported by the Wilcoxon test.

Hypothesis 2 - Productivity-Profit Relationship. This relationship uses Harbour and Associates estimates of labor hours per vehicle where *fewer* hours mean *higher* productivity (and which is equated as lower cost).

H_2: High labor productivity is positively related to high profits.

Results: correlation coefficient Kendall's $_{tau-b}$ = -1.000, at the p = 0.002 level of significance, (n = *6*). The negative sign should be interpreted favorably as supporting this hypothesis. The Wilcoxon signed-ranks test finds weak results: 4 negative ranks, 2 positive ranks, Z = -1.363, at the p = 0.173 level of significance. The conclusion reached is that high productivity producers are more profitable than low productivity firms as the negative correlation sign shows but that the result is again weak (at best) per the Wilcoxon related samples test.

This discussion warrants additional commentary based on anecdotal evidence. The cost burdens of the 'Big 3' companies go beyond labor costs as worldwide automotive "cost of goods sold" were 92.1% for GM and 93.8% for Ford in 2003 (see above). In addition, domestic firms continue to have large legacy costs for retiree pensions and health benefit plans that the foreign transplants do not incur. Japanese (and European) firms also have enjoyed the advantage of economic incentives from local governments that aim to have plants locate in their area, saving the transplants considerable start-up monies (*e.g.*, tax incentives and training costs). The fact that Japanese plants are newer than most domestic plants is also a factor explaining efficiency differences (The Economist, 2004).

Hypothesis 3- Quality-Productivity Relationship. This relationship examines if quality and productivity can be achieved simultaneously. Both the variables when related to profits had negative signs because of how each was measured (lower PP100 and fewer labor hours with higher profits was expected). The expectation here is that higher quality (lower PP100 ratings) results from higher productivity (fewer labor hours per vehicle), thus the two variables should be positively related.

H_3: High product quality and high labor productivity are positively related.

Results: correlation coefficient Kendall's $_{\text{tau-b}}$ = .467, at p = 0.094 level of significance (n = 6). This time the Wilcoxon signed-ranks test produced strong results: 0 negative ranks, 6 positive ranks, Z = -2.201, at p = 0.018 level of significance. Both statistics support the hypothesis that high labor productivity is related to high product quality. By extension, the results support observations from industry experts that high quality and low cost can be achieved simultaneously.

The results from using Kendall's $_{\text{tau-b}}$ correlation coefficients indicate overall marginal support for the hypothesis. Wilcoxon signed-ranks test supports only Hypothesis 3; neither the quality or productivity hypotheses were supported. However, note is made that Hypothesis 2 at p = 0.173 is near the p = 0.167 level of significance, where one of six observations might be expected to fall outside the data range. Thus, accepting the results above rests largely on the less stringent Kendall's $_{\text{tau-b}}$ correlation coefficient and anecdotal evidence.

SUMMARY COMMENTS

This study explored the U.S. automotive market and two factors that affect profit performance: quality and productivity (latter used interchangeably with cost). The authors believe that two contributions emerge in this study: first, is the source of data and, second, is the novel modeling of profitability. Unfortunately only six observations were available for testing hypotheses.

The first contribution is the use of two independent, third-party sources for data. Harbour and Associates consulting has gained a well respected name in the automotive industry for their expertise in engineering-related studies of manufacturing cost and profit estimates. Likewise, J.D. Power and Associates has a recognized reputation for quality ratings by vehicle make. This study employed variables that were directly measured estimates rather than relying on proxy data substitutes.

The second contribution is the modeling of profitability. For the quality variable, the result was marginally significant for explaining profit per vehicle based on Kendall's $_{\text{tau-b}}$ correlation coefficient. For the productivity variable stronger results were found using Kendall's $_{\text{tau-b}}$ correlation coefficient while marginally significant (at best) using the stronger Wilcoxon signed-ranks test.

A stronger result was observed between quality and productivity. This finding supports the proposition by industry observers that the two factors are complimentary and not at odds as thought by some industry observers. Thus, pursuing quality and productivity simultaneously are key strategies for improving profit per vehicle.

What is disturbing are the effects observed by warranty costs, promotional rebates and low cost financing on profits. These factors have risen substantially in recent years and have taken their toll on the financial health of all automotive firms. Higher quality eventually will reach a limit as the marginal rate of PP100 improves; even the Japanese companies are hitting this quality wall (Sapsford, 2004). Likewise, higher productivity using fewer labor hours also will reach a limit (it is doubtful that the vehicles will begin to assemble themselves). These sources of improvement will make attaining cost savings and profit improvement more difficult in the future.

Restoring the financial health of the automotive industry means producers coming to some resolution about their strategies using promotional rebates and low interest financing deals. In a similar vein, warranty costs are chewing up profits and seem to have no upward limit. Quality gains and productivity improvements should not by themselves be relied upon to do the 'heavy work' of lifting automaker profits.

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Appendix A

Vehicle Makes by Parent Company

Company	Vehicle Makes
General Motors	Buick, Cadillac, Chevrolet, GMC, Oldsmobile, Pontiac, Saturn
Ford	Ford, Lincoln, Mercury
Chrysler	Chrysler, Dodge, Jeep
Toyota	Toyota, Lexus
Nissan	Nissan, Infinity
Honda	Honda, Acura

NEW PRODUCTS FOR INDIANA'S HARDWOOD INDUSTRY

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ABSTRACT

The hardwood products industry is one of the largest employers in the State of Indiana. The purpose of this study is to collect information pertaining to new products developed by the Indiana hardwood products industry. A survey was commissioned by the Indiana Department of Natural Resources, Department of Forestry.

INTRODUCTION

The hardwood products industry has been a gift to the United States of America that continues to keep on giving and giving. Wood's remarkable renewable properties have made it the essential ingredient to a prosperous nation. Numerous studies abound chronicling the nature of the hardwood industry (Youngs, Robert L. and J. A. Youngquist 2001; Schuler, Taylor, Araman 2001; Sutton, W.R.J. 2000). However, little is known concerning Indiana's new product process in the hardwood industry. The primary purpose of this study, therefore, is to collect information pertaining to the hardwood industry, with a breakdown of data dedicated to both primary and secondary hardwood product manufacturing. More importantly, data concerning the wood products industry needs to be collected, rapidly, due to increased global competition, especially from China (Courier Journal 2004).

The Indiana forest industry has prominently contributed to the state's economic fortunes. Inside its 36,420 sq. miles, Indiana maintains 4.4 million acres of forest that, in 2003, yielded 480 million board feet (Moistner 2004). Indiana Forests, dominated by 96% hardwoods, cover 19 percent of the state's land base (Petersen 1998). The forest industry employs more than 56,000 workers, or 4.3% of the state's labor force, making it the 6th largest manufacturing industry in Indiana (DNR 1999; Petersen 1998). Forest-based manufacturing provided 3.5 billion dollars in value-added and 7.9 billion dollars in value of shipments to Indiana's economy in 1997 (U.S. Census 1997). Overall, Indiana ranks 18th nationally in value added for all forest-based manufacturing industries and 1st nationally in value added manufacturing for both wood and office furniture (U.S. Census 1998).

RESEARCH METHODOLOGY

Because of the importance of the Indiana forest industry to the state's economy, a written questionnaire survey instrument was commissioned by the Indiana Department of Natural Resources, Department of Forestry, to gather pertinent facts concerning the business operation of both primary and secondary manufacturers of hardwood products. One of the most crucial assets for any industry is the development process of new products.

The population for this study included all primary and secondary manufacturers of hardwood products in the State of Indiana. The primary manufacturers consisted of companies who use logs as the primary input in the production of wood products that are converted into industrial and consumer products (Hoover 1992). The secondary manufacturers consisted of companies who use lumber and wood products as a primary input in the production of consumer goods and products (Hoover 1992).

By using the Indiana Department of Natural Resources data base, a total of 754 primary and secondary manufacturers of hardwood products in the State of Indiana were identified. Because of the relatively small amount of the targeted population universe, an all inclusive sampling technique would be implemented. A written questionnaire was developed with the gracious assistance of representatives from the Indiana Hardwood Lumbermen's Association and the Indiana Department of Natural Resources. Questionnaires, with postage-free self-return address envelopes, were mailed to primary and secondary manufacturers of hardwood products. Because of usual type of associated address errors, 34 surveys were returned unopened. This resulted in the actual mailed surveys total, to equal 720 written questionnaires. A total of 93 usable surveys, out of the 730 sent, were returned, or a response rate of 12.7 percent.

FINDINGS

The descriptive results of the questionnaire reporting worker perceptions of the new product development process in the hardwood products industry for the State of Indiana are exhibited in the tables presented below. Table 1 highlights the factors limiting new product development, while Tables 2 and 3 report the sources of information used by employees when developing new products and when purchasing new high tech equipment.

Several external factors limit a company's goal of developing new products. These factors are external to the company and can not be controlled. Table 1 summarizes the factors limiting new product development for both primary and secondary hardwood product manufacturers. Heading the list is the need for capital investment. Forty-two percent of secondary manufacturers reported this as their number one factor, while 33% of primary manufacturers similarly reported this as the number one obstacle limiting new product development. Lack of marketing expertise, or the inability to identify new market opportunities, was reported as the second leading factor limiting new product development by both primary and secondary manufacturers. Surprisingly, determining customer needs almost came in at last place. Surprisingly since, "Identifying market opportunities" and "Determining customer needs," are so closely related to each other, in the "marketing concept" sense. And, lastly, the factor local competition was rated higher by Indiana's secondary manufacturers, 21%, compared to only 5% by primary manufacturers in the hardwood products industry.

TABLE 1
Factors Limiting New Product Development

	Primary Manufacturers	Secondary Manufacturers
Capital Investment	**33%**	**42%**
Identifying Market Opportunities	**29%**	**21%**
Resource Availability	**24%**	**15%**
Government Regulation	**24%**	**17%**
Wages	**14%**	**19%**
Foreign Competition	**14%**	**6%**
Worker Productivity	**10%**	**28%**
Research and development Costs	**10%**	**11%**
Determining Customer Needs	**10%**	**10%**
Local Competition	**5%**	**21%**

(Amounts shown are for percentage of companies responding for each item. Therefore, amounts could be greater than 100%)

Companies seek many sources of information when developing new product ideas. Table 2 presents the sources of information used by hardwood manufacturers during the new product development process. At the very top of the list are the actual customers of both secondary and primary manufacturers of hardwood products. This is in concert with the marketing concept. Customers should be the number one source of information when a company, in any industry, develops new products. Trade shows were in second place for sources of information used by companies when developing new products. However, the secondary manufacturers rated this source higher, 3.0, compared with Primary manufacturers, 2.2 score. Trade Journals, were almost tied in second place as a valuable source of information. Universities, Government sources, and consultants were all rated as very low sources of information for hardwood manufacturers when developing new product.

TABLE 2
Sources of Information
Used to Develop New Products

	Primary Manufacturers	Secondary Manufacturers
Customers	3.7	4.2
Trade Shows	2.4	3.2
Trade Journals	2.2	3.0
Universities	1.5	1.3
Government	1.4	1.5
Consultants	1.1	1.4

(The data presented in Table 2 were compiled using a semantic differential scale, 1 = never used, 5 = used often.)

Table 3 reports the sources of information used by Indiana's hardwood manufacturers when *purchasing* new equipment and advanced technology. This process is simply the reverse of the above data presented in Table 2, where the hardwood manufactures would be the potential *sellers* of new products. In this case the hardwood manufactures are the effectively the customers purchasing new products. According to data presented in Table 3, secondary hardwood manufacturers seek vendors, trade shows, and trade journals as the main sources of information when purchasing new equipment. This slightly differs for primary manufacturers who seek vendors, trade shows and customers as sources of information. Of little use to both primary and secondary hardwood manufacturers are accountants, bankers, Universities, and government agencies as sources of information when purchasing new equipment and advanced technology.

TABLE 3
Sources of Information
Used When Purchasing New Equipment and Advanced Technologies

	Primary Manufacturers	Secondary Manufacturers
Vendors	3.1	3.7
Trade Shows	3.0	3.6
Customers	3.0	2.3
Trade Journals	2.6	3.5
Accountants	2.1	1.9
Bankers	1.7	1.7
Universities	1.5	1.5
Consultants	1.4	1.3
Government	1.1	1.2

(The data presented in Table 3 were compiled using a semantic differential scale, 1 = never used, 5 = used often.)

SUMMARY AND CONCLUSIONS

This study has gathered relevant data concerning the new product development process in the Indiana hardwood products industry for both primary and secondary manufacturers. This study yielded three main findings. First, according to the data collected in the mailed questionnaire survey, the major reasons given as the factors limiting new product development were capital investment, identifying market opportunities, resource availability, and government regulation. Second, the sources of information primarily used when developing new products are customers, trade shows, and trade journals. Third, the sources of information used when purchasing new equipment and advanced technologies are vendors, trade shows, customers, and trade journals.

The future of Indiana's hardwood product industry continues to be a challenge for manufacturers, industry leaders, government bodies, industry associations and workers. Industry factors both internal and external to the hardwood products industry should be continually monitored. Considering the increasing global competitive environment, an overall strategic business plan should be developed considering both endogenous and exogenous factors affecting the primary and secondary hardwood manufacturers in the State of Indiana.

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EXPLORING THE GENERALIZABILITY OF THE BRAND COMMUNITY CONSTRUCT: APPLICATION IN SPORTS MARKETING

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ABSTRACT

This article extends brand community research and proposes a scale that may be used to measure the brand community construct in a non-traditional product. A convenience based stratified random sample of 387 individuals was gathered. Empirical results reveal a scale that displays excellent psychometric properties. Characteristics of the focal product and its brand community are discussed.

INTRODUCTION

There is considerable information available regarding the use of branding by sports teams in their marketing efforts. Further, there is a growing body of literature that explores brand community. Yet research that evaluates the brand community concept within sports marketing is nonexistent. Our main objective is to extend the brand community research of McAlexander, Shouten, and Koenig (2002). We plan to ascertain the generalizability of their brand community scale to a non-traditional brand, namely a sports team.

Brand communities offer a way to enmesh the customer in a network of relationships with the brand and fellow customers, as opposed to the traditional brand loyalty – a one to one relationship between a brand and its customer. It is presumed that such an approach would strengthen the bonds with the customer in a much superior fashion. McAlexander et al. (2002) define brand community 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 extend both the Traditional Model of Customer Loyalty and Muniz and O'Guinn's (2001) Brand Community Triad, from which they borrow the customer-brand-customer relationship, to create a customer centric perspective of brand community. 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 include 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."

Subsequently, McAlexander, Kim, & Roberts (2003) explore brand community integration and its importance to the customer loyalty equation. Their research offers evidence that "the accumulation of consumption experience among customers that express a willingness to engage in marketing relationships leads to a shift wherein other forces, in their case brand community integration, become more powerful in building loyalty than does overall satisfaction" (McAlexander et al., 2003, p.7). They suggest that more research is necessary to establish the boundaries of the brand community conceptualization (McAlexander et al., 2003).

Our research builds on the conceptual understanding of brand community integration and explores the generalizability of the McAlexander et al. (2002) scale in the arena of non-traditional brands. The scale has been tested with tangible products but not with those that are largely intangible and experiential, such as services, entertainment, and sporting events. Yet these intangible products and the community built around them appear to contain the same elements of brand community as defined by McAlexander et al. (2002). We modify the scale and measure brand community integration in a community of fans of a basketball program in a small, private, liberal arts college campus that is based on a Franciscan tradition. The college boasts of a very successful basketball program in the Northeast USA. In following narrative we provide the conceptual basis of our scale, examine the existent scale, suggest a modified scale, and then proceed to test the validity of our modified scale. We use an exploratory factor analytic model to determine the dimensionality of our constructs; we then examine the psychometric properties of our modified non-traditional product Brand Community scale, and use the refined measurement scales to describe characteristics of the brand community under investigation. We conclude by discussing our findings and providing implications for brand strategy formulation.

THE BRAND COMMUNITY SCALE MODIFICATION

McAlexander et al. (2002) report an extensive study of brand communities that follows an ethnographic fieldwork methodology. Based on the qualitative observations of their research subjects that display strong identification with brand communities (Jeep Jamborees and Harley-Davidson HOGS), they proceed to triangulate their findings with a quantitative study that uses customer-centric relationship scales to form a composite brand community integration scale. Four customer centric relationships were measured using a five point Likert-type scale: owner-to-product, owner-to-brand, owner-to-company, and owner-to-other-owners.

Each scale had multiple-item measures founded on the theoretical underpinnings of the ethnographic study by the authors. They then proceeded to conduct Confirmatory Factor analysis (n=259) at both first and second-order construct levels to see if the individual dimensions of the construct did in fact converge and display validity in measuring the higher–order construct of brand community. McAlexander et al. (2002) report good psychometric properties of the scales used to ascertain the construct validity of the overall integration in brand community.

In order to properly validate the scale using a non-traditional brand, it was necessary to slightly modify the questions used. We make contextual changes to ensure conformity to our non-traditional product, a sports team. To be consistent with the conceptualization of the McAlexander et al. (2002) scale, we also use a five-point Likert-type scale anchored by (1) "Strongly Disagree" and (5) "Strongly Agree." We believe that attending the basketball games and associated festivities would lead a member to feel more connected (or integrated, a la McAlexander et al. (2002)) with the brand community. The membership and a sense of connectedness convey both emotional and behavioral attachment to a brand that is much stronger and more meaningful than brand "loyalty" (Ehrenberg, 1988; Jacoby and Chestnut, 1978).

UNDERSTANDING THE BRAND – OVERVIEW OF BASKETBALL PROGRAM

The basketball program at a coeducational, independent, liberal arts college with a Franciscan and Catholic tradition, located in the northeast United States, served as the focal point of this brand community research. The basketball program consists of Division 1 level Men's and Women's basketball teams. The nature of the college's basketball program and the commitment of the college to it, as well as the commitment of both the college community and the surrounding community to the basketball program, have changed over time. One of the author's personal familiarity with the basketball program, having played on the team when it transitioned to a Division 2 level program, leads us to be able to understand the community built around this brand in a more meaningful manner.

The men's basketball program began in 1938-1939. By the 1971-1972 season, the program had moved to the Division 2 level and in 1976 the athletics program was elevated to NCAA Division 1 status (http:// < >.com, June 22, 2004). This reflected the commitment of significant financial resources on the part of the college and an emphasis on "upgrading the program and making all teams competitive" (http:// < >.com, June 22, 2004).

< > College was initially a men's college, with women gaining admittance in 1969. The women's basketball program was formed in 1974-1975 and moved to AIAW Division 2 in 1978-1979. Perhaps in response to Title IX, the women's team moved from Division 2 to NCAA Division 1 in 1983-1984. By 1991-1992, the women's program was equal to the men's program in offering 13 full scholarships. Here again, there was a significant financial investment required on the part of the college. The growth in the program is remarkable in terms of team characteristics (i.e., number of scholarship players, number of coaches, number of support staff, financial resources, schedule, and facilities) and fan base.

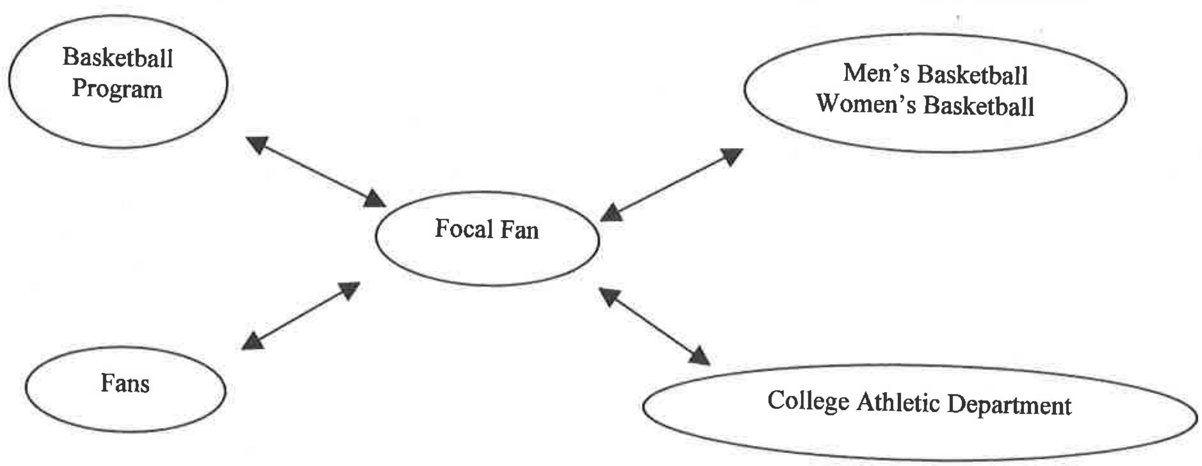
Given extensive prior and current experience with the basketball program, as both player and spectator, we note a significant change in the basketball teams, basketball program, and the < > basketball community over the last 20 years. Today, there are numerous fan events and extensive networking into the surrounding community. Many of the home games are designed to be family friendly events, with games and activities for children provided and family food packages offered. Junior, travel, and CYO basketball teams from the area are invited to attend games with attractive group discounts and opportunities to interact with the players. During the games, there are fan involvement activities such as launching tee shirts into the stands for successfully made three point shots (Tees for Threes), shot contests, fan races, and throwing hot dogs into the crowd.

Further there are activities that are designed to build loyalty in the college community. There is a Dance Team and a Cheerleading Squad (Cheer Team) that are comprised of college students. The Dance Team performs at each men's home game and the Cheer Team performs at both home and away games. Diehard fans can participate in The Dog Pound, wearing college colors and team logos, painting their faces and chests, and sitting in reserved, courtside seating to support their team. Efforts to build relationships with former players include alumni games, the hall of fame inductions, team banquets, and alumni newsletters.

Finally, the athletic department has specific programs for building basketball program awareness in the community surrounding the college. The Lil' Saints Club is designed for fans 14 years old or younger who wish to support the basketball teams throughout the season (http:// < >.com, June 22, 2004). Additionally, student-athletes give back to the community by participating in the Adopt-A-Player program. Players from the men's and women's basketball teams travel to various elementary schools, visiting with the classes that have adopted them for the season, with the intent to motivate elementary students while learning the value of volunteering in the community (http:// < >.com, June 22, 2004). The athletic department has created an extensive website to support the athletic programs on campus. Detailed information is provided about the men's and women's basketball programs, players, statistics, news, camps, facilities, and schedules. Fans can buy tickets and logo apparel and they can send FANcards with pictures of their favorite player. Further, fans can register for a Wireless account that will permit wireless access to scores and headlines.

Looking at this basketball program, one notes the elements of a customer-centric brand community that McAlexander et al. (2002) proposed. Further, we can depict the basketball program in the context of McAlexander et al. (2002) Extended Model of Brand Community (see Figure 1). Given the characteristics of our basketball program and the convenience of data collection, we selected this as the focal point of brand community research with a non-traditional brand.

FIGURE 1: A MODEL OF THE COLLEGE BASKETBALL PROGRAM BRAND COMMUNITY



METHODOLOGY

A convenience-based stratified random sample was generated with adequate representation from all parts of the college community. A total of 387 individuals responded to our paper and pencil survey. The sample was found to be representative of the college community. The sample displayed a 51-49% split in favor of females. Approximately 4% of our respondents were faculty members, which is in tune with their overall representation on campus. However, administrators and support staff were underrepresented at 2% in our sample. There is a possibility that administrators that routinely teach a course on campus might have identified themselves as faculty. As is the case in the population, a majority (94%) of our respondents was students. We were successful in finding sufficient variance in the attendance history of respondents. 33.8% (130) responded that they had never attended a basketball game or ensuing festivities on campus, while 65.9% (255) of respondents had attended at least one game in the past season (2 respondents failed to answer this question).

Scale Dimensions

We proceeded by conducting a Factor Analysis in order to ascertain the scale dimensionality. We refrained from rotating the solution in order to observe the orthogonal solution. A three-factor solution was observed with a 0.610 minimum extraction and a 0.872 for the highest extraction value. The explained variances of the three-factor solutions were 48.981%, 13.305%, and 7.914% resulting in a total explained variance of 70.2%. As suggested by the drastic fluctuations in the explained variance in the three factor solution, majority of items loaded on the first factor, there were several items that cross-loaded between the first and second factor. A cutoff of 0.50 factor loading was used to determine factor membership. This rule of thumb resulted in none of the items significantly loading on the third factor. Essentially, the orthogonal factor analysis yielded a two-factor solution with no theoretical rationale for item loadings. As is conventionally done, in order to facilitate a more meaningful interpretation of factor solutions the initial solution was then subjected to a rotation.

Using a Varimax rotation (Kaiser Normalization) with the PCA extraction method we obtained a four-factor solution. A cutoff of 0.50 factor loading was used to determine factor membership. The total explained variance rose to 75.615% with each factor displaying a balance of explained variance (28.351%; 19.128%; 15.320%; and 12.817%). Table 1 below outlines the four factor solution and the respective items in each factor.

Scale Validity Analysis

We then proceeded to examine the individual scales and their internal consistency using the traditional reliability measure of a Cronbach's alpha. A listwise deletion was used to correct for missing values; a minimum of 346 cases were used to determine the Alpha values (see Table 2). For a scale that has not been tested in a brand that is not a traditional product, the scale displays excellent psychometric properties with a limited sample.

TABLE 1: FACTOR ANALYTIC SOLUTIONS

Dimensions	Items
Factor 1 Product (Basketball Program)	I love <Name> College Basketball. I am proud of <NAME> College Basketball. <NAME> College Basketball is one of my favorite things to watch. <NAME> College Basketball is fun to watch. I would recommend watching <NAME> College Basketball to my friends. <NAME> College Basketball is of the highest quality. <NAME> College Basketball is the ultimate basketball team.
Factor 2 Brand (College)	I value <NAME> College heritage. I value the Franciscan tradition that <NAME> College upholds. I admire <NAME> College as a Liberal Arts based College.
Factor 3 Other Fans (Owners)	I have met wonderful people because of <NAME> College basketball. I feel a sense of kinship with other <NAME> College Basketball fans. I have an interest in a club for <NAME> College Basketball fans.
Factor 4 Brand Sponsor – Empathy	<NAME> College understands my needs. <NAME> College cares about my opinions.

TABLE 2: NON-TRADITIONAL PRODUCT BRANDCOMM SCALE MEASUREMENT PROPERTIES

Scale	Cases Used	Alpha Value
Product	346	0.919
Brand	357	0.812
Other Fans	350	0.918
Brand-Sponsor Empathy	348	0.826

CONCLUSION AND FUTURE RESEARCH AVENUES

Our results suggest that the scale can indeed be used for a non-traditional brand. A non-traditional brand, such as a sports team, can benefit from understanding how its brand is perceived and consumed. Sports teams that take a customer-centric focus may experience the same benefits that McAlexander et al. (2002) note for more traditional brands, namely differentiation, increased customer loyalty, the ability to provide the context for relationships to develop, and customer forgiveness of product failures or lapses of service quality. Sports teams have the added incentive of building community and brand awareness because of the sponsorship opportunities that may result. "Companies have increasingly turned to sponsorship as a marketing communications vehicle in the hopes that the goodwill that consumers feel toward an event, cause or sport team will rub off on their brands" (Madrigal, 2001, p.145) and to "increase brand awareness by exposing the brand to as many potential consumers as possible" (Madrigal, 2000, p.13). Professional teams "provide entertainment for spectators and are now sold to four distinct groups: 1. fans who support leagues by attending games, following games on television and other media, and purchase league- and team-related merchandise; 2. television and other media companies which purchase the right to show games as a programming option; 3. communities which build facilities and support local clubs; 4. corporations that support leagues and clubs by increasing gate moneys, purchasing teams outright, or providing revenues through sponsorships or other associations" (Mason, 1999, p. 1). Thus, non-traditional product brands, namely sports teams, have additional financial motivations for understanding the sense of community associated with their brand.

The scale provides us with considerable information about the brand community integration. Looking at the results we conclude that attending basketball games and associated festivities does indeed lead a member to feel more connected with the brand community. This finding is not surprising in light of the overwhelming evidence provided by McAlexander et al. (2002) regarding the customer-centric investment in relationships based on product consumption in the brands they studied. However, what is interesting is that McAlexander et al. (2002) posit the need of studying the concept of brand community integration with a less "flamboyant" brand. They raise questions whether the lack of glamour of the brand and the smaller size of the brand community could detract from the strength of integration and belonging experienced by the brand community members. Our research shows that smaller brands that are more local in nature with smaller sizes of brand community may still be able to enjoy a sense of connectedness with their customers.

The results suggest a difference in the relationship with other fans of the basketball program, given respondent's attendance at games and event. Individuals who attend games report a sense of kinship with other fans and believe that they have met wonderful people because of the basketball program. Again, this is in tune with McAlexander et al. (2002) findings. However, we were unable to study the difference between neophyte and veteran fans due to data limitations. This could be an issue worth exploring in future studies using our scales.

Our results suggest that there are other factors, beyond the basketball programs, that influence the sense of college community that one feels. In some respects, this is not surprising as a college goes to great lengths to build community, especially with its students. As a private college which differentiates itself through small class sizes and a sense of "community" that is central to its Franciscan tradition, the college excels at offering many activities, programs, events, clubs and organizations to foster participation and a sense of belonging in the community. The sports community is part of a much larger and stronger overall college community. For certain individuals, perhaps the die-hard fans, it is a very important part of building the sense of community that they feel with the college. However, for fans that view their membership as a composite part of the overall college community experience our scale might not be able to capture and isolate the effect in a statistically significant manner. The McAlexander et al. (2002) study also cautions us about the fact that customers that already enjoy high levels of connectedness with a brand could only report on incremental gains in strength of relationships due to event participations, which makes the measurement of such small effects especially arduous with a generalizable scale.

Further we note little difference in the perceived empathy of the brand sponsor by fans and non-fans. Fans and non-fans feel that the brand sponsor understands their needs and cares about their opinions. Once again, the strong ties and bonds that students establish with the college community from day one of their arrival on this campus leads *all* community members to feel a strong sense of connectedness and belonging in the college community. Attendance or lack thereof in basketball games would then not be a distinguishing factor in their evaluation of the empathy of brand sponsor, in this case the college. However, future research could focus on programs that clearly identify a corporation as the brand sponsor (with little or no emphasis on the college being the brand sponsor). The results could provide insights for corporate sponsorship of sporting events on college campuses.

We have studied the basketball program at this college, *as a whole*. Our review of the results suggests that the men's and women's programs may well be two distinct communities, with the men's basketball community being a community of more members (a larger community). Assessing them as individual communities would have been the better approach to take. While we recognize this as a limitation and have corrected it in subsequent data collection, it is important to note that although the communities are distinct and differ in size, they do not necessarily differ in terms of the sense of "strength" of the community. A post hoc analysis of the men's and women's basketball program attendance data was not possible, as attendance was not addressed separately in the data collection instrument. We evaluated attendance in the overall basketball program. An additional consideration for future research is a modification to the scale. It would be beneficial to include the "Athletic Department" and associated questions in subsequent versions of the scale.

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THE MARKETING SAVVY OF GEORGE STEINBRENNER

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ABSTRACT

George Steinbrenner, the controversial and infamous principle owner of the New York Yankees runs the most successful team in the history of American sports. Why is he often called a marketing genius? This paper explores this very question.

INTRODUCTION

New York Yankee owners have been "savvy" marketers since Col. Jacob Rupert purchased Babe Ruth from the Boston Red Sox in 1920. Though the Yankees typically have had very good management on the field, we must not minimize the role of ownership in their success. The Yankee organization has been a highly marketing-oriented one since that eventful day when Ruth put on pinstripes. During the 1940's 1950's and 1960's ownership consisted of a partnership between Dan Topping and Del Webb. These men created the "Yankee Dynasty", teams that never seemed to lose a World Series. In fact, Del Webb continued to prove his marketing skill by building a multi-billion dollar real estate business. Apparently, George Steinbrenner inherited the genes of previous owners who have exhibited great "marketing savvy". This paper attempts to explain the success of the Yankees and the role of George Steinbrenner in it's success. This paper will also show that if an organization, any kind of organization, truly understands classic marketing principles they, too, can emulate the success of the Yankees.

GEORGE STEINBRENNER AND MARKETING

Marketing can be studied in college or graduate school, and then successfully applied in the business world. Still many people who may not have learned the "4P's" in academia, are accomplished marketers.

George Steinbrenner is just such an example. It is our feeling, based on extensive research, that much of the Yankee's success can be attributed to Steinbrenner's innate sense of marketing. There are precious few other answers to explain his achievements. For example, Steinbrenner was the first to use "free agents", once free agency was established; there was the phenomenon known as the "Bronx Zoo" of the late 70's and early 80's; the manipulations of Billy Martin; there was the Seinfeld TV show; the MSG cable deal and the creation of the YES Network. Let's review these events in more detail.

Once free agency was established, George Steinbrenner saw it as a marketing tool. The enormous publicity surrounding the acquisition of famous and "high-priced" ball players like Reggie Jackson and Jim "Catfish" Hunter helped George Steinbrenner off the field (in terms of PR) and the Yankees on the field. His free agents catapulted the Yankees to three World Series in the late 70's, winning two of them (1977 and 1978).

he "Bronx Zoo" was a phase coined by ballplayer Sparky Lyle in the late 1970's to label the internal dissension caused mainly by Steinbrenner's hirings and firings. Still, the Yankees won five division titles, four pennants and two World Series between 1976 and 1981, and helped themselves to enormous portions of free publicity through widespread media attention (Linn, 1982; Lyle and Golenbock, 1979; Allen, 2000).

Billy Martin carved a special place for himself in the annals of baseball. Steinbrenner named Martin manager of the Yankees five times (1975-77, 1978, 1983, 1985 and 1988). Were all of these hirings and firings part of Steinbrenner's grand publicity plan? Who knows? But such machinations led to headlines across America's sports pages.

To fill the ballpark in this modern age takes both winning and publicity, which no owner, even George Steinbrenner, can easily afford. As one can see, Steinbrenner was clever enough to generate unusual amounts of free publicity for the first fifteen years of his tenure, to keep the Yankees in the New York (if not American) media nearly on a daily basis. Again, it was his use of free agents, The Bronx Zoo and the Billy Martin episodes that showed that Steinbrenner knew how to keep the Yankees on the "back pages." The "back pages" refers to the newspaper tabloids such as, The New York Daily News, The New York Post and The Chicago Sun Times. It is on these pages where most fans obtain their sport news. It was this constant turmoil within the Yankees organization that made those back pages. It was also such consistent attention paid to the Yankees that enabled Steinbrenner to secure the lucrative MSG Cable deal in 1988, even though it was ten years since the Yankees won a World Series. MSG Cable "signed" the Yankees, rather than their successful cross-town rivals, the Mets, because of this year-round media and fan attention.

Another example of Steinbrenner's marketing savvy related to the most popular program on TV during the 1990's -- The Seinfeld Show. A Steinbrenner character appeared in the show between 1994 and 1998. Jason Alexander, a series star, who played George Costanza was also employed by the Yankees. Thus, you have the promotion of both Steinbrenner himself and the New York Yankees. In addition, Steinbrenner appeared on many other TV shows as well (TVTome, 2004).

The $486 million dollar deal with the MSG cable network in 1988 came at an opportune time as the Yankees on-field fortunes had waned. This deal broadened their media exposure to now include cable as well as the broadcast TV, and it gave Steinbrenner the financial means to recruit the ball players that field management wanted. When the MSG agreement expired in 2001, Steinbrenner was already thinking of expanding his media reach. He reasoned that if Ted Turner, then owner of the Atlanta Braves, can control his own media network, so can he and the Yankees. Thus, the Yankees Entertainment and Sports Network (YES) was born. In short, it was a way to directly benefit from all the sponsorship and advertising revenues that had eluded Steinbrenner in his earlier deals. This YES Network has become very popular since its introduction in 2002. In addition to broadcasting Yankee games, the YES Network airs shows on Yankee history, including interviews with present and past Yankees as well as other prominent sports figures. Other teams such as The New Jersey Nets, New Jersey Devils, University of Oregon, Manchester United and the Yomiuri Giants are, or will be, broadcast via the YES Network (McMains, 2002). It has become a comprehensive new marketing tool for George Steinbrenner.

When hurricanes raged over Florida late in the summer of 2004, they also played havoc with the major league baseball schedule. The New York Yankees and the Tampa Bay Devil Rays needed to play a "make-up" game before the end of the regular season. A game was hurriedly rescheduled for Thursday, September 23rd in New York. There was barely enough time to organize the appropriate publicity for this game. In addition, Tampa Bay was not exactly a strong drawing card in New York. So management developed a plan that would benefit the fans, the residents of Florida and the Yankees themselves. Admission would be on a "first come, first served" basis for five dollars. Hot dogs and soft drinks would be half-price. All of the net proceeds of the game ($150,000) would benefit the Red Cross Relief Fund. The game was played to a standing room only crowd of 55,000 fans. This event garnered nation-wide attention.

The above events were not created because George Steinbrenner was trained in the 4P's; rather, Steinbrenner had the marketing savvy to use various situations as opportunities to be capitalized upon. In fact, whether he knew it or not, Steinbrenner followed classic marketing principles. The result was that he now owns the most successful sports franchise in history.

The following sections will detail how George Steinbrenner was able to blend the 4 components of the marketing mix into a meaningful, and very successful, marketing program.

PRODUCT

The Yankees have, for the majority of their history, been a team that has been able to achieve success because of the product they have put on the field.

It is believed that the team brings in around $330 million in total revenue, although this number is just an estimate, as baseball does not report their revenues (Sandomir, 2004). According to George Steinbrenner (the Yankees CEO), the Yankees are able to make such large profits because his team wins games. According to Steinbrenner, you need to spend money to make money. When Steinbrenner bought the team in 1973, the Yankees were struggling both on and off the field, and through his business and marketing programs, he has turned the Yankees into the most valuable baseball team, and possibly one of the most profitable sports teams in the world.

What makes the Yankees different from other Major League teams? It's the product, The Yankees face a huge advantage in that they have a storied history and solid brand image. While new teams emerge and try to create fan interest and loyalty, the Yankees have established brand loyalty. In a recent study, it appears that four (4) factors were correlated with loyalty to a team: pure entertainment value, authenticity, fan bonding, and history and tradition (Passikoff, 2000). The Yankees placed first when it came too pure entertainment value (they know how to satisfy a customer) and history and tradition (Passikoff, 2000). Indeed, there is something to be said for a team's history. For example, a new fad in the Major Leagues is to market new uniforms and new merchandise to maximize a team's retail profits (Walker, 1999). After all, if a team now markets three different uniforms, a fan might be inclined to purchase all the caps for that uniform. So many clubs have introduced these new caps (while dropping the old ones with little ceremony); yet the Yankee players wear only one style. It is also important to note that the Yankees dark blue one-cap-for-all occasions ranks as one of the best selling in all of baseball (Walker, 1999). The Yankees don't need to use merchandising gimmicks because it is their history and tradition that sells the cap. In other words, the product is well regarded in the marketplace.

In 2002, the New York Yankees consummated a marketing alliance with the Yomiuri Giants of Japan (Kepner, 2004). The deal included the Yankees receiving scouting reports on Japanese and American players as well as support in scouting activities in Latin America and the Pacific Rim, the promoting of exchanges of coaches and club personnel as well as an exchange of information on conditioning and rehabilitation for players (Japan Economic Newswire, 2002).

t is this kind of arrangement that has added value to the Yankees as a product. They are constantly improving "the goods", with information gleaned from a variety of sources. In addition, the Yankees CEO, George Steinbrenner, has also improved the product through his acquisition of high-powered free agents--the Giambi's, the Rodriquez's and the Matsui's of this world.

PRICE

Currently, the Yankees receive about $100 million in revenues from the 3.5 million fans that have been filling the stadium regularly since the team began winning in 1996.

The Yankees have also been fortunate enough, for the most part, to stay away from a new tactic used in baseball: tier ticket pricing. Under this system of flexible pricing, teams charge different prices for the same seat, depending upon the game (Fatsis, 2002). In most cases, tickets for either weekend games or games the team considered "premiere" cost the most, while other games, with "sub-par" opponents, might be less expensive (Fatsis, 2002). Many teams are implementing this new way of pricing to drive up both attendance and revenue. While most teams are raising ticket prices for those games with guaranteed high attendance, the Yankees are generally charging the same price for most opponents, with eight weekday games having a special $5 promotion for upper-deck seats (Fatsis, 2002).

Price competition is not the issue here, but price sensitivity is. The Yankees are not out to "gouge" their fans like some teams may be doing. But they also know that "discounts" work, just like any organization, when sales are disappointing or perhaps in the off season (i.e., playing against weak or uninteresting teams).

PROMOTION AND DISTRIBUTION

The most prominent activity that the Yankees have taken to promote themselves both nationally and globally is to form exclusive alliances with other teams aimed at boosting their recognition and thereby their popularity.

In 1999, The New York Yankees and The New Jersey Nets merged; thus the two teams became part of one company. Under the deal, the ownership groups for the Yankees and the Nets would hold 50% of the new entity but would continue to run their own existing team. The newly merged holding company was called YankeesNets LLC (Fatsis, 1999). Together, the two teams were now able to offer about 190 games for telecast on cable; this led to the formatting the YES Network (Fatsis, 1999). The Yankees and the Nets also would gain marketing and sponsorship strength in the New York region. They offered joint advertising packages to companies and combined their ticket-sales efforts (see below). Soon after this merger, the New Jersey Devils joined YankeesNets (Fatsis, 1999). Although YankeesNets was dissolved with the sale of the Nets to Bruce Ratner and Brooklyn Basketball LLC in 2003, both teams have remained equal partners in the YES Network. In fact, the YES Network has proved to be a major marketing success for the Yankees.

The station has proved profitable. In the first year of existence, the YES Network brought in $170 million in revenue, $130 million of that being in Yankee-related revenue (Ozanian & Fluke, 2003). After subtracting profits that would go to the investment banker, Goldman Sachs, that still leaves the Yankees with $120 million, which is $68 million more than the $52 million they would have gained in their Cablevision deal (Ozanian & Fluke, 2003). The YES Network ended their inaugural year with an estimated market value of $850 million (Ozanian & Fluke, 2003).

In 2001, The New York Yankees reached an agreement with English Soccer's Manchester United to share market information, develop joint promotional programs and sell each other's licensed merchandise globally (MacDonald, 2001). The deal assured that Manchester United would have greater presence in the United States, where soccer has had a small but loyal following. At the same time, the Yankees would gain a new presence in England, and potentially around the globe, since Man-U's reputation and reach is considerable. Excellent revenue potential now exists because of the worldwide sponsorship rights granted the Yankees, in joint television programming opportunities, and the simple union of two powerful international brand names (Copetas & Fatsis, 2001). For example, the Yankees gain the rights to all of the Man-U's games, further bolstering the YES Network. At the same time, Man-U will not only gain the broadcasting rights of the Yankees, but would also give sponsors the chance to access North American and European markets at the same time (Mac Donald, 2001).

The only sport that has struggled more than soccer in trying to crack America has been baseball trying to gain acceptance anywhere beyond Japan and a few Latin American countries (Lasswell, 2001). While people wear Yankee caps all around the globe, many of then do so because they think the NY logo stands for New York City, not the Yankees. What this deal does is brings the Yankee name out of the United States and into homes from England to Singapore. The Yankees will be able to broadcast more games overseas under the Man-U agreement, and they will also be able to use Man-U's worldwide chain of retail outlets to cash in on baseball's global popularity while capitalizing on the demand for anything "American" (Lasswell, 2001). This new merger is about brand extension, not just short-term revenues. In addition, with the signing of Hideki Matsui by the Yankees, they increased their promotion and distribution because they were now able to broadcast all Yankee games on National Japanese television. As a result, Yankee merchandise sales are very successful in Japan.

USING THE TEAM TO MARKET

The Yankees have always been able to boast of lucrative alliances with companies that have helped them market the team. As an example, in March 1997, the New York Yankees signed a $91.3 million, 10-year sponsorship agreement with Adidas, making it the largest sponsorship of a US sports franchise at that time (Fatsis, 1997). In the deal, Adidas gained the use of signs at Yankee Stadium and now advertise on Yankee broadcasts and in team publications. They will not be allowed to license the Yankee's classic pinstripes nationally, although they may sell Yankee-logo paraphernalia in the New York market as well as manufacture the team's on-field uniforms (Fatsis, 1997).

While this deal proved very beneficial to the team, there were conflicts with Major League Baseball's stance on the deal (Lefton, 1999). The main problem was the fact that since the Yankees found their own licensee, what would stop other teams from doing the same thing? What about the deal that MLB had with another manufacturer for uniforms for all teams? Would that deal lose its value now that each team would also have their own sponsors? Will this new form of revenue go towards revenue sharing, still a new idea at the time? After several years of court battles, the Yankees and MLB came to a formal agreement, the specifics of which were not released to the public. The arrangement, however, allowed the Yankees to keep their Adidas deal in place.

USING THE PLAYERS AS MARKETING TOOLS

The Yankee players themselves have been involved in endorsement deals since the days of Ruth, Gehrig, DiMaggio and Mantle. This kind of exposure not only sells a firms products, but it continues to put the Yankees name before the marketplace. Indeed, player endorsements usually help the promotion of any team as it puts a player and his team on a regional or even a national stage. And Yankee players and the team have been beneficiaries of an endorser's largesse in this area.

One of the biggest names in baseball endorsements is Yankees shortstop Derek Jeter. Currently, Jeter's most impressive endorsement deal has to do with Nike's Jordon line, where Jeter was one of thirteen athletes hand-chosen by Jordon himself to represent this brand. Jeter can be found wearing the products before and during the game, as well as in commercials for the product. Jeter also has his own Nike cross-training sneaker. An appealing pitchman in the nation's top market, Jeter earned more than $5 million in 2001 endorsing Gatorade, Skippy peanut butter, Oreo cookies, Ritz crackers, Visa, Fleet Bank and more (Pulley, 2001). He may be making $19 million a year in salary, but Jeter is well worth that money in terms of the increased advertising the team earns, and extra seats he sells for the Yankees. "He is one of the best at his position ever to play the game; he has an incredible smile, he's photogenic and he's one of the most incredibly nice people you would ever meet," says Thomas Fox, a vice president at Gatorade.

Jeter was also part of a popular commercial last year with his boss, George Steinbrenner (Howard, 2003). In the commercial for Visa, a blustering Steinbrenner had Jeter in his office and demanded to know how Jeter could stay out all night at New York hot spots and still play a great game. Jeter answered with a shrug of his shoulders as he held up his Visa card, then took Steinbrenner out for a night on the town (Howard, 2003).

Derek Jeter is not the only one with endorsements. Past and present Yankees have been in commercials recently. Jason Giambi, Mariano Rivera, Don Zimmer, and even Yogi Berra have been the focus of different advertisements.

What does this mean to Alex Rodriguez, a new Yankee player considered one of the best in the game? The trade that brought Rodriguez to New York is likely to transform an athlete who has been of only mild interest to advertisers into an endorsement superstar (Elliot, 2004). Playing on a losing team in the middle of the country did not help Rodriguez, so his move to a long-successful team in the largest media market in America will help his chances to become a major endorser of products.

Another player that has proven to be a major marketing success for the Yankees is Japan's Hideki Matsui. The signing of Matsui was not only important for the Yankees, but it was also beneficial to MLB and the city of New York (Rozin, 2003). From the moment rumors started about the signing, Japanese tour companies clamored for Yankee tickets, several of them buying more than 1,000 before the official announcement had been made (Rozin, 2003). "Our customer base is growing", GM Brian Cashman recently said. "That is a benefit of signing with us. He's not only helping us win games on the field, he's helping the business side..." (Kepner, 2004). For New York City, the signing of Matsui was a vital step toward reversing the declining number of visitors from Japan (Rozin, 2003). In fact, soon after signing with the Yankees, Matsui was appointed NYC Tourism Ambassador to Japan by New York City & Company, the city's non-profit tourism marketing organization (Consulate General of Japan, 2004). "There's absolutely no better ambassador we could think of to rebuild the Japanese market", said Christyn L. Nicholas, President of NYC & Co (Consulate General of Japan, 2004). Since then, Matsui has been featured in commercials that have been part of the city's tourism campaign in Japan.

For Major League Baseball, the signing increased their international reach and added revenues from TV rights and merchandise sales in Japan. In 2004, the Yankees and the Tampa Bay Devil Rays opened the Major League season in Japan, where games were played to packed stadiums (Kepner, 2004). The reach of the Yankees since Matsui joined the team was also visible, in Japanese fans wearing Yankee paraphernalia, and cheering for the Yankees. In fact, the Yankees are so well-known and well liked there, that they wore their home uniforms during the game even though they were to be considered the visiting team (Kepner, 2004).

CONCLUSION

So what is the "verdict" on George Steinbrenner's marketing savvy? Has it resulted in success? Have his marketing efforts improved the bottom line?

Despite Yankee salaries being at an all-time high (around $200 million), revenues from attendance, concessions, merchandising, licensing, media sales and other revenue sources have allowed the Yankees to reach record profits. And, most interestingly, the Yankees have set attendance records on the road. Talk about nationwide interest in this "local" product.

Perhaps the real reason for the Yankees success is that their CEO (George Steinbrenner) understands the meaning of the word "marketing" and knows how to meld the 4P's into a coherent, sensible and creative marketing program.

To conclude with a quote from the renowned Yankee Hall of Fame broadcaster, Mel Allen, "How about that!"

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MARKET ORIENTATION IN CERTAIN NOT-FOR-PROFIT ORGANIZATIONS: A STUDY OF BUSINESS SCHOOLS

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ABSTRACT

Among a number of various strategic orientations that a business may adopt such as market orientation, production orientation, or selling orientation, the market orientation strategy has been well documented in the marketing literature. The market orientation strategy is based upon the acceptance and adoption of the marketing concept. The market-oriented business recognizes the importance of coordinating the activities of all departments, functions, and individuals in the organization to satisfy customers by delivering superior value to the customer. The market-oriented business continually monitors customer information, competitor information, and marketplace information to design and provide superior value to it customers. Theory and empirical research suggest that greater levels of market orientation result in a greater ability of the organization to reach its objectives, in other words, higher levels of market orientation suggests better performance. The literature on market orientation however is quite sparse in the area of market orientation in the nonprofit sector such as churches, healthcare, and colleges and universities. This paper extends the current research on the use of the market orientation strategy by investigating market orientation levels within college and university schools of business in the United States and comparing their levels of market orientation to levels of previously studied for profit businesses. Academic vice presidents and deans of business schools in the United States were surveyed by way of a national mail survey. All of the academic officers (VPs and Deans) were from colleges or universities that held membership in either the Association to Advance Collegiate Schools of Business (AACSB-International) or the Association of Collegiate Business Schools and Programs (ACBSP). These two organizations are both accreditation sources for schools of business. The national survey was responded to by 462 officials. Of the respondents, 223 were business school deans and 239 were academic vice presidents. The market orientation scores of these officials were compared to scores reported in the literature for business managers and also comparisons were made between various groups of the VPs and Deans by position and accreditation affiliation. Each respondent was asked to provide market orientation information about two specific customer or stakeholder groups which included students and parents of students. Overall, 56 different hypotheses were tested. The results of the research indicated that market orientation was significantly higher in the business organizations than in the schools of business. The paper presents details of the research process and findings and discusses the implications of the research for schools of business.

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THE AMERICAN HEALTHCARE SYSTEM: IS AN IMPLOSION IMMINENT?

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ABSTRACT

Increasing healthcare costs continue to escalate along with shortages in specific healthcare professionals. This problem is not recent, nor is it going away. This paper explores selected issues in American healthcare system. The intent of this paper is not to present solutions, but to provide a current view of selected pressing issues.

INTRODUCTION

Most people who use healthcare or pay health insurance premiums would agree that healthcare is extremely expensive in the United States. In fact, many would argue that the healthcare system in the United States is in a state of imminent crisis. The cost of healthcare is rapidly rising. Inflation in healthcare is rising at a rate considerably more rapidly than general inflation. Employers and employees are struggling with these costs and their effect upon the price of the products and services they produce.

In addition, there are shortages of key personnel positions in healthcare such as registered nurses, pharmacists, and radiology technicians. If the shortages in these positions continue, the health of individual patients will be affected. Hospitals may be no longer able to take care of all of its patients and family members, or non-healthcare professionals may be required to assist in the provision of healthcare of family.

New technology or products are continually being developed. Often times, these new technologies come with a higher price tag than the technologies they replace. While these technologies may provide better patient care, the added cost pressures only exacerbate the entire healthcare cost situation.

A related topic to new technology is the appropriate use of healthcare resources. Americans tend to want to extend life no matter what it takes and no matter how much it costs. New technology also impacts this issue as the lives of more and more people may be saved or prolonged through the use of new technology. The discussion of quality of life and the chances of an acceptable level of recovery are extremely difficult and complicated but they certainly have an impact upon the usage of healthcare resources.

One consequence of higher healthcare costs is that many people elect not to have health insurance. The rising numbers of uninsured Americans is alarming. Often this decision means that the healthcare system must cover the cost of their uninsured healthcare. The rising uninsured population adds another straw on the back of the healthcare camel. The richest country in the world does not guarantee that all citizens receive adequate healthcare. Ethically, that does not sound right to many Americans.

Finally, malpractice insurance is faced with substantial increases in premiums The cost of insurance in some instances causes physicians and hospitals to limit the care they provide. The specialties with the most concern are obstetrics and trauma medicine.

This paper will attempt to address these issues in more detail and then provide an opinion as to the outlook for healthcare.

HEALTH INSURANCE IMPACT

The cost of health insurance, after several years of small increases in the mid-1990s, is now rising very quickly once again. The rate of increase jumped to an average of 15.3 percent in 2002 and then decreased slightly to 14.7 percent in 2003. In 2004, the rate of increase in the cost of health insurance is expected to decrease to 12.6 percent in 2004. However, even the rate of rate increase in 2004 is not a sustainable rate. The 2004 rate of health insurance increase will soon make health insurance unaffordable for businesses and individuals. Chart 1 indicates the average increase in health insurance expense in the United States. (Hewitt Associates, 2003) The average rate of increase since 2000 has been nearly 12 percent. If that rate continues, the current cost of healthcare will double by the year 2011. Employers who provide health insurance benefits for employees are struggling to afford these increases now. It becomes very unlikely that employers or employees can afford to pay twice as much for health insurance as currently pay. Chart 2 indicates some averages for health insurance premiums experienced by employers. (AIS Health, 2003) The chart indicates that the average annual insurance premium for a family had risen to $7,572.57 of which the employee was paying 36.25 percent or $2,745. The employer was left to pay $4,828 per employee per year. If the rates continue to rise at nearly 12 percent per year, without any changes, an employer would be paying nearly $10,000 per employee by 2010.

It is becoming increasingly unlikely that companies will be able to continue providing health insurance to their workers in the same manner as before. For example, the telephone company Sprint experienced a 15 percent increase in premiums in 2003. That increase means an additional $75 million in cost for Sprint. According to E. J. Holland, Jr., vice president compensation, benefits, labor and employee relations, Sprint would have to generate $750 million in new sales just to cover the cost of the increase in health insurance unless they do something to control the cost increase. (Julius A. Karash, 2003) Businesses have just about reached the point where they cannot continue to absorb these increases in health insurance. They have embarked on several different methods to help control their benefit expense.

According to a survey by Perrin Towers, employers are doing utilizing several types of controls to limit the rate of health insurance increases. (Towers Perrin Survey, 2003) These limits include:

1. Changing plan designs
2. Stepping up employee communications
3. Targeting clinical programs
4. Implementing care management programs
5. Reviewing and updating their vendor management selections
6. Adopting consumerism strategies to make employees better purchasers of health care.

Of these changes being adopted by employers, changing plan designs is the most relevant to employer/employee costs. Changing plan designs usually involves increasing the employee deductible and/or increasing the amount that employees must pay as co-insurance. For 2003, deductibles were increased an average of 30 percent. Plans have also increased what is included in the annual out-of-pocket limits that employees must meet before the insurance plan pays the remaining healthcare expenditures for the year. (Sarah Max, 2003)

The other very common change that must take place is that the employees must understand that healthcare costs money. They must make better choices of their healthcare and bad choices should cost them money. Currently, many employees are not making sound decisions regarding their healthcare. Employees who have pay very little of the cost of healthcare for themselves and their family tend to view healthcare as inexpensive and will use it more. Employers would like to see the employees use healthcare like the money comes from their pocked so they are making the necessary changes so that money does comes from the pocket of the employees. Therefore, employers are utilizing increases in deductibles and co-insurance payments to help employees make better healthcare choices.

Not only does the increase have an impact on current employees, but it also has an impact on retirees. In fact, the percentage increase for employer-sponsored medical plans is actually higher for retirees than for active employees. This trend, which has existed since 1999, is a particularly revolting development for those employers who provide health insurance to their retirees.

The cost of health insurance and the associated increase in employee costs not covered by health insurance are rapidly increasing with no signs of slowing down. The impact of rising healthcare costs on a business is huge and growing.

HEALTH WORKER SHORTAGES

One of the biggest issues in all of healthcare is the shortage of certain healthcare workers. These workers include such important positions as imaging technologists, laboratory technologists, and other technically trained staff. Chart 3 shows the vacancy rates of several selected healthcare positions. (First Consulting Group, 2003)

The largest group of employees in healthcare is the registered nurses (RNs). These employees are essential to a hospital or physician office because they assist the physician in the care of the patient. RNs also evaluate the progress of the patients to make sure that they are properly recovering. Just how important are RNs? A study conducted by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) indicated that 24 percent of "unexpected events" that occurred while a patient was in the hospital was traced back to a shortage of RNs. (Alexa Pozniak, 2002) These "unexpected events" resulted in injury or death to patients while in the hospital. Obviously, RNs are vital to the care of a patient.

Unfortunately, there is a severe shortage of RNs in the United States and throughout most of the world. In 2002, in the United States alone, there were 126,000 open nursing positions. Due the aging of the baby boomers and the expected increase in nursing positions, that number is expected to grow to 400,000 by the year 2020. (Alexa Pozniak, 2002) The nursing shortage is an international problem as well that exists in most countries. The International Council of Nurses indicates that the shortage exists in third world countries as well as developed countries. An example of a pending shortage is in Canada. By 2010, it has been projected that Canada will need 10,000 nursing graduates. However, there were a total of 4,000 nursing graduates in Canada in 2000. (Karen J. Coats, 2003) These numbers indicated that Canada's situation will get much worse unless something is done.

These worldwide shortages create ethical dilemmas as the wealthier countries try to fill their open nursing positions with nurses from poorer nations. The United States pays the largest salaries for nurses so recruiters are able to attract nurses from other countries to the United States. A nurse trained in Ghana, where the average annual wage is $2,000 and a life expectancy of less than 60 years, finds a much better life in the United States. (Karen J. Coates, 2003) However, the loss of that nurse makes the health situation in Ghana just that much worse.

The state of California is now trying to embark on another complicating factor in the nursing shortage. California has passed a law that will require hospitals to have a certain number of nurses working in order to take care of the patients. The final implementation regulations are expected to be released by January 1, 2004 regarding the nurse-patient staffing ratios law passed in 1999. The California Nurses Union is a strong proponent of the legislation. The union believes that hospitals have made nurses work with more patients than they can handle at a time. In fact, the nurses say that there is not even a shortage but hospitals are just trying to make money by making the nurses work too hard. (SEIU, 2003) From the information presented above, there is obviously a shortage of nurses. However, the nurses are also correct in that some hospitals have had the nurses trying to take care of more patients that they can safely handle and, as a result, patients have died or been injured. (Alexa Pozniak, 2002)

The impact of a mandatory staffing ratio on the provision of healthcare has yet to be determined. The ratio could mean that the nurses have more time to take care of their patients. On the other hand, if a hospital is unable to staff their units with enough nurses for their patient load, the patients will either have to be transferred to another hospital or perhaps even denied care. Either way, a hospital will end up paying more when they are desperately trying to find nursing help to take care of their patients which will increase the cost of healthcare even more. In addition, some ethical dilemmas may surface. If a hospital runs out of nurses and the ratio is at the maximum, what happens to the next patient coming to the emergency room? Will hospitals have to shut down entire units because of a nursing shortage? If so, what happens to patients who need care immediately? As usual, the rest of the country will let California test the new law and see what issues surface.

The American public evidently sees the issues of staffing as extremely important as well. In a 1999 survey conducted for the Philadelphia College of Osteopathic Medicine, 53 percent of people surveyed were concerned about the cost of healthcare and the lack of healthcare coverage. Only 18 percent were concerned about the quality of healthcare. The results were the same regardless of the person had insurance or not. (PR Newswire, 2003) Clearly, costs and staffing are a concern for the general public.

Finally, governments are starting to figure out that staffing shortages need to be addressed. President Bush, for example, has signed a law authorizing $30 million to be spent on providing more education, recruiting incentives, training, etc. so that more people can be trained as nurses.(Alexa Pozniak, 2002)

IMPACT OF NEW TECHNOLOGY

Another factor in the increase in healthcare costs is the impact of new technology. There are many incredible advances constantly happening in healthcare. These new technologies improve patient care with improved diagnosis, improved treatment, reduced need for future treatments or other improvements. All of these new technologies cost money, at least in the short run. Often, the insurers, such as Medicare, do not pay for the additional cost of these technologies.

For example, a recent technological development in cardiology is causing a great deal of concern for hospitals. For the last ten years or so, many patients with clogged arteries around their heart have been treated with little pieces of wire called stents. These stents enable the physician to open the artery and keep it open and thereby allowing the patient to avoid open heart surgery. However, a percentage of stents do ultimately clog back up and either another stent would be required or the patient had to undergo bypass surgery.

In April of 2003, the Federal Drug Administration gave permission for physicians to utilize a new kind of stent when treating their patients. The new stent is impregnated with a drug that reduces the chance that the stent will clog up again. Clearly, for patients, this is an excellent technological advancement. For hospitals, providing this surgery is not financially attractive.

According to the director of the Cardiac Cath Lab at St. Francis Health Center, Moussa Elbayoumy, these new stents are very expensive. Each new stent costs the Health Center over $3,000. The average patient receives two of these new stents. (Moussa Elbayoumy, 2003) Most of the patients that receive these stents are insured through Medicare. In the infinite wisdom of Medicare, they increased the amount that they will pay for the stent procedure by an average of $1,800. The hospital gets the privilege of spending an additional $6,000 for an average stent patient and Medicare believes that an additional $1,800 in reimbursement for taking care of the patient is adequate.

Very quickly, the physicians and hospitals are put in an extremely delicate financial situation. Do they deny the best treatment to a patient because of the additional cost not reimbursed by insurance, Medicare or some other third party payer? At this point, almost all hospitals continue to place these stents and accept the losses but no one can operate a business below costs for long.

The combination of new technology, better care for the patient and the financial health of a hospital does not always work well. Part of the problem is that third-party payers of healthcare are too short sighted. They are concerned with the cost of the new technological procedure and do not take into account that the health improvements made now may ward off health issues later or perhaps reduce other more costly health complications. An example of this predicament is bariatric surgery.

Bariatric surgery is used in the treatment of acute obesity. Obesity is becoming a huge problem in the United States. The number of obese Americans is rising rapidly. The number of people considered to be obese rose 60 percent between 1991 and 2000. That brings the percentage of Americans that are obese up to 36 percent (R. Sturm & KB Wells, 2003) in addition, the cost of treating obesity in the United States has passed the treating of smoking. Obesity adds 36 percent to the cost of healthcare while smoking adds 21 percent. (Nutrition News, 2002) Chart 4 shows the percentage of health complications experienced by people in these categories.

People who are obese are 67 percent more likely to experience other chronic health conditions than people who are not overweight. Only normal aging creates more side effects for normal sized people. (R. Sturm & KB Wells, 2003) These complications cost the healthcare system money to treat and cause pain, injury and possibly, death to these people struggling with obesity. For example, one of the common chronic conditions that obesity can cause is diabetes. Obesity is a leading factor in the development of diabetes. For some patients, bariatric surgery may be the best way to treat obesity.

Bariatric surgery actually reduces the size of the stomach so the patient cannot eat as much. New techniques and products have actually allowed bariatric surgery to be done as a closed surgical procedure. The director of Surgery at St. Francis Health Center, Barb Khalil, indicated that the new technique allowing a closed surgery means that the surgeon actually performs the bariatric surgery through 6 small holes in the abdomen instead of a surgical procedure where the surgeon actually cuts through all tissue and muscle the length of the surgical site to reach the stomach. It allows the patient to experience less post-surgical pain because of the smaller incision and the patient is able to leave the hospital sooner. However, the new technique uses specialized supplies, which costs an additional $2,000.

Patients who undergo bariatric surgery experience a decrease and possible elimination of diabetic complications. In addition, other health issues may also disappear or become less severe. If a patient is able to lose weight and keep the weight off, they will reduce the costs of obesity.

Unfortunately, some insurance companies will not cover the cost of these surgeries. One of these companies is Blue Cross Blue Shield of Kansas (BCBSKS). BCBSKS indicated that they do not believe that they will be able to experience enough of the savings to justify the cost of the surgery. St. Francis Health Center continues to discuss this issue with BCBSKS in the hopes of getting this issue resolved. In the defense of BCBSKS, they believe that the average insurance subscriber changes insurance companies every three years so they would not be able to recoup their additional costs.

Once again, what is best for the patient is not necessarily the best for the other players in healthcare because of financial issues. The issue is whether the up front costs of the surgery are going to reduce overall healthcare costs. In the opinion of many, bariatric surgery should be covered and there would be a pay back quickly.

APPROPRIATE USE OF RESOURCES

One cost factor that society has not tackled yet is the appropriate use of healthcare resources. Society expects the healthcare system to spend whatever it takes to save individuals. Without clear direction, governments, insurance companies and individuals spend huge amounts of money on such issues as premature babies, keeping people alive through technology at the end of their life, transplants and other expensive health care decisions.

One example of healthcare resource utilization is the allocation to premature infants. Extremely premature babies are typically placed in special units in hospitals called neonatal intensive care units (NICU). A long-term infant in the NICU can easily generate a bill with charges exceeding $1 million. Approximately, 30 percent of the NICU patients are covered by Medicaid which is the government funded program for the low-income patients. (Sunday News Lancaster, 1997)

These infants utilize a high proportion of the money spent on infant care. The United States healthcare system spent 35 percent of its infant resources on NICU babies. In addition, because these babies are more likely to have some disability because of their premature birth, they will continue to utilize more healthcare resources throughout their lives. (Sunday News Lancaster, 1997)

The United States has the best technology for treating the pre-mature babies. However, the United States infant mortality rate of 6.75 deaths per one thousand live births trails most other developed European nations such as United Kingdom (5.28), Norway (3.27), Germany (4.23), France (4.27), and Italy (6.19). (World Fact Book, 2003) The United States has more teenage pregnancies than any other developed country and a major contributor to the number of premature births. (University of Maryland Medicine, 2003) In addition, many teenagers, or others without health insurance, do not receive adequate prenatal care, which also drives up the infant mortality.

The United States may soon have to make an ethical decision. With the $1 million spent on one NICU baby, the healthcare system could provide prenatal care to over 200 at-risk mothers in order to increase the chances of a full term pregnancy. The $1 million could be spent on education to try and decrease the number of teenagers who become pregnant. If one follows the ethical philosophy of looking for the greatest good, it becomes a pretty clear picture.

A second example of healthcare resource allocation is the impact of organ transplants. Transplants are a very expensive procedure. A heart transplant costs between $200,000 and $300,000 for the procedure itself plus up to $25,000 to obtain the heart and transport it to the patient. In addition, there are ongoing costs of $15,000 per year in ongoing expenses such as anti-rejection drugs. (Matthew Phillips, 2002)

Certainly, a heart transplant can extend one life. The costs associated with extending one life as opposed to treating a greater number of patients with chronic conditions becomes an ethical question. If, for the same $200,000 that is spent on one heart transplant patient, would the greater good be to spend the same amount on the patients who suffer from diabetes or kidney failure? Not if you or your family member needs the new heart.

Questions also arise quickly about whether or not the recipient should have received the transplant. Permitting organ transplants for prisoners is being questioned by many. The Supreme Court ruled nearly 30 years ago that prisoners were entitled to adequate medical care which is an inconsistent ruling since the general public does not have that right. (Jeffrey Kahn, 2002) That ruling has been interpreted to mean that prisoners are eligible to receive transplants.

Organ transplants bring into question the reasonableness of spending a huge sum of money on a single person. The right of an individual to receive an organ is another topic that has not been completely resolved to the satisfaction of many

UNINSURED POPULATION

One of the largest problems for the healthcare in the United States, one that may ultimately cause the implosion of the current system, is the mounting tide of uninsured patients in this country. The number of uninsured people in the United States increased by 2.4 million last year which is the largest increase in ten years. (Robert Pear, 2003) The increase in uninsured is due to several factors. One, the poor economy meant that an increase in unemployment and, therefore, an inability to afford health insurance coverage.

However, another factor appears to be the reason for most of the uninsured increase. The number of employees who receive their health insurance through their employer decreased. In 2002, the percentage of workers who received health insurance coverage through their employer decreased from 62.6 percent to 61.3 percent. The number of people insured through their employer decreased by 1.3 million even though the population of the United States increased by 3.9 million. (Robert Pear, 2003)

The significance of this increase in the uninsured population is tremendous. First, the patients themselves will not have access to as much healthcare as they may need. A person who cannot afford their prescriptions, appropriate physician visits, etc., will not be able to handle health issues properly.

A second problem that comes from the increase in uninsured is that the healthcare providers who attempt to take care of these patients as best as they can will not receive adequate, if any, reimbursement to recover their costs. Consequently, the providers will try to "cost shift" or increase the charges to the other payers to offset their losses on the patients without insurance. The ability to "cost shift" has been severely reduced over the past decade. More and more payers will pay a preset amount for the care of patients covered by their insurance and do not pay the amount charged by the provider. Therefore, raising charges results in very little additional income for the provider and they are not able to offset the losses on the patients without insurance.

MALPRACTICE INSURANCE

Another rising cost in the health insurance industry is malpractice insurance premiums. Actually most insurance rates have been increasing, particularly due to a decrease in investment earnings, medical malpractice litigation, or even losses in the stock market. The increase in malpractice insurance has been particularly alarming over the last few years.

The increase in malpractice insurance has been particularly difficult for some specialties in some parts of the country. In Chicago, the average malpractice premium for a general surgeon was $76,000 and $110,000 for an obstetrician. These premiums rose 20 percent or more again this past year. (Jim Ritter, 2002) There has been a great deal of debate about whether the lawyers are to blame for this crisis. Certainly, a great deal of the problem lies in the legal system, the healthcare system must also share some blame.

Not only is the cost of malpractice insurance hurting the healthcare industry and causing costs to increase, it is beginning to limit care to patients which is even worse. In 2002, all of the trauma physicians in Las Vegas, Nevada resigned because they said they could not afford the malpractice insurance. During the 10 days that Las Vegas was without trauma physicians, there were 150 trauma victims and 6 died. No one knows if the lack of trauma physicians made a difference in those deaths. (Medical News Report, 2002) A similar situation happened in West Virginia. Both situations were resolved when legislatures passed caps on pain and suffering rewards.

Malpractice insurance and lawsuits are a burden to the healthcare system. The insurance coverage is becoming prohibitively expensive. It would appear to be reasonable to set some kind of limits on non-monetary awards. It also appears that the medical community needs to do a better job of monitoring physician quality. Physicians who cannot seem to practice medicine safely should not be allowed to practice. At some point, the public may have to make a choice between large malpractice awards and the availability of physician care.

CONCLUSION

The American healthcare system is in serious trouble. There are shortages of crucial healthcare workers so the providers of healthcare are bidding against one another for their services. This example of supply and demand means that wages increase which increases the cost of healthcare. These shortages may get worse before they get better unless some action is taken very soon to attract new workers to the profession.

New technology, including devices and pharmaceutical products, are increasing the cost of healthcare. Many new products are available to the healthcare system each year. Most will improve the health of patients. However, often many insurance payers want to pay for the new technology because of the short term view of these insurance companies. They do not want to pay for new and expensive treatments for their subscribers when they do not know if they will recoup the savings of the new technology. This new technology allows the healthcare workers to keep more people alive who might have died in previous years. However, society has not yet figured out a way to utilize the healthcare resources in an efficient and sustainable manner.

The rising costs to the employer and employee is causing an increase in the number of Americans that do not have health insurance. These patients cannot afford the preventive healthcare that they need so they wait until they become an urgent, or even an emergency patient which drives up the cost of healthcare. The United States health system is one of treating diseases, not one of providing preventive healthcare.

Another straw is the increase in malpractice insurance. Malpractice reform is urgently needed as well as better monitoring of physician performance. If reform cannot be accomplished, more and more areas will not have access to some types of services.

What might happen to the healthcare system? There are many possibilities but here are several scenarios that may occur. First, society may have to choose to ration healthcare in some manner. In effect, in Great Britain, New Zealand, Australia and others, have already adopted rationing in one form or another. If a patient is diagnosed with a heart condition requiring surgery, the patient is placed on a list for that surgery. The patient hopes to live long enough to make it to the top of the list so they can receive the necessary surgery. The list is long and movement of positions on the list is slow. Americans currently will not accept for that type of rationing but perhaps they will not have a choice in the future.

One issue that society has been unwilling to face is that there are numerous ethical decisions being made every day that prolongs the life of one person at the expense of several other people. Americans will spend whatever it takes to prolong the life of one person. Is this something that can be supported in the future? Maybe it can and maybe it cannot.

Finally, when Hillary Clinton proposed a national single payer health system, most of the providers and insurance companies were opposed to the idea. The providers were opposed because they believed that the government would only make a big mess of the healthcare environment. Insurers were opposed because even today hey can make money in the health insurance market. However, it is believed that many providers would be more likely to support the idea of a single payer system only because they believe that the healthcare business can only be improved. Of the ideas in this paper, it is believed this will be the most likely to be implemented.

Whatever solution can be found to the healthcare crisis, something must be done soon before the implosion takes place. More importantly, the country must find a solution soon.

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Chart 1

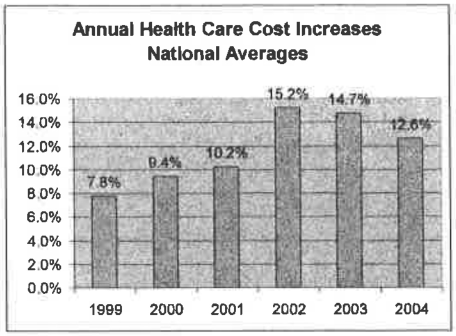


Chart 2

Average Employer Health Benefit Costs, January 2003	
Average Annual Premium-Single	$3,002.89
Average Annual Premium-Family	$7,572.57
Average Percentage of Premium Paid by Employee-Single	12.23%
Average Percentage of Premium Paid by Employee-Family	36.25%
Average PMPM Cost	$342.97
Average PMPM Cost Rx	$76.55
Source: AIS's Employer Health Benefit Facts, Trends and Data	

Chart 3

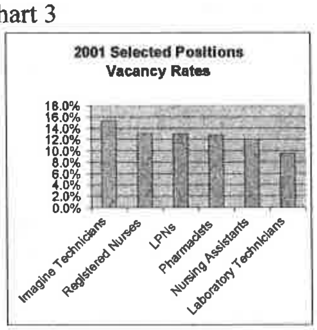
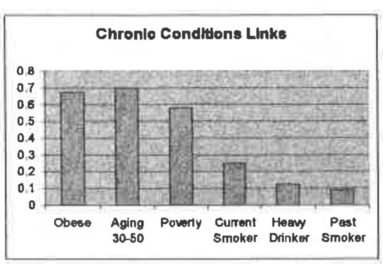


Chart 4



MARKETING THE HEALTH BENEFITS OF CRANBERRIES UTILIZING A NICHE MARKETING APPORACH

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ABSTRACT

This paper examines the level of knowledge consumers have about the health benefits of cranberries. Given that the U.S. cranberry supply far exceeds demand, increasing consumer demand is essential for the survival of the industry. Without consumer knowledge of health benefits, it is unlikely that consumption will rise.

INTRODUCTION

The research presented here attempts to examine consumer knowledge of the health benefits of cranberries. While the demand for cranberries has been increasing at a rate of about 3% annually, supply is now increasing at twice that rate. As a result, prices have plummeted from a high of $80 per barrel in the mid 1990's, to as little as $10 a barrel by the end of the 2000 harvest. The 2004 harvest averaged $33 per barrel-just slightly over the growers per barrel cost of production.

As growers continue to struggle, industry organizations look for ways to increase demand. Of particular interest to the industry is the extent of consumer knowledge of the health benefits of cranberries. It is assumed that increased knowledge will stimulate product demand.

With the American trend toward healthy lifestyles embraced by many, it would seem plausible that one marketing strategy might be to stress the health benefits of cranberry products. Before implementing such a strategy, it would be prudent to assess current levels of knowledge of these benefits. If some consumers are not familiar with the health benefits of eating cranberry products, then the industry needs to focus on those consumers with an informational campaign. If other consumers are familiar with the health benefits of cranberries, perhaps they can be targeted in such a way as to increase their consumption.

This study looks at consumer knowledge of the health benefits of cranberries among a range of consumers in order to determine if there are target that might be useful to marketers in order to increase consumption. Several factors besides demographics will be examined including level of knowledge of health benefits, as well as activities and lifestyle choices.

Given that half the cranberry growers in North American (500) farm in Southeastern Massachusetts, that these growers produce 30% of the domestic cranberry supply, and that Ocean Spray, the largest manufacturer of cranberry juice is based nearby, Massachusetts's consumers were selected as the target population. If these consumers demonstrated a lack of knowledge regarding the health benefits of cranberries, it would not bode well for an industry faced with the task of increasing demand domestically and internationally in order to survive.

BACKGROUND

Cranberries have long been considered a healthy food. As far as the 1600's cranberries were thought to help with blood disorders, stomach ailments, liver problems, vomiting, appetite loss, scurvy and cancer (Thomas, 1990). Modern studies on the health benefits of cranberries tend to focus on three main areas: Bacterial adhesion inhibition (urinary tract infections, dental benefits etc.), heart disease prevention, and cancer inhibition.

The most widely known health benefits of cranberries are their help in preventing urinary tract infections (UTI's). In a pioneering study at Harvard Medical School researchers found that regular consumption of one 10 oz. serving per day of 27% cranberry beverage significantly reduced bacterial growth in the urinary tract (Avorn et. al., 1996). This confirmed earlier studies showing that daily consumption of cranberry juice was good for the urinary tract (see especially Sobota, 1984 and Zafriri, 1989). UTI's are very common in American women with about 25% being affected over a lifetime (Hooton, 1991).

Cranberries are thought to promote good gum health (Weiss, 1998) by preventing dental plaque buildup because the properties of cranberry prevent the bacteria from colonizing in the gums. Preliminary clinical trials reported in *Critical Reviews in Food Science and Nutrition* (2000) indicated that using a mouthwash containing cranberry compound, streptococcus mutans colony forming units were reduced. A large percentage of dental cavities can be attributed to S. mutans.

Research links cranberries to heart health as well. Wilson (1998) suggests that compounds in cranberry juice may inhibit cholesterol oxidation. These compound known as antioxidants, are thought to slow or stop "bad" LDL cholesterol oxidation. Preliminary studies seek to determine whether cranberry consumption may help to fight cancer. Research has found that antioxidants soak up free radicals, which are known to cause genetic damage and a loss of cellular growth control (Bomser, 1996).

ROGERS MODEL OF THE INNOVATION-DECISION PROCESS

Adoption of new products as a process over time has been the focus of some marketing scholars for decades. An early conceptualization of this process was called AIDA (Awareness, Interest, Desire, Action). Alternative models of this process use different terminology. The most widely adopted model is that of Rogers (1983), in which stages are described as knowledge, persuasion, decision, implementation, and confirmation. Regardless of the model on subscribes to, there is agreement that without some initial level of knowledge or awareness, neither individuals nor a society are likely to buy. For purposes of this study, cranberries with their newly discovered or recently proven health benefits will be considered using Rogers terminology.

PURPOSE OF STUDY

As news of these studies move through the professional and consumer health literature as well as the media, health magazines etc, it might be assumed that health care practitioners and consumers are knowledgeable of the health benefits of cranberries. Massachusetts's consumers should be particularly familiar with cranberries given their availability, as well as proximity to the farms and manufacturing plants.

The cranberry is the State fruit, and the harvest is celebrated statewide. Physicians, like consumers in the State, would likely be familiar with cranberries and their health benefits and recommend their consumption. As consumers widely tout movement towards healthier lifestyles, one might assume that cranberry consumption is part of their diet. These assumptions are reflected in the hypotheses below.

H1: Consumer knowledge of the health benefits of Cranberries (UTI's, heart health, cancer, dental and others) is high.

H2: Physicians are the primary sources of health information for these consumers.

H3: Physically active consumers are more knowledgeable of the health benefits of cranberries.

SAMPLE AND QUESTIONNAIRE

This study was conducted in the state of Massachusetts (population approximately 6 million) to determine consumer knowledge of the health benefits of cranberries. The target population was adults eighteen years of age and older. A systematic random sample was used with a purchased list of names and phone numbers for the population of interest. A total of 650 telephone calls were placed and 260 interviews were completed (40%). Calls were placed at various times of the week including weekends. The survey included both aided and unaided questions.

The questionnaire asked the respondents to state how familiar they were with a list of health benefits of cranberries. On a four-point scale from very knowledgeable to unknowledgeable, seven health benefits of cranberries were examined. They were:

1. Heart health/cardiovascular
2. Anti-cancer
3. Anti-ulcer
4. Bladder Health (UTI's)
5. Dental Health
6. Anti-microbe (fights ecoli)
7. Provides Vitamin C

In addition, respondents were asked what their primary information source was for cranberry health benefits.

The second part of the survey covered interest in physical fitness and maintaining a healthy lifestyle. Respondents were asked to indicate involvement in activities associated with healthy living (unaided).

The most popular responses included:

1. Weight loss program
2. Maintain a healthy diet
3. Exercise regularly
4. Subscribe to health magazines
5. Shop at health food stores

Data was also collected on a range of demographic questions including age, gender, income and education.

DATA ANALYSIS

It appears that consumer knowledge of the health benefits of cranberries is high for its prevention of urinary tract infections but significantly lower for a range of other benefits. Respondents rating themselves as very or somewhat knowledgeable are indicated in the table below. Each benefit listed was considered separately with 100% or all 260 respondents having the opportunity to report knowledge of any or all benefits.

Table 1
Knowledge of all benefits compared to knowledge of UTI benefits

Benefit	#	%	Mean score	Significance
UTI/Bladder	226	87	1.78	----
Vitamin C	190	73	2.08	.000
Heart Health/Cardiovascular	88	34	2.73	.000
Anti-Cancer	86	33	2.74	.000
Anti-Ulcer	57	22	2.95	.000
Dental	39	15	3.11	.000
Anti-Microbe	31	12	3.14	.000

Clearly, the message linking cranberries to UTI prevention has been effectively communicated. Eighty-seven percent of respondents were knowledgeable of this health benefit. Comparing the mean scores of each other benefit to that of UTI knowledge demonstrates the dramatic difference.

Comparing the mean score for knowledge on each benefit to the mean score for UTI knowledge indicates significantly lower knowledge ($p=.000$) for every other benefit tested. Consumers in this study report a high level of knowledge of the UTI benefit of cranberry consumption, but appear to be significantly less knowledgeable of the other benefits cranberry consumption offers. **Hypothesis 1 is only partially supported by the data.**

Knowing where consumers get their health information is essential for an effective communications strategy. Respondents were asked where they got their information on the health benefits of cranberries. In an unaided question, allowing for multiple responses, magazines was given as the top source (77%) with word of mouth second (58%) and physician's office as the third (36%). Other sources of information on the health benefits of cranberries included product labels, radio and television advertising, and the Internet.

Table 2
Information Sources for Health Benefits of Cranberries

Information source	# of responses	% of sample
Magazines	186	77%
Word of Mouth	140	58%
Physician's Office	88	36%
Nutrition Labels	57	24%
Radio/TV advertising	25	10%
Internet	7	3%

Consumers are getting their information from magazines at more than twice the rate they get information from their physicians. Even word of mouth communication among consumers about cranberries is more prevalent than that from doctor to patient. The data in this study indicates that information about the health benefits of cranberries is being widely disseminated by sources other than the physician. **Hypothesis 2 is not supported by these findings.**

Physical fitness and a healthy lifestyle were measured by asking what the respondents did to maintain good health (unaided). Responses included a range of activities and behaviors. Knowledge of the health benefits of cranberries was significantly different depending on certain lifestyle choices. Those most knowledgeable of some health benefits are those who maintain healthy diets, exercise, subscribe to health magazines, shop at health food stores, and are in a weight loss program. Their knowledge of benefits, however, varies.

Those most knowledgeable that cranberries can be of benefit to the heart and cardio-vascular system were those who reported eating healthy, subscribing to health magazines, shopping at health food stores, or being on a weight loss program. Those who described themselves as exercising regularly were significantly less likely to be knowledgeable of the heart related benefits.

The respondents significantly higher in knowledge of the anti-cancer benefits were those who also reported shopping at health food stores. No other physical or lifestyle activity was statistically related to knowledge of this benefit. Similarly, the only group with knowledge of the anti-ulcer properties of cranberries was those reporting maintaining a healthy diet. Knowledge of the UTI benefits was statistically higher for those consumers who report eating a healthy diet, and exercising regularly. Dental benefits more likely to be known by those subscribing to health magazines and those involved in weight loss programs. Those involved in weight loss programs reported significantly higher knowledge of the anti-microbe benefits, and those who exercise regularly and subscribe to health magazines were knowledgeable of that cranberries contain Vitamin C. **Hypothesis 3 is supported by the data.**

All demographics were tested to see if higher levels of knowledge were related to gender, age, income, or education. As might be expected, women were significantly more knowledgeable of the UTI benefits of cranberries than men but no other differences were found. When age was tested with knowledge of benefits of cranberries, the results were interesting. There was no significant difference in knowledge across age groups except that younger consumers (18-35) were more knowledgeable that cranberries were a source of Vitamin C.

IMPLICATIONS AND CONCLUSION

One of the ways to increase the demand for cranberries is to convince consumers that cranberries offer important health benefits. A portion of consumers know about some benefit, but widespread knowledge is not a reality. The findings suggest the need for packaging information about cranberries in a way that consumers come to understand the products value.

If word of mouth and magazines are the prime information sources for consumers, then the industry needs to consider opinion leaders, celebrity endorsements, testimonials, product placement and any other means of "creating a buzz". Cranberries have to be seen as the center of a healthy diet...the "apple a day logic" needs to be associated with cranberry consumption. There appears to be widespread consumer interest in weight loss, exercise and reading health magazines. Connecting or including information about the health benefits of cranberries to any of these activities would be prudent.

This survey is limited to consumers in Massachusetts. These consumers live near the cranberry bogs and the cranberry juice manufacturers. They have cranberry products readily available in all forms, yet these consumers are unknowledgeable of many of the health benefits of the number one export of the State. How likely is it that consumers elsewhere will know more?

If the industry seeks to stimulate consumer demand, it must begin with effectively communicating the health benefits of cranberries to consumers. Creating knowledge of a product is the first step towards increasing demand.

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THE EFFECT OF ATTRIBUTE INFORMATION AND INVOLVEMENT ON THE EVALUATION OF FOREIGN MADE PRODUCTS

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ABSTRACT

Every product or service that is sold globally has a "made in" image that is linked to it. Previous research has shown that this "made in" label or country of origin could have a significant effect on consumers' evaluation of foreign made products. Country of origin effects are important for consumers when evaluating products and services ranging from simple awareness to attitude formation and decision to purchase. In spite of the agreement among researchers that consumers' evaluations of products could be based on country of origin, there have been some mixed conclusions as to how country of origin information is used to form consumers' perceptions and evaluations. Major questions about the way consumers acquire, process and use the country of origin information have been raised. For example, it has not yet been clear to researchers the process by which country of origin information influences evaluations and why this process holds in certain cases and not in others.

We use the Elaboration Likelihood Model to suggest that the level of consumers' involvement and the strength of a product attribute information moderate the relationship between the country of origin effects and consumers' quality perceptions of foreign made products. Prior research has described product involvement as a long-term interest in a product. This interest is based on the centrality of this product to personal needs, values and is basically a function of differences among individuals. According to the Elaboration likelihood Model, as the personal relevance or consequences of a product or issue increases, it becomes more important to form a reasoned and rational opinion. In this study we suggest that highly involved consumers will base their judgments on the desirability of product attribute information despite the country of origin while individuals with lower involvement may use country of origin cues as the basis for their quality perceptions regardless of product attribute information.

Subjects in the high involvement group reported more positive quality evaluations when presented with strong product attribute information while country of origin did not significantly influence their evaluations. Subjects from the low involvement group reported more positive quality evaluations when country of origin was favorable versus unfavorable. The strength of the attribute information did not significantly affect their product quality perceptions. Results indicate that depending on their level of involvement; consumers are different in how they use product attribute information versus country of origin stereotyping. This research draws interest to the fact that under high involvement conditions the processing of stereotyping information is different from under low involvement. High involvement consumers relied on attribute information to form their evaluations. Low involvement individuals used the country of origin stereotype as a substitute for the real product attributes. In this case country of origin was used as a product attribute in itself.

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ROLE OF CUSTOMER ETHNICITY IN BUILDING BRAND COMMUNITY: STRATEGIC IMPLICATIONS FOR MARKETERS

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P. Raj Devasagayam, Siena College

ABSTRACT

This interdisciplinary exploratory study adapts theoretical scales from consumer behavior and social psychology and tests their psychometric properties. The results contribute in introducing a respected scale in social psychology to the marketing literature and validating an existing scale of brand community in the ethnic marketing context.

INTRODUCTION

It is often said that America is essentially a melting pot of race, culture, and heritage from around the world. As a result of America's reputation as a land of freedom and opportunity, people of all races and cultures immigrate to this country in search of a better life. Along with each of these cultures came a unique lifestyle made up of a plethora of traditions, holidays, and customs. This heritage and tradition exist as the small piece of "home" that many immigrants have brought with them to America.

An individual's feeling of connection between oneself and one's cultural heritage can be referred to as one's self-ethnicity. In this study, we examine the relationship between a customer's level of self-ethnicity and whether or not that person felt a sense of loyalty towards brands from their homeland. The findings provide interesting implications for marketing strategy directed specifically at ethnic diasporas in the United States. The focus is on the characteristics and needs of first, second, and third generation Americans with heritage and cultures from the Indian subcontinent. This would include any relevant affinities to their homelands and home brands. First, our aim is to modify the brand community integration scale in the context of ethnic marketing and test its psychometric properties. Second, our aim is to measure and capture the ethnicity construct and examine the validity of this scale in the context of American diaspora from the India subcontinent. Thirdly, we examine the relationship between these two scales and relate it to the existing literature in brand community. Finally, we propose the implications of our study for the future stream of research in the area and ensuing implications for marketing strategy. Future extensions of our study would be useful in assessing ways that a homeland company could use this knowledge in order to build strategies that would work to their advantage in marketing to their target ethnic diaspora.

THEORETICAL FOUNDATIONS AND SCALE MODIFICATIONS

There are two preexisting theoretical constructs and their validated scales that form the basis of our study. First, a brand community integration scale (McAlexander, Shouten, and Koenig, 2002) that measures a customer's felt sense of belonging in a consumption community through a shared brand experience. Second, an ethnic self-identity scale, measuring one's level of acculturation from his or her traditional culture to modern American culture and resultant ethnic identity (Suinn, Rickard-Figueroa, Lew, Vigil, 1987). We discuss these two theories in the following section.

Brand Community

McAlexander, Shouten, and Koenig (2002) define brand community 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 extend the extant model of brand community that they borrow from Muniz and O'Guinn (2001) to include customer-brand-customer relationships and further state that:

> *"A brand community from a customer-experiential perspective is a fabric of relationships in which the customer is situated. Crucial relationships include 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."*

Brand communities offer a way to enmesh the customer in a network of relationships with the brand, and fellow customers as opposed to the traditional brand loyalty – a one to one relationship between a brand and its customer. It is presumed that such an approach would strengthen the bonds with the customer in a much superior fashion.

McAlexander, Shouten, Koenig (2002) report an extensive study of brand communities that follows an ethnographic fieldwork methodology. Based on the qualitative observations of their research subjects that display strong identification with brand communities (Jeep Jamborees and Harley-Davidson HOGS) they proceed to triangulate their findings with a quantitative study that uses a customer-centric relationship scale to form a composite brand community integration scale. Four customer centric relationships were measured using a five point Likert-type scale: owner-to-product, owner-to-brand, owner-to-company, and owner-to-other-owners.

Each scale had multiple-item measures founded on the theoretical underpinnings of the ethnographic study by the authors. They then proceeded to conduct Confirmatory Factor analysis (n = 259) at both first and second-order construct levels to see if the individual dimensions of the construct did in fact converge and display validity in measuring the higher-order construct of brand community. McAlexander et al (2002) report good psychometric properties of the scales used to ascertain the construct validity of the overall integration in brand community.

The scales used in our study are modified versions of the scales employed and tested by McAlexander et al. We make contextual changes to ensure conformity to our research objectives. We request the respondent to examine a list of popular ethnic brands from the Indian subcontinent prior to responding the modified brand community scale. In order to conform to the McAlexander et al conceptualization of the scale, we also use a five-point Likert-type scale anchored by (1) "Strongly Disagree," and (5) "Strongly Agree."

Table 1: Ethnic Product Brand Community Scale

I love these brands
I am proud of these brands
These brands are among my most common purchases
These brands provide products of the highest quality
I value the connection between these brands and my heritage
I value the culture that these brands represent
I would recommend these brands to my friends of similar ethnicity
I would recommend these brands to my friends of differing ethnicity
I feel a sense of kinship with other consumers of these brands
I have an interest in meeting others that are interested in these brands
The companies that offer these brands understand my needs
The companies that offer these brands care about my opinion

Acculturation and Ethnicity

Suinn and Lew (1987) define acculturation as:

> *"a process that can occur when two or more cultures interact together. There are several possible outcomes of this process, including assimilation, whereby a host culture absorbs the immigrant culture, or multiculturalism, whereby both cultures exist side-by-side. On an individual level, exposure to another culture can*

lead a person to resisting change in his/her values and behavioral competencies, adopting the host culture's values and behavioral skills and styles as a replacement for his/her parent culture's values/behaviors, acquiring host culture values/behaviors while retaining parent culture values/behaviors with situational reliance determining which values/behaviors are in effect at different time."

The idea is presented that one's level of acculturation and resultant self-identified ethnicity is based on several factors, including the subject's personality, the amount of duration of ones stay in the host country, and the willingness to adopt and embrace new ideas and values. Suinn and Lew (1987) present an instrument designed to measure an individual's level of acculturation, along with a scale, which serves to gauge the ethnic self-identity of Asian Americans. The Suinn and Lew scale is a well respected and oft used scale which has formed the bases of several research streams in the social psychology literature (Del Pilar and Udasco, 2004; Negy, Shreve, Jensen, and Uddin, 2003; Suzuki-Crumly and Hyers, 2004).

In adapting the Suinn & Lew scale for our study, we attempted to maintain the original flow and style while also creating a system that would serve to expedite the process of filling in answers. As the participants in our study were random volunteers (as opposed to students or other cooperative groups) we wanted to minimize the time needed for them to contribute to our study. We approached this by restructuring the format of the Suinn and Lew scale so that many of the questions could be answered by circling 1 through 5, with 1 being 'Strongly Disagree' and 5 being 'Strongly Agree.' This also helped us in ensuring consistency with the brand community scale. We included very clearly stated instructions in order to ensure participation of first generation immigrants that might not be well versed with the English language. For our research, we decided to focus on Americans with Indian and Pakistani heritage. As such, the survey was adapted to appropriately reflect these cultures. Overall, we attempted to create a format that would expedite the process of responding to our survey as much as possible.

The following is an example of some questions from the original Suinn and Lew scale, followed by the adaptation of these scale items into our format.
Do you

1. Read an Asian language better than English?
2. Read both Asian and English equally well?
3. Read English better than an Asian language?
4. Write an Asian language better than English?
5. Write both Asian and English equally well?
6. Write English better than an Asian language?

<u>Our adaptation:</u>

In the following questions, the word "ETHNIC" refers to your Ethnic heritage (India/Pakistan)				
Strongly Disagree				Strongly Agree
1	2	3	4	5

I prefer reading in my Ethnic language	1	2	3	4	5
I prefer writing in my Ethnic language	1	2	3	4	5

By creating a 1 though 5 format, the respondent only needed to read the instructions once of both questions, this reduced respondent fatigue and perhaps enhanced the response rate and validity of our measures.

Table 2: Modified Ethnic Self-Identity Scale

I fluently speak English.
I fluently speak my Ethnic language
I speak <u>only</u> English
I speak <u>only</u> my Ethnic language
I prefer speaking in my Ethnic language over English
I prefer eating Ethnic food at home
I prefer eating non-Ethnic food in restaurants
I prefer reading in my Ethnic language
I prefer writing in my Ethnic language
I prefer counting in my Ethnic language
I participate in Ethnic celebrations
I participate in Ethnic holidays
I value Ethnic traditions
I strongly believe in Ethnic values (about marriage, families, education, work)
I strongly believe in American values (about marriage, families, etc)
I fit well with my Ethnic community
I fit well with non-Ethnic communities

How do you identify yourself?
Which identification does (did) your mother use?
Which identification does (did) your father use?
What was the ethnic origin of the friends and peers you had, as a child up to age 6?
What was the ethnic origin of the friends and peers you had, as a child from 6 to 18?
Whom do you now associate with in the community?
If you could pick, whom would you prefer to associate with in the community?
What is your music preference?
What is your movie preference?
What generation are you?
Where were you raised?
What contact have you had with India/Pakistan?
What is your food preference at home?
What is your food preference in restaurants?

METHODOLOGY

We began by pretesting the data collection instrument. We made every attempt ensure that the survey was manageable and efficient in terms of ease of response. A second wave of pretesting was done with an edited and modified questionnaire based on the results of the first pretest. We then proceeded to reformatting the survey with aesthetics and the logical flow of content in mind.

A convenience based random sample was obtained at a cultural event held in a central location. One of the authors was in attendance but chose to remain behind the scenes and collect data in a non-obtrusive fashion. This gathering was attended by members of the Indian diaspora from the states of Pennsylvania, Ohio, New Jersey, Delaware, and West Virginia. A total of 55 usable responses were obtained for this preliminary study.

Sample Description

Of the fifty-five people surveyed, one half (27) were between the ages of 18 and 34. The remaining 51% fell in the 35 to 65+ bracket. Our sample was split about 55% to 40% in favor of males. Some respondents did not specify their gender while responding. Nearly 50% reported having at least an undergraduate degree, with 21 out of 55 or 38.2% having a graduate degree. This is not surprising for the diaspora being investigated. For occupation 33 out of 55 or 60% of our respondents reported being professional, 12.7% were homemakers, and 14.5% responded were students. None of our respondents were retired. About 46% of our respondents reported a household income between \$50,000 and \$99,000. Nearly three quarters of the sample reported that the size of their family living at home was between 2 and 4 people. About one third of our sample reported having 1 child under the age of 18 living at home, while 24 out of 55 (43.6%) responded by saying that they did not have any children under 18 at home. About 56.4% (31) of respondents identified themselves as being of Indian origin, while only 4 identified themselves as Pakistani. Interestingly, 13 (23.6%) responded being Indian-American, with 5 identifying themselves as Pakistani-American. A majority of our sample (45 out of 54), 81.8%, of our respondents reported being first generation Americans that were born in India and Pakistan. Close to all of our respondents (48 of 52, or 92.3%) identified themselves as having either extreme or moderate pride in their ethnicity and ethnic group. About 42% (23) rated themselves as bicultural, with 36.4% stating that they viewed themselves ad mostly ethnic. Nearly 50% (27) of our sample identified themselves as basically an Indian/Pakistani person, even though they have lived and worked in America for a significant period of time.

Scale Validation

Our ethnicity scale, which is a modified version of the Suinn and Lew scale, consists of 19 items. It is a Likert-type scale, anchored by "strongly disagree" to "strongly agree." (1-5). Respondents were alerted that the word "Ethnic" in these items referred to their Indian/Pakistani ethnic heritage. In order to ensure that the respondents were attentive to the implications of the statements, five items were reverse-scaled. Prior to conducting an analysis of the scale, these items were recoded in the right direction.

The Cronbach's alpha for the ethnicity scale was found to be 0.839. A scale item (referring to participation in Ethnic holidays) had an item-to-total correlation of +0.241 and was removed from further analysis. Interviews with members of the ethnic community under study reveled that the Indian and Pakistani diaspora is not usually aware of holidays that are based on a lunar calendar developed in the Indian subcontinent. The item related to eating non-ethnic food in restaurants showed very poor item-to-total correlation (+0.132.) and had to be dropped from analysis as well. We are unable to provide a rationale for this.

A 16 item ethnicity scale resulted in a Cronbach's alpha of 0.852. We decided to use this scale for all further analysis. The 16-item scale was then used to build a regression model to predict self-rating of respondents from "very ethnic" to "very westernized." As suggested by theory, the relationship was significant (F: 20.146, p: close to zero.) Similarly, the scale was used to examine the relationship between the sense of pride in one's ethnicity and the ethnic identity scale, the results were significant (F: 36.11, p: 0.063)

The Brand Community scale displayed excellent psychometric properties. The 12-item scale had a Cronbach's Alpha of 0.947, which was not surprising given the use of this scale in prior studies and the refinements that have all been found to be robust. The scale item relating to recommending a brand to friends of a differing ethnicity consistently displayed poor inter-item correlation. The values ranged between 0.216 and 0.470 on a 5 point scale. Upon further analysis, we found that omitting this scale item would raise the Cronbach's Alpha of the scale from 0.945 to 0.954. The item-to-total correlation for this item was the lowest among the scale items (0.429.) The next higher item-to-total correlation was 0.686.

FINDINGS AND CONCLUSIONS

A regression model was developed to test for the impact of Ethnic Identity on membership in Brand Community. The model was found to be statistically significant at the 0.05 level (F: 13.932; p:0.001) The explained variance of the model using Ethnic Identity as the predictor variable was found to be 0.245, which is very encouraging given the exploratory nature of this study and the limited sample size. This leads us to conclude that the relationship between Ethnicity and membership in Brand Community deserves further attention in future. Such studies could be based on larger samples and the refined and validated scales from this study.

There are some interesting ancillary findings of our research that might be of interest to practitioners. For instance, the level of education and occupation of the respondent are both found to have a significant impact on their ethnic identification (F: 3.33, p: 0.022 and F: 3.30, p: 0.018, respectively).

Interestingly, in our sample the income level, age, size of family, and number of children at home have no significant impact on ones ethnic identity. Pride in one's ethnic heritage is found to have a significant impact on respondent's integration into a brand community (F: 4.454, p0.009).

Respondents were also asked to rate their own perceived self-rating on the ethnicity dimension, this self-rating had a significant impact on both, the brand community integration (F: 7.446 significant at 0.001 level) and ethnic identification (F: 4.469, significant at the 0.01 level).

Finally, Brand Community was regressed upon pride, self rating, and the Ethnic Identity scales. All relationships were in the predicted direction. As the level of pride one took in their ethnicity increased the respondents also showed a greater affinity for the community that built around the ethnic brand. Similarly, higher rating on Ethnic Identity scales also resulted in greater integration in the brand community. Both Ethnic Identity and pride were found to be significant at the 0.10 level. Though the directionality of Self Rating of Ethnicity was in the positive direction, I.E. the more ethnic one thought one self to be the higher the brand community integration, the result was not statistically significant (p .264.) However, multicollinearity could not be ruled out. Overall model displayed a good fit F 9.236 and p: close to zero with an R^2 of 0.409. We hesitate in formally testing these hypotheses using any more sophisticated statistical techniques in light of the limited sample size of this study. However, future studies are envisaged with larger samples that formally test for these hypotheses.

As is usually the case with exploratory studies of this nature, we must underline several limitations of our research findings. When multiple people from the same household filled out surveys, we did not have a way to identify that these surveys were taken by people of the same household. While this is indeed a limitation, we felt that recording such information could have hampered the anonymity of our study.

The question concerning the number of children under the age of 18 living at home did not provide a response choice of "0," several respondents wrote that in, and also we assumed that those that did not respond to the question were actually indicating that they had no children under the age of 18 in their household.

Initially, it was not conceived that we would have samples from different states, therefore we do not have a breakdown of the sample by states of the US. With larger samples perhaps patterns of diaspora in different regions of the country might be of interest to marketers.

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MARKETING A COUNTRY: INVESTMENT PROMOTION AGENCIES AND THE WWW

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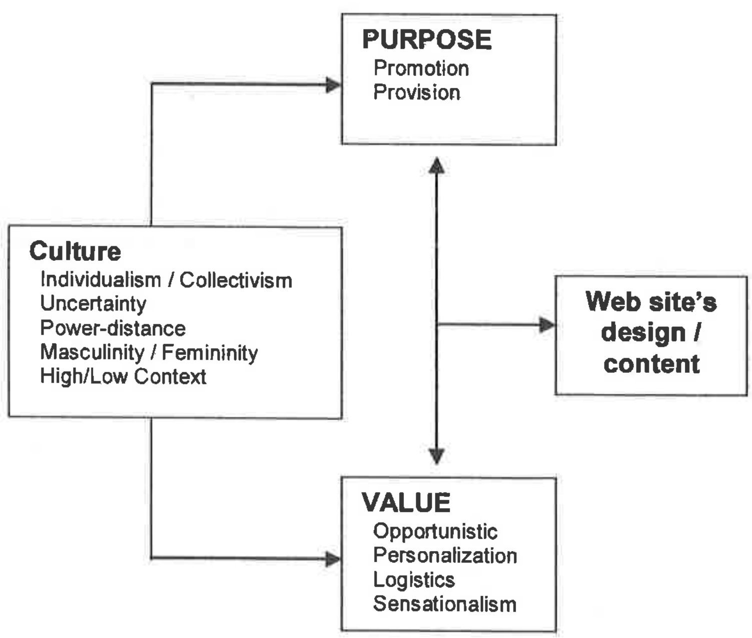
ABSTRACT

This paper investigates the current use of investment promotion agencies (IPAs) in a country's effort to market itself for attracting foreign direct investment via the use of the World Wide Web (WWW). It provides a primer on IPAs and the role that the Internet plays on their efforts. This paper also proposes a scheme for conducting a content analysis on the web sites of several IPAs as a means for comparing and contrasting the communication and positioning tactics used by IPAs from different countries in different stages of economic development based on the value-added and purpose of the web sites, and how cultural dimensions may affect this process.

FIGURE 1
ROLE OF CULTURE IN THE DESIGN OF AN IPA'S WEB SITE



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THE NFL SALARY CAP: CREATING MORE COMPETITION OR NOT?

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ABSTRACT

Times have changed in the National Football League (NFL). The behavior of the league, team owners, and players of today can best be described as that of economic self-interest. This is a period in which payments for television rights, player's salaries, team profits, and franchise values have risen at startling rates. In 2001, NFL teams collectively spent $2.14 billion in salaries. An average player's salary has increased at a rate of 201 percent from 1980-90, and at a rate of 120 percent from 1990-00. For example, in 1992 the average salary in the NFL was $483,900. In 2002, the average salary was $1,100,500. In fact, the average salary for a starter in 2001 was $2,455,000.

In 1994, the NFL introduced a *salary cap*. In theory, the salary cap was initiated to stabilize the exponential growth in player salaries. It was done to induce more parity throughout the league, by prohibiting high-budget franchises from dominating the competition. While this sounds great in theory, the issue is, did the salary cap actually perform up to its expectations (i.e., what it was designed to do)?

Drawing on numerous analyses and secondary sources of data, the authors challenge the conventional idea that the 1994 salary cap has created more parity throughout the NFL. After evaluation of the data it does *not* appear that the salary cap has increased competition within the league or been detrimental to the players. Based on results from the equal playing strengths assumption, as well as the standard deviation of win/loss percentages, no realized change in competition was concluded. Perhaps if the salary cap had been put into place without free agency, we would see a definite rise in competition though-out the league. Perhaps the structure of the league has played a role in keeping the competition at the same level. Teams with the most success in a given year then are assigned to the harder schedules in up coming year. Also, teams that struggle in any given season receive top draft picks, which may have a hand in retaining the current levels of competition.

The salary cap has put a large strain on front office management. Front office managers must constantly renegotiate contracts and signing bonuses, as well as manage effectively the increased rotation of players from team to team. They do seem up to the task and are finding ways to retain enough superstars on the roster. In fact, days of the dynasty might not be a thing of the past. The Green Bay Packers and Philadelphia Eagles have made an appearance in six out of the last ten NFC championship games. The same is true in the AFC where the Pittsburgh Steelers and the New England Patriots have gone to eight of the last ten championships

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CONSUMER EVALUATION OF ETHICALITY OF MARKETING PRACTICES

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ABSTRACT

This exploratory study examines the ethicality of marketing practices in tobacco industry. The findings revealed that business practices such as advertising in magazines with at least 15 percent youth readership and in internet, portrayal of smoking as a fun activity, and using younger looking models in tobacco advertisements were perceived to be unethical. The study also highlights that ethical evaluation of marketing practices may be a determining factor in shaping perceptions of tobacco industry's reputation.

INTRODUCTION

There is a growing demand on businesses to maintain higher ethical standards in business practices (Lantos 2001). In general, consumers have become more sensitive to the issue of unfair business practices and they want the businesses to be ethically and socially responsible. Further, the consumer activist groups are also active in drawing attention of common people to unfair business practices that are otherwise overlooked. The greater awareness of incidences of unethical business practices in the marketplace will eventually impact how consumers feel about and react to the deployment of unethical practices. It is to be noted that continual deployment of unethical practices by a firm will have serious negative consequences to the reputation, profitability, and the long-term survival of that business (Lantos 2001).

Ethical Practices in Marketing

Unfortunately, the marketing field seems to be plagued with incidences of unethical acts. Prior studies have documented several incidences of unethical practices in marketing research, selling, advertising (Waller 2002), and promotion (Huang 2001). Widespread use of unethical marketing tactics suggests that the marketing managers are knowingly or unknowingly employing these practices without understanding the consequences of their strategy. Therefore, there is a greater necessity to study the ethicality of marketing practices to educate the marketing managers of the implications of employing unethical practices. In an attempt to explore the topic of ethicality of marketing practices, this study examines the ethical evaluation of selected marketing practices in tobacco industry. The tobacco industry, known for employing controversial marketing practices, provides a classic setting to study the ethicality of marketing practices in general. Though legal, many elements of marketing strategies for tobacco products raise ethical questions. Further, this study also examines how consumers' perceptions of ethicality of marketing efforts are related to the overall reputation of the tobacco industry. Ethicists are always concerned about businesses actively targeting vulnerable consumers who are susceptible to physical, economic, or psychological harm in market transactions. Policy makers are also concerned about the level of annual health-related economic costs of smoking, which was estimated to be $157 billion in 1999 (Morbidity and Mortality Weekly Report, 2002). Given the number and magnitude of the issues related to consumption of these products, it is only logical to expect that there will be a substantial interest in evaluating how these products are marketed in the marketplace - specifically whether the manufacturers and distributors of these products uphold ethical standards in their marketing efforts.

Regulation of Tobacco Marketing Practices

The history of tobacco marketing in the U.S. has been shaped by the revelation of new health information about the consequences of tobacco use, and periodic regulatory intervention (Calfee 1997). Tobacco industry's marketing practices have gone through a major evolution in the past century. The industry has always responded to new regulatory requirements with changes in product, advertising, and promotional strategies. The 1990s, however, was the most tumultuous period in the tobacco industry. The Master Settlement Agreement (MSA) reached in 1998 between the Attorneys General of 46 states and America's major tobacco companies further regulated the advertising, retailing, and promotional practices of tobacco products.

The question of whether tobacco products' marketing practices should be regulated remains a debatable issue. Supporters of regulation argue that the tobacco advertisements are manipulative, unethical, and encourage consumption of products detrimental to health. Whereas, those who oppose regulation argue that impacts of tobacco advertising are limited to promoting brand switching or building loyalty among existing smokers. They also suggest that a ban or regulation on tobacco advertisements violates the First Amendment Commercial Speech rights of the makers of these products. Development of a marketing plan for tobacco products touches upon ethical issues in that the marketing strategy has to strike a balance between effectively reaching out to mature adult market and not appealing to youth segment. Further, the tobacco companies are expected to exercise the Commercial Speech Rights without appearing to manipulate the minds of susceptible consumers, and maintain profitability without damaging long term consumer welfare.

Current Tobacco Marketing Practices

Retailing Environment:

Tobacco is among the most heavily promoted products in the United States, with a marketing expenditure of $ 9.57 billion in year 2000 (FTC Report 2002). About 43 percent of the industry's promotional budget is spent on retail trade promotions and point-of-purchase advertising (FTC Report 2002). Following the MSA, the industry has shifted from the use of traditional advertising venues such as newspapers, outdoor media, and a broad range of magazines to focus on retailer incentive programs (Feighery and Ribisl 1999).

The heavy reliance on trade promotions is not a new phenomenon in the tobacco industry. But, heavy emphasis on push promotional strategy is considered to be too aggressive. A recent study revealed that the tobacco manufacturers offered *larger trade incentive payments* to convenience stores to encourage significant promotional support for tobacco products at the retail level (Feighery and Ribisl 1999). It is suggested that heavy use of in-store advertising and merchant incentives would undermine the efforts to reduce exposure of youth to tobacco advertising (Wakefield et al. 2000), thus heightening public concerns about the ethicality of these practices. Further, there are also concerns about the sale of tobacco products through cyberspace and vending machines. Consumer interest groups consider the internet-mode of selling tobacco products to be unacceptable because they believe it may enable under aged smokers to purchase tobacco without age verification. It appears that the tobacco retail environment lately has undergone major changes in its marketing practices.

Advertising Practices:

The tobacco industry's success depended on its ability to effectively utilize mass media advertising and promotions to build brand awareness. The MSA severely constrained tobacco companies' advertising strategic avenues. For example, the MSA banned cigarette manufacturers from the use of cartoons, transit advertising, most forms of outdoor advertising including billboards, product placement in movies or television shows, and restricted advertising in magazines with less than 15% youth readership. In spite of these restrictions, there is an ongoing debate on whether tobacco products should be advertised in any format at all. Some are concerned that any form of tobacco advertising will increase awareness of, desire for, and consumption of these products among youth. There seems to be apprehensions around the thematic content of tobacco advertisements as well as the target segments for tobacco advertising campaigns. For example, the tobacco companies have been criticized for targeting women, minorities, youth, and for associating smoking with fun, relaxation, and social and professional success.

Sponsorship/Public Relations:

Other marketing practices that easily transpire into contentious issues are free distribution of tobacco product samples and promotional materials with marketing messages, and sponsorship of sporting and entertainment events. The tobacco industry spent $22.3 million on free sample distribution, $264.8 million on promotional materials, and $42.2 million on entertainment sponsorship in 2000 (FTC Report 2002). While the tobacco companies argue that promotional tools such as distribution of free samples and promotional materials, and sponsorship of sporting and entertainment events are marketing vehicles designed to target only adult smokers, others believe that these promotional strategies indeed have enormous potential to reach out to youth market. The concern for crossover promotional capability of these practices raises ethical dilemma.

Product/Global Marketing Efforts:

There have been very limited public discussions about new product development or innovations in tobacco products. In the past, the industry had introduced many variations of the product, in different sizes, and in different flavors (e.g., cherry flavor). There were plans to introduce root beer or fruit juice flavored cigarettes (USA Today 1997). A widely publicized tobacco product introduction that many may recall is the RJR Tobacco Company's innovation of smokeless cigarette named Eclipse that claimed to reduce the risk of cancer and other health problems (Nowell 1997). This product since introduction has drawn attention from public health officials, medical community, and antismoking advocates for misleading consumers (Stephenson 2000).

With the sales in the U.S. market stagnating or even declining due to increased government regulation and growing consumer negativity, the U.S. tobacco companies have gone global to make up for the loss of revenue in the domestic market. The globalization has helped the U.S. tobacco companies to reach out to markets in the developing economies, which account for nearly 70 percent of the global tobacco consumption. Interestingly the third world countries, encumbered with pressing economic and social issues, often look the other way when the tobacco industry employs marketing practices that are either frowned upon or restricted in most Western countries (Townsend 2000). Thus, the advertising and promotions aimed at youth go virtually unregulated (Hoek and Sparks 2000; Townsend 2000). Advocates of ethical practices in business are concerned about the fairness of marketing products such as tobacco to unprotected consumers in developing countries (DelPo 1999).

METHOD

The data were gathered through a nation wide survey of randomly drawn adult population. A total of 1000 surveys were mailed to randomly selected U.S. households with an instruction that only an adult member of the household should complete the survey. Of the 233 completed surveys returned, only 231 were usable responses for an effective response rate of 23 percent. The respondents for the study included people from different age groups, gender, marital status, and smoking preferences. The questionnaire gathered respondents' ethicality evaluations of several specific marketing practices on a 7-point scale with anchors "1 = highly ethical," and "7 = highly unethical." A total of 17 current marketing practices, generated through review of industry reports and brainstorming sessions of marketing educators and students, were presented in the survey. The list of marketing practices examined in this study is provided in Table 1. These items covered a wide range of industry practices within the advertising, promotions, product development, retailing, and public relations. It is not suggested that the list of marketing practices examined in this study is comprehensive. But, it certainly provides a good representation of industry wide marketing practices. Further, the questionnaire gathered respondents' perceptions of tobacco industry reputation, age, gender, marital status, and smoking preferences. The perceptions of tobacco industry reputation were measured using three items (e.g., I believe tobacco companies maintain a positive reputation in the business world, I have a positive opinion about the way tobacco companies conduct their business, and I like the way tobacco companies do their business) on a 7-point scale with anchors "1= strongly disagree," and "7 = strongly agree." The three items were averaged to create a single variable of "reputation," when the factor analysis showed that these items are unidimensional with a reliability estimate (Cronbach Alpha) of 0.87.

RESULTS

Table 1 is a summary of the descriptive statistics on the ethicality evaluations of the seventeen marketing practices grouped by common areas. The Table 1 also shows the ranking of the marketing practices on the basis of mean ethicality score, to reflect the most unethical and highly ethical practices. As Table 1 shows, four of the five most unethical practices are related to advertising practices in the tobacco industry. People considered advertising in magazines with at least 15 percent youth readership (item A1, $\bar{x}$ = 5.57), portrayal of smoking as a fun and relaxing activity (item A3, $\bar{x}$ = 5.45), the practice of selling of tobacco in vending machines (item B4, $\bar{x}$ = 5.37), the use of younger models in advertisements (item A5, $\bar{x}$ = 5.24), and advertising for tobacco products in internet media (item A4, $\bar{x}$ = 5.09) to be highly unethical.

In contrast, people viewed tobacco companies' collective effort to educate consumers of the dangers of smoking (item C3, $\bar{x}$ = 1.92) and to implement retail programs that reduce minors' access to tobacco product (item C4, $\bar{x}$ = 2.07) to be highly ethical practices. Surprisingly, people also considered the sale of tobacco through internet and mail order catalogs (item B3, $\bar{x}$ = 2.42), tobacco industry's new product development efforts (item D1, $\bar{x}$ = 2.54), and the promotional practice of distributing free samples in bars and other similar places to be marginally ethical practices.

Table 1 Mean Ethicality Scores with Ranking

Marketing Practices		Ethicality Mean[a]	Std. Dev.	Rank
Advertising:				
A1.	Advertising in magazines with at least 15% youth readership.	5.57	1.53	1
A2.	Advertising in magazines in general.	4.70	1.76	7
A3.	Ads employing the theme of smoking is fun, relaxing, and those who smoke are successful.	5.45	1.75	2
A4.	Advertising tobacco products through websites.	5.09	1.59	5
A5.	Featuring younger looking models in ads.	5.24	1.84	4
A6.	Tobacco companies voluntarily limiting style and placement of ads to minimize exposure to youth	2.90	1.60	12
Retailing and Promotions:				
B1.	Promoting the product with aggressive POP retail displays.	4.63	1.61	9
B2.	Providing generous promotional allowances to retailers to expand in-store promotions.	4.67	1.56	8
B3.	Selling through internet and mail order catalogs.	2.42	1.53	15
B4.	Selling through vending machines.	5.37	1.50	3
B5.	Distributing free samples in bars and other similar places.	2.78	1.63	13
Sponsorship/Public Relations:				
C1.	Sponsorship of sporting and entertainment events.	4.52	1.75	10
C2.	Sponsoring scholarship to university sporting teams or athletes.	3.35	1.71	11
C3.	Sponsoring programs to educate consumers of the dangers of smoking.	1.92	1.13	17
C4.	Implementing retail programs that reduce minors' access to tobacco.	2.07	1.18	16
Product/Global Marketing:				
D1.	Introduction of new innovations like smokeless cigarette and creative flavors (e.g., cherry flavor).	2.54	1.76	14
D2.	Pursing market opportunities in developing countries using Western-style marketing.	4.71	1.78	6

Note: [a] – 1 = Highly ethical; 7 = Highly unethical

Linkage to Reputation:

Next, to understand the linkage between the ethical evaluation of marketing practices and the industry reputation, stepwise regression was performed with reputation as the dependent variable and ethicality evaluation of the marketing practices as independent variables. Stepwise regression is a useful analytical tool when there are a large number of possible explanatory variables (Pindyck and Rubinfeld 1991). The results of stepwise regression are presented in Table 2. The fitted model included nine of the seventeen independent variables with all of the retained variables being significantly related to industry reputation at the α level of 0.05 or less. These variables collectively explained 74 percent of the variations in the dependent variable. All the marketing practices, with the exception of two, were negatively related to reputation. The two marketing practices that were positively related to reputation were the sponsorship of programs that educate consumers of the dangers of smoking, and promotion of tobacco products at the retail level with point-of-purchase displays and trade-oriented sales promotions. This suggests that the industry's strategy of shifting marketing resources from advertising to retail promotion is contributing to the enhancement of industry reputation. Interestingly, the other types of public relations initiatives such as sponsorship of sporting and entertainment events, scholarship to university sporting teams, and retail programs to reduce minor's access to tobacco (e.g., We Card Program) were not positively related to reputation. The practices of advertising in magazines with more than 15 percent youth readership, and using younger looking models in tobacco advertisements were also negatively related to reputation. In addition, the pursuit of market opportunities in developing countries with Western-style marketing was also negatively related with tobacco industry's reputation. As indicated by the beta coefficients in Table 2, the advertising practice of portraying smoking as fun and relaxing activity has a strong negative effect on reputation.

Table 2 Summary Results of Stepwise Regression

Independent Variable		Standardized Estimate	t value	p value
A1	Advertising in magazines with at least 15% youth readership	-0.19	-2.83	0.0051
A3	Ads employing the theme of smoking is fun & relaxing	-0.35	-5.16	<.0001
A5	Featuring younger models in ads	-0.25	-3.35	0.0010
B1	Promoting with aggressive POP retail displays	0.45	7.05	<.0001
C1	Sponsorship of sporting and entertainment events.	-0.12	-2.08	0.0383
C2	Providing scholarship to university sporting teams or athletes	-0.25	-5.72	<.0001
C3	Educate consumers of the dangers of smoking	0.23	4.87	<.0001
C4	Supporting programs that reduce minors' access to tobacco	-0.14	-2.88	0.0044
D2	Pursing market opportunities in developing countries	-0.27	-4.28	<.0001

Multivariate F statistic = 71.79 df = 9, 221 p-value = <.0001

$R^2 = 0.7451$ Adjusted $R^2 = 0.7347$

CONCLUSION

The findings of this study shed lights on how people evaluate the marketing practices of tobacco industry on ethical dimension. The fact that ten of the seventeen marketing practices examined in the study received mean rating of over 4.0 on "1 = highly ethical to 7= highly unethical" scale clearly suggests that a majority of the tobacco industry's marketing practices are still perceived to be unethical. The most of the marketing practices that were rated as unethical stem from advertising area. Indeed, five of the six advertising practices examined in this study were perceived to be unethical. This indicates that the consumers do not approve of the tobacco industry's current advertising practices. The advertising practices of using younger looking models in tobacco advertisements, placement of tobacco ads in magazines with sizeable youth audience, and portrayal of smoking to be a fun and relaxing activity were all negatively related to industry reputation. Therefore, if the industry is interested in improving its overall reputation, it should consider revamping the advertising practices.

For example, the industry may consider not advertising in magazines with more than 5 or 10% youth readership and limit the content of the advertisements to verbal messages including brand name and product features without visual cues.

Surprisingly, a few of the industry's public relations initiatives and sponsorship practices have failed to contribute to enhancement of overall reputation. In contrary to our expectation, even the benign marketing practices such as sponsorship of retail programs (e.g., We Card Program) that are designed to reduce minor's access to tobacco, and providing scholarship to university sporting teams were negatively related to reputation. It is possible that some of the industry's good deeds are overshadowed by many controversial practices. The only public relations program that has a positive impact on reputation is the industry's support to educate consumers of the dangers of smoking. It is possible that the sponsorship of consumer education program is positively related to reputation because people perceive such programs to be gentle, compassionate, and consumer centric. Whereas, the other public relation programs are perceived to be promotional vehicles designed to further promote the companies and their products. This may very well explain why sponsorship of sporting and entertainment events is negatively related to reputation, in spite of the tobacco companies' propaganda that their sponsorship of public events is beneficial to consumers in that it contributes to reduction in admission fee to those events by underwriting the costs of conducting public events. Furthermore, a significant negative relationship between the pursuit of marketing opportunities in developing countries and reputation suggests that the U.S. consumers do not approve of how the U.S. tobacco companies conduct business in developing nations. This may be because many view the consumers in the developed countries to be vulnerable to Western style marketing and unprotected by appropriate legal measures from the dangers of smoking (Jha and Chaloupka 2000). As a result, any attempt to reach out to them through aggressive marketing measures might be considered highly unethical. Therefore, the tobacco companies should modify their marketing practices in developing countries and spend reasonable resources to educate those consumers of the negative long-term effects of tobacco consumption.

A strong positive relationship between the practice of marketing tobacco products with retail promotions and reputation is a sign of approval of the tobacco companies' strategic decision to shift their marketing resources from advertising to retailing arena. This may be because many view that marketing tobacco with trade-oriented sales promotional tools reduces the exposure of tobacco to minors. Obviously, the POP displays and retail in-store advertising carry a low risk of exposure of tobacco products to children and youth than do mass media oriented advertising and sponsorship of sporting events.

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EXCHANGE THEORY AND ALCOHOL ADVERTISING

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ABSTRACT

This paper discusses the consumption of beer through the interrelationship of consumers, advertisers, manufacturers, and society. It incorporates exchange theory in modeling consumption using a simultaneous equation approach. Time series data for the period 1960 to 1990 was used to estimate the relationships under method of two-stage least squares.

INTRODUCTION

Marketers have an ongoing responsibility to identify the needs and wants of today's consumer. Having an understanding of the actual and potential factors and the interactions that influence consumer demand is a goal of marketing professionals today. For this paper we have chosen the product beer and attempt to identify how its consumption might be explained, since alcohol like most products and services offered today presents an appealing message to consumers. This paper incorporates exchange theory to assist with the explanation of the interaction of the participants. A basic assumption offered by exchange theory suggests at least two parties having something of value to offer each other for a mutual benefit. The participants identified in the exchange process include consumers, advertisers, manufacturers, and society. A contribution of this paper reveals how marketers must identify factors other than the obvious such as advertising as being important contributors in increasing alcohol consumption. The social environment including all participants plays as an important role in alcohol consumption.

A question often presented is whether a relationship exists between advertising and alcohol consumption. A number of studies have concluded that no concrete evidence supports the idea that an increase in advertising increases alcohol consumption. For example, Crawford and Graham (1985) reported that the Federal Trade Commission found no reliable basis to conclude that alcohol advertising significantly affects consumption. The idea that more advertising dollars will yield an increase in consumption is simply not accurate. Nelson (1999) noted that very little empirical evidence suggests that alcohol advertising increases consumption. A longitudinal study conducted over 21 years by the University of Texas found that the amount of money spent on alcohol ads had little relationship with the total consumption in the population (Wilcox and Vacker 1994). Nelson and Young (2001) investigated broadcast advertising and concluded based on empirical results that bans on alcohol advertising do not decrease alcohol consumption. A number of studies investigated the relationship using a single equation linear regression model. The models were alike in formulating alcohol consumption as the dependent variable but differed in the choice of explanatory variables. The explanatory variables were a mix of sociological, demographic, and in a few studies, economic factors. Some are cross section studies. None incorporated the interrelationships among all the principals of alcohol consumption that includes consumers as well as producers, advertisers, and society. The latter seemed a reasonable consideration. It can be determined that alcohol consumption and its production, distribution, and promotion are influenced by society's tolerance (or intolerance) of the bad consequences of alcohol consumption. Consider the impact of regulations regarding the content and locus of alcohol advertisements; promotions by Mothers Against Drunk Driving (MADD) and Students Against Drunk Driving (SADD); and the rise of alcohol-free events such as First Night (New Years Eve) celebrations across the country. The social influences reinforce the message of potential negative consequences of alcohol consumption by today's consumer.

We see the interrelationships among the principals in the following ways. Advertisers recognize and respond to society's changing perceptions of alcohol consumption by adapting the message and target of their promotions. New products, new promotions, and new venues of distribution result. Exchange theory supports this view. According to early explanations of exchange theory, individuals and groups form and maintain relationships as long as the rewards of doing so exceed the costs, see Mauss (1925). The commerce of alcoholic beverages reflects a distinct manner of exchange. The exchange encompasses the pleasure alcohol consumption brings to consumers; the economic return that its sale brings to manufactures and advertisers; and the consequences (costs) it brings to society. Alcoholic beverages also are a defined exchange whereby all actors must satisfy at the very minimum, an age requirement. Because of the need to address all factors we sought a modeling methodology that incorporated interrelationships among the principals (consumers, producers, advertisers); accommodated explanatory factors (variables) common and unique to each principal; and in statistical outcome was easy to understand.

METHODOLOGY

Review of the literature notes that the single equation linear regression model is the popular representation of the relationship between alcohol consumption and advertising in statistical studies. For references, see Fisher (1993) and Saffer (1997). However, the single equation model does not accommodate the interrelationships and their complexities. For example, while advertising and price relate collectively to consumption, price also relates to advertising. In the former, advertising is an explanatory (independent) variable and in the later it is a response (dependent variable). A similar argument can be made for production. Manufacturers at times have been known to relate production to advertising. And at the same time, advertising is influenced by production expectations.

Factors to be determined by the model are referred to as endogenous. In this respect, advertising is explanatory to consumption and production and at the same time endogenous to production and consumption.

In adopting this approach, we separately represented consumption, production, and advertising. For the consumption relation, we adopted the economic model of demand, that is, price and the non-price factors of demand (income of the buyers and buyers' tastes and preferences) explain consumption. Advertising was considered a proxy for buyers' tastes and preferences. For production, we again drew from economic theory. Production was related to price and the relevant non-price factors of production (advertising and cost of inputs). We related variation in advertising to shipments of the beverage, its price, and the prevailing social tolerance of alcohol. For the latter, we used proxies – church membership and the SEPT index. The SEPT (Social Economic and Political Threats) index is attributed to McCann and Stewin (1989). The index is a composite of the judgments of 196 American historians who rated each year in the period 1920-1990 on a 7-point scale reflecting the degree to which they perceived the events of the year to be threatening to the established order. The three-equation model allowed us to incorporate the interrelationships among the explanatory and endogenous factors of alcohol consumption, production, and promotion.

THE MODEL

The simultaneous equation model that incorporated the exchange (interdependence) among the consumption, production, and promotion of alcohol is given below. The Y_1, Y_2, Y_3 and Y_4 denote respectively the endogenous factors of consumption, price, advertising, and production. The model also incorporated influences (factors) considered external or exogenous to the phenomenon of study. The X_1, X_2, X_3, and X_4 represent those external influences. They are respectively per capita income of the buyer, production costs, church membership, and the SEPT index.

Note that price (Y_2) of the alcoholic beverage is endogenous. It reflects the economic view that price is determined by demand (consumption) and supply (production). The price of interest in this model is the market clearing price. Hence the identity $Y_4 = Y_1$.

The exogenous factors also distinguish the three relations from one another. Although Y_2 and Y_3 are common to the consumption and production relations, income (X_1) distinguishes the consumption relation from the production relation. The presence of the producer price index (X_2) in the production relation and its absence in the consumption relation functions similarly. In general, the endogenous relations are distinguished by their dissimilar exogenous (and endogenous) factors.

The Proposed Structural Model

Consumption Relation:	$Y_1 = \beta_1 Y_2 + \beta_2 Y_3 + \beta_3 X_1 + U_1$
Production Relation:	$Y_4 = \beta_4 Y_2 + \beta_5 Y_3 + \beta_6 X_2 + U_2$
Advertising Relation:	$Y_3 = \beta_7 Y_1 + \beta_8 Y_2 + \beta_9 X_3 + \beta_{10} X_4 + U_3$
Market Clearance Relation:	$Y_4 = Y_1$

A constant term is assumed for each of the relations but not explicitly shown. The $\beta_1,...,\beta_{10}$ are the unknown parameters of the proposed model. The U_1, U_2, and U_3 are the unobservable stochastic disturbances influencing respectively the consumption, production, and advertising relations.

The model incorporates linearity, additivity, exchange, simultaneity (endogeneity), and random variation in depicting the phenomena.

APPLICATION OF THE MODEL TO THE CONSUMPTION, PRODUCTION, AND PROMOTION OF BEER

Table 1 depicts the relevant factors influencing beer consumption, their symbols, and the role (exogenous or endogenous) that each factor is thought to play in the realization of beer's consumption, production, and promotion. The method of two-stage least squares (2SLS) was used to estimate the parameters of the model. The statistical software package SPSS Version 9.0 with the Regression Module Version 9.0 was the software of choice.

The model was fitted using time series data for the period 1960-1990. Thirty years of data provided a reasonable sample and afforded a wide variety of economic and social situations related to alcohol consumption and production. All data were adjusted for price variation from year to year. The data relating to beer consumption, production and advertising were available from public sources and trade associations.

Preliminary estimation of the proposed model produced results using log-form base e for each data series that were no better than results using the natural units of each series. Consequently, all data in subsequent analyses were in natural units.

Other factors such as the price of non-alcoholic beverages, population over 21 years of age, prices of primary inputs such as rice and hops, utilization of productive capacity of alcohol beverage manufacturers, number of alcohol related ads, number of divorces, and the number of alcohol related traffic fatalities among the three relations were examined. Because they were highly correlated with the factors of the model reported here, they were eliminated early in the investigation.

RESULTS

The results of estimating the model for beer consumption using two-stage least squares (2SLS) estimation are given in the Appendix in Tables 2-4.

For the consumption relation (Table 2), the factors of price, advertising expenditures, and income have the expected signs and each is statistically significant (different from zero) at any conventional level. In particular, the advertising factor is statistically related to consumption. The adjusted R^2 is 0.926, the standard error of the estimate is 30.531, and the calculated F value of 122.763 occurs with probability less than 0.001.

For the production relation (Table 3), the factors of price, advertising expenditures, and the producer price index for alcohol manufacturers have the expected signs. The estimated coefficient that is associated with each factor is statistically significant at any conventional level. In particular, the advertising factor is statistically related to production. The adjusted R^2 is 0.786, the standard error of the estimate is 55.737, and the calculated F value of 36.630 occurs with probability less than 0.001.

For the advertising relation (Table 4), the factors of shipments, price of the beverage, church membership, and the SEPT index have the expected signs. The estimated coefficient of each factor in the relation is statistically significant at any conventional level. Advertising is statistically related to price and shipment (quantity). The adjusted R^2 is 0.892, the standard error of the estimate is 12.613, and the calculated F value of 61.146 occurs with probability less than 0.001.

SUMMARY

The simultaneous equation approach using time series data produced evidence of a statistically significant relationship between beer consumption and advertising. Incorporating the interdependence among the factors relating to alcohol consumption in the modeling is promising. Research is ongoing.

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Table 1 The Proposed Model

Relation	Factors	Nature	Symbol
Consumption	Shipment of the Beverage[1]	Endogenous	Y_1
	Price of the Beverage	Endogenous	Y_2
	Expenditures for Advertising	Endogenous	Y_3
	Per Capita Income	Exogenous	X_1
Production	Shipment of the Beverage[1]	Endogenous	Y_1
	Price of the Beverage	Endogenous	Y_2
	Expenditures for Advertising	Endogenous	Y_3
	Producer price index for alcohol manufacturers	Exogenous	X_2
Advertising	Expenditures for Advertising[1]	Endogenous	Y_3
	Shipment of the Beverage	Endogenous	Y_1
	Price of the Beverage	Endogenous	Y_2
	Church Membership	Exogenous	X_3
	SEPT Index	Exogenous	X_4

[1] Dependent variable in the relation.

Table 2 2SLS Results for the Consumption Relation[1]

Factor	Symbol	Estimated Coefficient	Standard Error	Computed t-statistic	Probability
Price of the alcoholic beverage	Y_2	-2.726376	0.776621	-3.511	0.0017
Expenditures for advertising	Y_3	1.531846	0.419778	3.649	0.0012
Per capita income	X_1	4.494102	0.654435	6.867	0.0000

[1] Dependent variable is Y_1 = shipments of the alcoholic beverage beer.

Table 3 2SLS Results for the Production Relation[1]

Factor	Symbol	Estimated Coefficient	Standard Error	Computed t-statistic	Probability
Price of the alcoholic beverage	Y_2	18.387478	4.864588	3.780	0.0008
Expenditures for advertising	Y_3	3.028777	0.790325	3.832	0.0007
Producer price index for alcohol manufacturers	X_2	-20.463175	5.562632	-3.679	0.0011

[1] Dependent variable is Y_1 = shipments of the alcoholic beverage beer.

Table 4 2SLS Results for the Advertising Relation[1]

Factor	Symbol	Estimated Coefficient	Standard Error	Computed t-statistic	Probability
Shipment of the alcoholic beverage	Y_1	0.319320	0.062266	5.128	0.0000
Price of the alcoholic beverage	Y_2	1.274047	0.250600	5.084	0.0000
Church membership	X_3	-3.881913	0.978540	-3.967	0.0005
SEPT Index	X_4	1.100869	0.487834	2.257	0.0330

[1] Dependent variable is Y_3 = advertising expenditures for beer.

A NEW PARADIGM IN STUDENT COURSE EVALUATION: FROM INSTRUCTOR SATISFACTION TO COURSE CONTENT

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ABSTRACT

Historically, student course evaluations have been viewed as "satisfaction measures" reporting what students "like" or "dislike". This exploratory research examines the feasibility of redefining student course evaluations as a tool for curriculum development using a factor analytic solution. Research results suggest that a paradigm shift is possible.

INTRODUCTION

If one were to conduct a thorough review of the existing research on written and objective student evaluations as they relate to the teaching performance of university instructors, a rich research tradition would be discovered. In a "brief" review of Wachtel's (1998) historical outline, student evaluations were conducted in the 1920's, but it was not until the 1970's that the "golden age" of research on student evaluations was realized. Prior to this, evaluations were mostly hand written, and non-standardized. As a result, design and content were weak in terms of statistical rigor and in need of revision.

However, standardization of instruments was not universally viewed as a positive development. Powell (1978) summarized many professionals' sentiments by stating that most of the research supporting the validity of student evaluations came from those publishers or authors who developed the scale and offered their product for a price. This sentiment presupposes that standardized student course evaluation forms are constructed for the sole purpose of making money, not for providing accurate and useful information related to the course or instructor.

This less than positive view of student course evaluations is held by many authors, instructors, and educators who assert that student course evaluation models reflect uncertainty at best (see Franklin and Theall, 1989). However, for a balanced review of the literature pertaining to student course evaluations, the interested reader should consult Wachtel (1998). Wachtel provides a historical overview, and advocates the professional necessity of developing multiple approaches to evaluation. The purpose of this introduction, however, is not to establish a "pro" or "con" position on the use of student course evaluations, but rather to stress the necessity of continued research and to acknowledge that student satisfaction measures can be controversial.

LITERATURE REVIEW

In 1978, Feldman addressed course characteristics and how college students rated their teachers. The focus was on the relationships between course context and ratings of instruction. The researcher found weak associations, but stressed that clear patterns do emerge. For example, there was an inverse relationship between class size and class ratings; ratings were higher for upper division courses or electives; and ratings for teachers in the humanities, fine arts and languages tended to be higher than other disciplines. However, Feldman did introduce in discussion, and literature review, that "course grade" or "expected course grade" was a strong predictor of course ratings, and that in most studies, this variable should be either held constant or acknowledged as a factor. Feldman's research raised a cautionary note when analyzing student course evaluation data.

A study published by Naftulin, Ware, and Donnelly (1973) dubbed "The Dr. Fox Effect" and follow-up studies (e.g., Ware and Williams, 1979; Marsh and Ware, 1982) examined the phenomenon of enthusiastic teaching and its effect on student evaluations in the absence of adequate content. The classic "Dr. Fox" study involved the use of a professional actor to deliver a lecture. Later, the researchers administered and assessed student evaluations. Although the original study was recognized as having many methodological problems, the impact of style over substance entered the "satisfaction" discussion.

Marsh (1983) began a research project by emphatically stating that most research fails to recognize the multidimensionality of student ratings, and introduced the potential for researcher biases. With this in mind, Marsh decided to examine six groups on sixteen student-class-instructor characteristics, using stepwise multiple-regression. The results indicated higher student ratings with students who had a prior interest, expected a higher grade, increased workload difficulty, and had taken the course as a general interest. Overall, Marsh concluded that some variables will affect teaching effectiveness and will ultimately be reflected in student ratings. However, Marsh never addressed if satisfaction ratings influence course development. Yet, it is not uncommon to find research that examines student satisfaction in relationship to faculty assessment with an implicit assumption that it improves course content.

Cranton and Smith (1986) opened their research on the effect of course characteristics on student ratings of instruction by pronouncing that *"student ratings of instruction are the major, if not the only, component of the evaluation process at most universities in North America"* (p. 117). They warn that researchers and administrators should interpret results with caution and be wary of the instructional setting in which the ratings were collected. Specifically, the researchers felt that students will adjust their ratings to account for the instructional setting. The overriding implication of this research was not to over interpret, generalize, or evaluate faculty solely on student satisfaction surveys or course evaluations.

Wigington, Tollefson and Rodriquez (1989) reiterated the professional plea not to use student ratings as a measure of teaching expertise. Their research findings indicated that class level or size, type of instruction, instructor reputation, rank, and sex, all appear to influence ratings. The researchers concurred with those earlier warnings regarding the interpretation of student course evaluations. Moreover, they strongly affirmed that evaluating courses or faculty by looking at composite mean scores to determine which instructors are "better" is ill-advised, given the evaluation conditions and circumstances.

RESEARCH OBJECTIVES

Civian and Brennan (1996) remind us of the "wealth of research" that exists in the area of student course evaluations. Studies range from analyses of validity and reliability to student and course characteristics and their effect on overall ratings. However, merging an evaluation method with course construction and content has not been given nearly as much attention in the professional literature.

This exploratory research examines the fundamental belief that feedback from student ratings can help to improve instruction. This predominant theme reverberates through the work of Overall and Marsh, 1979; Cohen, 1980; Menges, 1991; and Marsh and Roche, 1993. There are also many controversies surrounding student evaluations of teacher effectiveness since there has never been agreement on the appropriate criteria for measuring teacher effectiveness (Marks, 2000). This is the underlying sentiment of Wigington, Tollefson and Rodriquez when they assert that evaluating faculty by a "mean" score is inappropriate. Moreover, it is critical to this current research to reiterate the key finding by Marsh (1982), and later corroborated by Cashin (1988) — the instructor, not the course, is the primary determinant of student ratings; however, what a high or low satisfaction rating really indicates is patently speculative.

A PROPOSED PARADIGMATIC SHIFT

This study proposes to assess student satisfaction using a new paradigm. Specifically, it is a procedure that employs a factor analytic solution on the total number of questions/responses asked/received from a student with respect to satisfaction and then designates a "marker item" within the administered questionnaire. This marker item could be a specific question related to course content, student recommendation, student retention, or any other issue. However, the researcher's objective would be to determine where this marker item loads on the factor matrix. Factor analysis as an approach is widely used in evaluating student ratings (Linn, Centra, and Tucker, 1975; Marsh and Hocevar, 1983; Jackson, 1999). Nevertheless, employing a specific marker item with theoretical implications is a unique application. Therefore, what follows should be considered an illustration of a tool for curriculum development that details how an institutional/department researcher could assess student satisfaction with respect to course content from one semester or academic year to the next.

A TOOL FOR CURRICULUM DEVELOPMENT

This research examines the relevance of a student recommending a course to another student. This "marker item" is conceptually related to both student satisfaction and student retention. Therefore, this investigation examines three questions relevant to the professional literature and offers an exploratory model that has the potential to become a new evaluation paradigm for the use and interpretation of student satisfaction surveys. In the example that follows, the questions, data, and interpretations that are introduced have practical implications. The questionnaire used was developed specifically for the class under investigation. Therefore, the questionnaire, its construction, and administration must be viewed as a working model that demonstrates a potential paradigmatic shift in the use of student evaluations. The specific questionnaire items and components are secondary to the process and interpretation of the research findings. The following three questions are stated as hypotheses to illustrate how this process could be used as a tool for curriculum development.

HYPOTHESES

H1: Can student ratings be used to validate course content by employing a factor analytic solution when introducing a marker item?

H2: Can a factor score representing course content account for a significant amount of variance when predicting if the student will recommend the course to other students?

H3: Can a mean score (average) of student ratings of instructor satisfaction account for a significant amount of variance when predicting if the student will recommend the course to other students?

METHODOLOGY

The population chosen for this exploratory research was 372 freshmen enrolled in 29 Introduction to University Life courses at a small, residential, private university located in the midwest. The rationale for choosing this population and course were simple and pragmatic: the course had a curriculum with content, not just social activities to evaluate; it was a suggested course for all entering freshmen; and the students had an opportunity to rate their satisfaction with the instructor, advisor, campus community, course content, and other general areas.

All questionnaire items used a Likert scale, assigning a number 1, meaning *"strongly agree"* to 5, meaning *"strongly disagree"* with a sentiment expressed in each question. For example, one item expressed the sentiment, *"The instructor encouraged me to develop my desire to learn"*. All other questions had a similar construction. For clarification, the questionnaire is not presented in its entirety for two pragmatic reasons. First, it is not a standardized instrument, as it was developed specifically for this university class. Second, and perhaps most important, copyright law prohibits the publication of the instrument. However, the factor labels and variance accounted for were based on the actual rotated matrix.

RESULTS

Statistically significant results were found in each of the three stated hypotheses (H1; H2; and H3). Since H2 was dependent on the findings in H1, the factor analysis was performed first. The factor analysis results, utilizing a varimax rotation, yielded a five-factor solution. When combined, the five factors accounted for 59.7 percent of the variance. However, factor one independently accounted for 34 percent of the variance.

Conceptually, factor one included items that were associated with course content. The marker item [I would recommend the course to other students] loaded on this factor. Factor two was associated with instructor satisfaction. Factor three represented satisfaction with social involvement. Factor four was a conceptual measure of advising. Factor five was dominated with items related to career advising services. There was a sixth factor, but it was eliminated since it accounted for less than two percent of the variance and exhibited no clean item or loading above .50.

Table 1 highlights the results for H2. The factor score representing "course content" (factor one) accounts for a significant amount of variance (43.0%) when predicting if a student would recommend the course to other students. Therefore, findings suggest that "course content" does predict if a student recommends the course to others.

The results of H3 are listed in Table 1. H3 accounts for a significant amount of variance (17.0%) in solution. Hence, student rating of "instructor satisfaction" does predict better than chance that a student will recommend the course to other students.

TABLE 1
Summary Table

H2: Can a factor score representing course content account for a significant amount of variance when predicting if the student will recommend the course to other students?

H3: Can a mean score (average) of student ratings of instructor satisfaction account for a significant amount of variance when predicting if the student will recommend the course to other students?

	R	R-square	Adjusted R-square	f	Alpha	Sign.
H2:	.673	.453	.43	19.89	.05	.0001
H3:	.423	.179	.17	72.68	.05	.0001

Note. Total N size was 340; results from 32 questionnaires were not included in analysis because of response set bias; for example, answering all questions (n=35) with the same response pattern.

DISCUSSION

Although the questionnaire used in this exploratory research exemplifies a paradigmatic shift in process, research findings indicate several interesting points for discussion. For example, the five factors extracted while investigating H1 are indicative of a valid course framework, exhibiting logical loadings. One would hope to find overall instructor ratings falling on various aspects of *"Instructor Satisfaction"* versus some other "characteristic" like Career Services, Advising Services, or Course Content. This was found in the factor matrix. Findings support the previous researchers' assertions (Overall and Marsh, 1979; Menges, 1991; and Marsh and Roche, 1993) that student feedback in the form of satisfaction ratings can enhance learning objectives through instruction. Therefore, using student satisfaction ratings to determine or influence course content appears warranted.

In H2, the research question addresses the impact that course content, as a factor score, has on securing a student recommendation. Findings suggest that course content accounts for 43% of the variance when predicting a recommendation. Therefore, areas related to course content are a strong indicator of receiving a student recommendation for others to take the course.

In H3, students' satisfaction with the instructor accounted for 17% of the variance when predicting if a student would recommend the course to others. Hence, this research indicates that a student's instructor satisfaction rating can predict a positive recommendation to new students to take a course. This finding supports the Marsh (1983) rationale explaining the widespread use of course evaluations in higher education. Moreover, this exploratory result lends credence to Cashin's (1988) assertion that the instructor, not the course, is the primary determinant of student ratings.

It would appear that the results from H2 and H3 are contradictory, but the findings are logical. The results suggest that both course content and faculty satisfaction will predict if a student recommends the course to another student. This should be the goal in higher education, to have not only a quality instructor but also satisfying course content. It is in the best interest of both the institution and student to view satisfaction as a multidimensional construct (see Marsh, 1983) and not as a "black or white", "either–or", proposition. It is possible to have both, and this exploratory research supports such an assertion. Therefore, this research supports the caution of Wigington, Tollefson and Rodriquez (1989) who stated that evaluating faculty by looking at a composite mean (average) student satisfaction score in order to determine which instructors are "better" — is misguided. However, the results do suggest that some areas of course content may be more important to securing a "student recommendation" than others, supporting the work of Feldman (1978) and the paradigm offered.

The current researchers would be remiss if they did not discuss other possible reasons for the widespread use of the student course evaluation or satisfaction survey. First, it is a tangible indicator that can be used to demonstrate everything from upholding the university mission to appeasing accreditation agencies. Second, student course evaluations can be used as a marketing and enrollment management tool, since student satisfaction can be linked conceptually with retention issues (Elliott and Shin, 1999). Finally, indicants of student satisfaction are often times a critical criterion in grant reports and other funding requests.

LIMITATIONS AND FUTURE RESEARCH

This study examined the results of a student satisfaction questionnaire administered at one midwestern university. Since every university is defined by a myriad of characteristics like type, location, and selectivity, caution must be exercised when generalizing the results (see Cranton and Smith, 1986). For example, this university population exhibits average ACT and SAT admission scores. Therefore, extending results to a more or less selective university population may be unwarranted, but an area worthy of further investigation.

It would have been desirable to introduce the complete questionnaire, its items, and internal validity studies. Since the authors did not have this option, it was decided to present the results "as if" it were a standardized instrument. However, given the pragmatic nature of student evaluations in many universities and colleges, this should not be considered an unusual practice.

Moreover, although this exploratory research successfully employed factor analysis to determine the relationship between receiving a student recommendation and core class components, the use of marker items representing "*complete satisfaction*" should be examined further in subsequent research. It would be useful to study the impact on course development using "*student satisfaction*" measures as a means by which to validate course content, and, as a continuous improvement initiative. For example, by applying this process to multiple courses or perhaps an entire marketing program, a professional body of literature in terms of program continuity could be developed and utilized.

It is important to reiterate what Wachtel (1998) suggested as a worthy endeavor — conduct further research on faculty members to determine how often and what types of changes they make in their pedagogical approach based on the results of student course evaluations. This proposed paradigm used a factor analytic solution. However, factor analysis is really a descriptive tool. The real paradigm shift materializes when one employs the factor results from one semester to another, using an experimental or predictive model based on earlier descriptive findings. Only then can a new paradigm in student course evaluation emerge — one that specifically focuses on course content.

CONCLUSIONS

This study began by introducing the controversial nature of student satisfaction surveys and the multidimensional aspects of construction and interpretation. The current authors did not take a position on the use of satisfaction surveys, but rather offered another way to supplement and interpret student satisfaction feedback in terms of course content. Although this research examined student satisfaction as it related to recommending the course to others, a host of marker items could have been introduced. But this is the essence of the new paradigm offered. Simply stated, a researcher has the ability to designate questions (i.e. marker items) related to: retention, majors, minors, certifications, employment, internships, or any other issue, with any standard or "non-standard" instrument. The paradigm shift derives from using this information (i.e. through a factor analytic solution) the next semester (or academic year) to evaluate or predict results. When this approach is taken in a disciplined manner, college or university officials have a new curriculum tool that has predictive and descriptive capabilities. Therefore, a new paradigm emerges, shifting institutional researchers away from instructor satisfaction, and toward course and curriculum development.

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USING ADVERTISING PRINCIPLES TO HELP MARKETING STUDENTS LAND THEIR FIRST JOB

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ABSTRACT

As competition intensifies for entry-level marketing jobs, students of marketing must become more adept at sharpening their self-marketing and job search skills. The authors illustrate how advertising principles can be applied to this "creative" endeavor.

INTRODUCTION

As marketing education enters its fifth decade of "formal" instruction, the discipline of marketing is being seriously challenged. It is estimated that 18 million graduates will be competing for 14 million college-level jobs in the year 2005 (Gault, Redington and Schlager, 2000). A marketing degree is not mandatory for a variety of entry-level marketing jobs, thereby forcing marketing majors to compete with graduates from other disciplines (Taylor 2003). McCorkle, et al. (2003) cite an unstable domestic and global economy and the fact that a typical employee will change jobs from three to seven times during their lifetime as two unsettling characteristics facing young job searchers. And finally, Scott and Frontczak (1996) reference a Michigan State University survey indicating that new college graduates are often their "own worst enemies" in conducting job searches. Trends and statistics like these compel marketing educators to better prepare undergraduate students in sharpening their self-marketing and job search skills.

A CALL TO ACTION

Marketing educators have devoted minimal research activity to determine what can be done to enhance self-marketing skills and career placement of marketing majors (Gault, Redington, and Schlager, 2000). Deckinger, et al. (1990), nearly fifteen years ago, asserted that schools are failing recruiters in the two general areas of preparation and screening and that advertising instructors are not adequately preparing their students for the "inevitable encounters" with recruiters. Shuptrine and Willenborg (1998) exhorted professors to emphasize "practicality", real–world relevance, and direct application of concepts to jobs and careers. And McCorkle, et al. (2003) suggest that educational programs must provide assistance and guidance to students in the job search and career preparation process.

PEDAGOGICAL APPROACHES

A myriad of self-marketing plans for use as a class project have been developed and discussed in the literature (Kelley and Gaedeke, 1990; McCorkle, Alexander, and Diriker, 1992; McCorkle, Alexender, Reardon, and Kling, 2003). The literature suggests the development of a portfolio of projects and experiences that can be brought to career fairs and job interviews. Specific assignments require the student to define their existing skills and competencies, choose a career field and target a group of companies within a particular industry, and create a positioning and marketing mix strategy, including a targeted cover letter and resume. Such projects are typically assigned in the introductory Principles of Marketing class, and to a lesser extent, the capstone Marketing Management class.

Taylor (2003) presents a model for a new marketing course, "Marketing Yourself in the Competitive Job Market". This course prepares students for the transition from the classroom to the workplace, and contains four primary components: (1) job search, resume writing, and interview skills; (2) business and general etiquette; (3) presentation skills; and (4) teamwork and communication skills.

A third approach is to infuse career-readiness skills and self-marketing plans across all business and/or marketing classes. This approach does have the advantage that no new course needs to be developed and only a small amount of time, typically one or two lectures, would need to be devoted to the topic. The purpose of this paper is to illustrate how this can be implemented in the Advertising Principles class.

THE CUSTOMER-BASED BRAND EQUITY MODEL

The Advertising Principles class is one in which a majority of Marketing majors enroll. Keller (2001) has articulated a Customer-Based Brand Equity (CBBE) model that is comprehensive, cohesive, and actionable. The premise of the model is that the power, or brand equity, of a product lies in what consumers have learned, felt, seen, and heard about the product over time. Specifically, the CBBE model is comprised of four "steps" that represent four fundamental questions that consumers ask about products and brands. These four "steps" are the foundation upon which a strong brand is built. Keller then discusses how six "building blocks" of brand equity—salience, performance, imagery, judgments, feelings and resonance—are arranged in a brand equity pyramid. The CBBE model is a useful device to employ as the foundation for explaining the critical principles and practices involved in building long-term brand equity. The CBBE model is illustrated in Figure 1.

APPLYING THE CBBE PRINCIPLES

The steps in this "branding ladder" follow an order, from identity to meaning to response to relationship. Any marketing student can take this foundation for successful brand development and utilize it to enhance their own self-marketing and job search skills.

Establish Identity—Who Are You?

Achieving brand identity requires creating brand salience with customers. Students can take this basic principle and apply it to their job search activities. For example, Fortune and Business Week magazines publish their "Most Admired" and "Best Performers" list every spring. By familiarizing oneself with these lists, it is possible to gain basic information about specific companies. Fortune magazine utilizes eight key attributes of corporate reputation (Harrington, 2004). The top ten companies in 64 different industries are ranked from highest to lowest by industry analysts. By looking at these companies over a five year period, it is possible to understand more clearly the "personality" of a competitive marketplace.

In a similar fashion, Business Week's annual ranking of the best-performing members of the Standard & Poor's 500 stock index is reflective of the broader macroeconomic trends (Foust, et al., 2004). The 10-part formula used for analyzing these companies is a measure that indicates corporate momentum and sustainability. Therefore, by looking at these two annual rankings, the interested marketing student can gain a generalized answer to the question, "Who are you?", by viewing him or herself as a "corporation" both in terms of their own personal description and future career plans.

Create Meaning—What Are You?

To render meaning to a brand, it is important to create a brand image and establish what the brand is characterized by and stands for in the consumer's mind. In applying this principle to job search activities, it once again is useful to point the interested student to the popular business press.

Four business magazines can be used effectively to better understand a corporate image. Business Week's "Hot Growth Companies" list (Barrett, Palmeri, and Anderson, 2004) highlights 100 small companies based on sales growth, earnings growth, and return on capital. Forbes's "Hot Shots 200 Up & Comers" (2003), is similar to Business Week's compilation. Fortune magazine has three lists to be perused: (1) "The 100 Best Companies to Work For" (Boorstin, 2004); (2) "The Fastest-Growing Companies" (2004); and (3) "50 Best Companies for Minorities" (Daniels, 2004). And finally, Money's "Corporate America's Best Benefits" (2002) profiles the "benefit cornerstones" of retirement plans, health care, stock options and insurance. By looking at any of these "performance dimensions" of various corporations, the student can inculcate them in his or her mind, and start formulating a more specific response to the question, "What are you?", by participating in academic honor, scholar, or social organizations that will enhance his or her personal performance capabilities.

Elicit Response—What Do I Think or Feel About You?

Brand judgments focus on consumers' personal opinions about the brand based on how they put together different performance and imagery associations. Aaker (1997) identifies five dimensions of brand personality: (1) sincerity (honest, wholesome, cheerful); (2) excitement (daring, imaginative, up-to-date); (3) competence (reliable, intelligent, successful); (4) sophistication (upper-class, charming); and (5) ruggedness (outdoorsy, tough). This basic positioning principle can also be applied to the corporation. Fombrun and van Riel (2004) postulate their Reputation Quotient as being composed of six dimensions: (1) emotional appeal; (2) products and services; (3) workplace environment; (4) financial performance; (5) vision and leadership; and (6) social responsibility. They establish three archetypical organizations—the Stellar Rep; the Hidden Champion; and the Tarnished Star—and present insights and perspectives on how to manage each type. When the student understands the importance of the "What do I think or feel about you?" question, he or she is ready to consider early networking opportunities with faculty or other professionals in college that will eventually lead to receiving a personal letter of recommendation for employment. After this, the student is ready to consider the fourth question.

Forge The Relationship—What Kind of Association Do I Want With You?

Brand resonance refers to the nature of the relationship customers have with the brand and whether they feel sympathetic toward the brand. The student must now determine if they want to seek employment with a specific organization. He or she must now think of him or herself as a product to be differentiated and promoted.

Internships and other experiential education opportunities are means by which the student can better crystallize their job interests and abilities, increase business contacts, and enhance their knowledge of the overall job market (Gault, Redington, and Schlager, 2000). This is one of the most effective ways that a student can be proactive in finding their first job (Vence, 2003). This will be the best opportunity for the student to judge whether the organization "fits" their character (Lam, 2004) and for the organization to recognize them as a candidate of choice. Moreover, this will be the impetus for the student to discern the "value" of non-paid internships or experiential education for the sake of developing personal resonance that will manifest itself in the resume and job interview. Finally, in the job interview, the student can apply the most fundamental advertising principle to their self-marketing and job search skills by bringing all of his or her preparation together to land that first job. Alleyne (2003) summarized a successful interviewing technique with an acronym: (1) Show your accomplishments; (2) Enthusiasm to demonstrate your interest; (3) Listen to understand what precisely you've been asked; and (4) Leverage your skills to show how the company can benefit from your knowledge and expertise.

DISCUSSION

The purpose of this paper is to illustrate how advertising principles delineated in the CBBE model can help a marketing student land their first job. However, it would be an egregious error of omission not to suggest a marketing curriculum that would develop and enhance the student's self-marketing and job search skills and competencies. In addition to the introductory "building-block" course, Principles of Marketing, the student should give serious consideration to Services Marketing, Interactive Marketing, Marketing Research, Strategic Marketing Planning, and Case Studies in Marketing. The end result would be a well-balanced educational experience that empowers and enables an appreciation of how specific marketing principles can be applied to an individual entity.

CONCLUSION

This article presents the CBBE model as a way to illustrate fundamental advertising principles and personally apply them to help a marketing student land their first job. It is an actionable tool that any marketing student can use to sharpen their self-marketing and job search skills. Moreover, it is an effective way to integrate career-readiness skills into an existing marketing class. And finally, it is a practical way to illustrate how the student must be focused and disciplined in successfully building hisher own "brand equity". Because in the final analysis, if you can't market yourself, how are you going to effectively market a brand or an organization?

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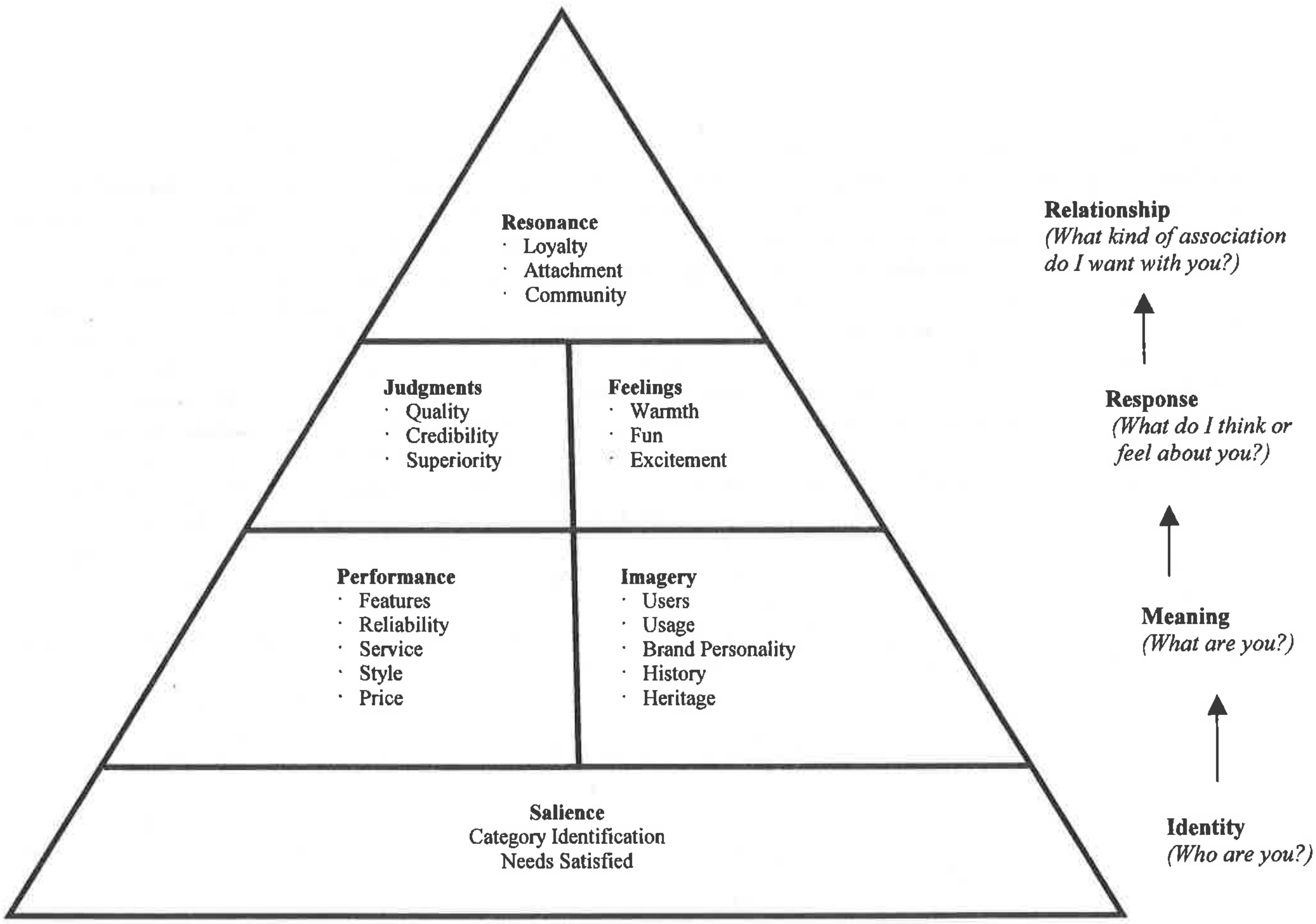
FIGURE 1.

THE CUSTOMER- BASED BRAND EQUITY MODEL



Note: Adapted from Keller (2001)

A NOTE ON "WEB VERSIONS" OF PRINCIPLES OF MARKETING

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ABSTRACT

The paper summarizes an experimental offering of Principles of Marketing in two different formats, including a "Web" format. The introductory Principles of Marketing course is a pedagogical challenge at many colleges of business. Required of all business majors, it frequently produces class sections composed of marketing majors who are generally interested in the course, and non-marketing majors who are generally less so. Because non-marketing majors usually predominate, pedagogy and content may be compromised, as one colleague put it, in favor of entertainment and student evaluations. Stated differently, a Principles course can turn out to be neither rigorous enough to prepare the marketing majors for their subsequent marketing courses, nor general enough to maintain the interest and good humor of the non-marketing majors. However, a Principles course could be made more rigorous. One approach would be to enforce registration by major--one section for marketing majors, and another section for non-majors. However, this approach was not available to us. Instead, we tried enticing the non-marketing majors into a class with no lectures. Beginning Fall 2003 the Principles course was offered in two formats. Section 01 was a traditional 10 week lecture-format section intended for Marketing Majors. Section 90 was for non-marketing majors, and it was conducted almost entirely on the Web. Students were to apply the time that would have been spent in class to reading the text, completing homework that was submitted via e-mail each week, and working in the study guide that accompanied the text. Other details: Section 01 used a traditional 700+ page Principles of Marketing text; Section 90 used a considerably smaller Essential of Marketing text. Homework in each section involved a typically short end-of-chapter case with 3-5 case questions. It was graded over the weekend, and the students' grades were posted en masse and identified by partial student ID, using a hyperlink on the class calendar. Because students were on campus for other classes, there were no chat rooms, instant messaging, bulletin boards, etc. Instead, students were encouraged to use office hours or e-mails. Combined enrollments varied from Fall 2003's 168 students, to Winter 2004's 220 and Spring 2004's 166, out of a business school population of about 1,200 and a university population of approximately 15,000. There was always considerable migration out of Section 01 to Section 90 after registration, but there was little migration from Section 90 to Section 01. As a result, Section 01 was a mixture of marketing majors and minors, and non-marketing majors. This provided a negative answer to one of our research questions, could the Marketing Majors be separated from the non-marketing majors using a no-lecture class? Focus groups suggested that more that half of the non-marketing majors in Section 01 were interested in Marketing, so the section was aimed at the Marketing Majors. However, the inclusion of marketing plans (i.e., evaluate a marketing plan) in Section 01 turned out to be problematic. Although the marketing plans were retained, the non-marketing majors questioned the need for such material. This negatively answered another research question, could a course for marketing majors be made more rigorous with the dual formats? Not without determination on the part of the instructor. Principles of Marketing also was offered Spring of 2003 using only the Section 90 (Web) format to provide a baseline for later comparisons. Students were not told of the format change beforehand, and the resulting class was a combination of marketing and non-marketing majors. The class was surveyed, and a cluster analysis suggested an answer to another research question, how would students react to a no-lecture class offering? 28% (Cluster 1) disliked the on-line format and would have preferred a lecture class (despite an average self-reported learning that was equal to the cluster that preferred an on-line class, Cluster 2). 72%, Clusters 2 and 3, liked the on-line format, although Cluster 3 (11%) had the lowest belief that they learned a lot in the course. We compared raw percentage test scores between the sections, and consistently found no significant differences for three quarters. However, for several reasons (e.g., the sections used different texts), these comparisons may have been misleading. We also compared raw percentage test scores between students who submitted homework and those who did not, and consistently found weak or no significant differences.

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STUDENTS' PRICE POINTS FOR TEXT BOOK ALTERNATIVES: A PRELIMINARY ANALYSIS

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ABSTRACT

Following the reading of a Wall Street Journal article on alternatives to high textbook prices, 71 undergraduate students were asked for the appropriate price for textbook alternatives. Mean results were: new paperback: $85.04; basic black and white: $71.93; loose leaf, $58.90; semester rental $42.65; online with print capability, $38.09; online, read only $25.78.

INTRODUCTION

High textbook prices and students' response and use of alternatives appear to have sprung up as an issue in the 2004-2005 academic year. One indicative, but unscientific, measure (a LexisNexis™ search) shows twenty five non-editorial newspaper articles published between August 25th and October 7th in 2004. (See Appendix 1.) Not surprisingly, sixteen of the articles are from college newspapers, but included are major newspapers such as *The Washington Post, Boston Globe, Houston Chronicle, Wall Street Journal* and *Los Angeles Times*. Moreover, college textbook pricing has recently been the subject of a U. S. House of Representatives hearing (U.S. House of Representatives 2004) and a federal legislative initiative (H.R. 3567) as well as at the state level (Allen-Taylor 2004; Illinois Board of Higher Education 2004; Kang 2004). Not surprisingly, the Internet is playing a part in students' alternatives to college bookstore high prices (c.f. Kogan 2004) and publishers' responses to the issue ("Thomson Higher Education".... 2004).

Alternatives for students are numerous. Yet, little research has been conducted, especially into students' perception of the value of alternatives to the traditional, college bookstore purchased, hardcover new textbook. This paper attempts to begin the investigation on a preliminary level.

Moreover, disintermediation in other industries (e.g., music, travel agencies), the result of the opening of the World Wide Web to commercial enterprises, has shown that traditional channels are not "safe" from rapid adoption of new alternatives. And certainly college-aged people were early adopters of peer-to-peer file sharing of music. Hence, a preliminary look at students' perceptions of alternatives to the traditional college bookstore purchased, hardcover new textbook may have value to educators and publishers alike.

REVIEW

Concern regarding the premium price college textbooks receive over trade publications is, in fact, is nothing new. Horvitz (1965) commented that publishers of the day ignored economic principles that older texts should sell for less, that publishers do not know the demand structure for college texts and introduce new editions too frequently (the last, an issue that remains alive today (Fairchild 2004)). Recently, an industry representative reported that college texts have always been more expensive relative to general interest titles due to the limited market of the texts (U. S. House of Representatives 2004).

The degree to which prices of college textbooks have increased is imprecise. The cost of college textbooks to students has risen 41% since 1998 (Lewin 2003) or 35% since 1998 (Kang 2004) or 24% since the academic year 1996-97 (Fairchild 2004) or 6-7% per year (Mehegan 2004) or only 2.5% annually according to an industry representative (U. S. House of Representatives 2004). Students pay an average of $700-$800 per year on texts (Mehegan 2004) or $900 (Lewin 2003), or up to $979.20 (Fairchild 2004).

Moreover, the cause of the increase is debated. Horvitz (1965) noted the cost of frequent new editions, an issue that continues today (Fairchild 2004; U.S. House of Representatives 2004). But publishers respond that both students and professors require more current, interactive texts with more supplemental materials (Mutter and Milliot 2003; U. S. House of Representatives 2004).

Students have responded with a protest at the University of Wisconsin-Madison (Lewin 2003) and sharing texts (Mehegan 2004) or not buying the text at all (Kogan 2004; Strong 2004). More interestingly (and not surprisingly) they have "discovered" international web sites where nearly identical editions of their texts sell for substantially less than the convenient campus bookstore (Anderson 2004). Fifty percent of students have purchased texts online (Goldsmith 2004), or only 14% (Strong 2004). Mainstream media (Lewin 2004; Pressler 2004) have noted savings in the price of "international" editions, which the publishers acknowledge, due to local market conditions and application of international intellectual property laws (U.S House of Representatives 2004).

While a "hot", recent issue, the issue of textbook pricing and alternatives has been examined empirically at least once. Maxwell (2003) found that students expect a discount of at least 16% to purchase texts online, but 33% would purchase at the traditional bookstore even if online prices were lower. Moreover, students purchasing at the college bookstore was highly correlated to trust (very low) and socio-economic status. This supports the theoretical underpinnings that perceived price unfairness is related to lack of trust in the seller (Xia, Moore and Cox 2004). Curiously, student-respondents to their survey accurately estimated college bookstores' gross mark up (23%) yet widely overestimated publishers' profit margins at 64%, attributed to lack of "real-world" knowledge of her undergraduate respondents. However, the publication of "New Options for Cheaper Textbooks" (Kang 2004) (coincidentally on the first day of classes for this author's institution) prompted this research into students' perceptions of acceptable prices for alternatives to pricing of traditional textbook pricing.

METHODOLOGY

Students enrolled in three undergraduate courses at an urban, medium sized institution were assigned on the first day of class in the Fall, 2004 semester to read "New Options for Cheaper Textbooks" (Kang 2004) with the instruction that the article would be a topic of discussion in the next class meeting. At the next class meeting a survey instrument was administered voluntarily in three undergraduate classes with the offer of extra credit in the course for participation in the survey.

The survey attempted to capture several measures: interest in the article (fascinating, interesting, somewhat interesting, boring); learning from reading the article (nothing, a little, a lot). Also, the survey asked if (by now the second class meeting) to what degree required texts had been purchased (all; most; some; none, yet; none) and if yes, where (on campus, new; on campus, used; off-campus new, off campus, used; online, new; online, used). The assigned *Wall Street Journal* article described several variations of a college text: a loose leaf edition, a "basic" edition (black and white, no illustrations), renting a text for a semester, and online options (read and print, read only). With the premise of the "correct", baseline price of $150 for a new, hardback textbook, respondents were asked the "right" price of a new paperback textbook, a loose leaf textbook, rental of a textbook, an online text (read and print out) and online (read only). (Note: This price of $150 varies considerably from the oft-reported average cost of a college text at $102.44 (Pressler 2004). However, a "round" number of $150.00 was set for several reasons: 1) It would allow students to make easy, mental calculations. 2) One hundred fifty dollars is fairly typical of a price for a new, hardbound business text book. 3) Pressler's average cost includes lower cost texts such as literature anthologies and used text books.) The *Wall Street Journal* article mentioned explicitly four websites (half.com; amazon.com.uk; bigwords.com and campusmonster.com). Respondents were asked if they had never heard of each site, have visited, have used/bought there and visited after reading the article.

RESULTS

Eighty four surveys were completed and returned from a convenience sample of an instructor's three classes of an Introduction to Business class (n = 32), Principles of Marketing (n = 32) and Marketing Strategy class (n = 21). Although obviously a convenience sample the diversity of the participants captures to some extent the diversity of the college student body today. Acknowledging the regrettable "inability" of some students to attend the first day of class, the survey instrument contained two "content" questions, which could only be answered correctly as a result of reading the assigned article. Of the 84 respondents completing the survey, Thirteen (15.5%) answered neither question correctly indicating they had neither read the article nor had any comprehension of it and were eliminated from subsequent analyses, resulting in a valid n size of 71.

Examination of responses showed an outlier in one area which had the potential of confounding calculation of means and other statistics. One respondent indicated an appropriate price of $250 for an online, printable option. This far exceeded the next closest response of $100 and was far outside the normal curve of responses to this item. Clark (1989) observes that outliers are a "relative phenomenon" (p.32) and "purely relative....extreme only in comparison with other observations" (p. 36). This response appeared to meet Clark's criteria as anoutlier and was eliminated from further analysis. Additionally, only one respondent categorized the article as "boring" and was also eliminated from the final analyses under the assumption that his/her responses would not be thoughtful.

Of all responses, by the second class meeting, 70% reported they had purchased all their texts, 18% "most" and 12% "some" or "none yet". Forty five percent reported purchasing new texts; 55%, used. Ten percent of all respondents reported buying texts online. This contrasts with other reports of half of students purchasing online (Goldsmith 2004; Kogan 2004).

Respondents were asked, given the assumption of the "right" price of a new hardback textbook was $150, what would be the "right" price for the following alternatives: a new paperback textbook, a loose leaf textbook, rental of a textbook, an online text (read and print out) and online (read only). Results were: new paperback: $85.04; basic black and white: $71.93; loose leaf, $58.90; semester rental $42.65; online with print capability, $38.09; online, read only $25.78. (See Table 1.) No significant differences were observed in the "appropriate" price of the alternatives regardless of what class the respondent was enrolled, where/how texts had been purchased, or the level of interest they found in the assigned article. However, those who had purchased "none, yet" of their texts perceived a significantly higher value of new paperback text ($121.25 versus $80.10) for those who had purchased "all" of their texts (F = 4.003; sig. =. 011).

A secondary issue in this research was to attempt to assess the impact of the assigned article (presumably of interest to a student population). Four websites were mentioned and referenced in the assigned *Wall Street Journal* article (half.com, amazon.com.uk, bigwords.com and campusmonster.com). Respondents were asked for each of these web sites if they "never heard of", "have visited", "have bought there", and "visited after reading the article". Frequency responses are contained in Table 2.

Table 1	Mean Price	Median Price	Std.Dev.	Mean as % of "Base" Price
New Paperback	$84.60	$77.50	27.78	56.4%
Basic Black & White	$71.06	$75.00	26.62	47.4%
Loose Leaf	$58.27	$50.00	30.67	38.8%
Semester Rental	$42.31	$45.00	20.75	28.2%
Online w/ Print option	$34.88	$25.00	23.70	23.3%
Online, Read Only	$23.89	$20.00	21.15	15.9%

Table 2				
Web site	Never heard of	Visited	Bought there	Visited after
Half.com	42.3% (n = 41)	33.8% (n = 24)	15.5% (n = 11)	4.2% (n = 3)
Amazon.com.uk	26.3% (n = 19)	53.5% (n = 38)	4.2% (n = 3)	8.5% (n = 6)
Bigwords.com	91.5% (n = 65)	4.2% (n = 3)	0% (n = 0)	2.8% (n = 2)
Campusmonster.com	83.1% (n = 59)	9.9% (n = 7)	0% (n = 0)	5.6% (n = 4)

Oddly and disappointingly, no associations were found between those who visited a web site after reading the article and self-reported interest in the article, where texts had been purchased, how many tests had been purchased by the second class meeting, the perception of the "appropriate" price for an alternative text or the course in which the student was enrolled.

DISCUSSION

Students require deep discounts to find alternatives to traditional texts attractive. This is especially true for online offerings. Twelve percent of respondents thought an online, read only offering should be priced at $0, i.e., free. And over a third of the respondents believed such an offering should be priced at $10 or lower. This could be an artifact from the common belief that everything on the Internet should be free. Or more likely, students perceived the online, read-only option the equivalent of using a book in a library, which traditionally has also been "free". Students' opinions of "correct" pricing of textbook alternatives was fairly consistent regardless of whether they were registered for a freshmen, junior or senior level class, regardless of whether or not they had purchased their texts for the semester and regardless if they had purchased texts online before.

The assignment of reading a *Wall Street Journal* article on textbook alternatives motivated very few to investigate textbook web sites mentioned in the article. This result was disappointing to the current researcher. It was hoped that the assignment would be of interest to students and that some would visit the web sites to discover if and how much they might have saved. Or, those who had not purchased their texts would visit to price compare. (Although since this assignment was made on the first day of class, the order processing and shipping delay may have precluded purchasing texts from these sites.) As noted by a reviewer of a draft of this paper, this suggests a larger, more important issue of students' lack of interest or desire to read traditional media, even when the subject should be of direct and high interest to them personally.

Issues for future research include: Do sources (i.e., personal, parental or scholarship) of students' funds influence what texts they buy and where they buy them? Do students purchase texts differently for courses in their major than for required core courses? Do students assess the resale value of texts when deciding what texts to buy and where to buy them?

CONCLUSION

Textbook pricing as an issue of concern to faculty and college students is unlikely to go away anytime soon. Presumably, publishers are conducting valid market research to determine how to make their product and price more palatable to students. Although this paper used a small convenience sample of undergraduate students (and hence is not generalizable), perhaps it does provide a glimmer of insight into how students may perceive alternatives to the traditional, full-color hardback textbook.

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Xia, Lan, Kent B. Moore and Jennifer L. Cox (2004), :The Price Is Unfair! A Conceptual Framework of Price Fairness Perceptions," *Journal of Marketing*, 68 (October), 1-15.

APPENDIX 1

Results of LexisNexis™ Search on "Textbook Price"

October 7, 2004 Thursday, 251 words, Northern Illinois U. leafs through textbook cost-reduction plans, By Justin Smith, *Northern Star*; Northern Illinois U., Dekalb, IL.

October 6, 2004 Wednesday, 439 words, Northern Illinois U. looks to decrease textbook prices, By Christopher Strupp, *Northern Star*; Northern Illinois U., Dekalb, IL.

October 6, 2004 Wednesday, 615 words, Statistics find textbook costs are up at U. Minnesota, By Lacey Crisp, *Minnesota Daily*; U. of Minnesota, Minneapolis, MN

October 4, 2004 Monday, 385 words, Textbook prices remain high at U. Iowa, throughout country, By Sara Geake, *The Daily Iowan*; SOURCE: U. Iowa, Iowa City, IA

September 30, 2004 Thursday, 439 words, Book prices deter some from enrolling at Dartmouth, By Katherine Michelis, *The Dartmouth*; SOURCE: Dartmouth College, Hanover, NH.

September 18, 2004 Saturday, Final Edition, Financial; E01, "Textbook Prices On the Rise; Frequent New Editions, Supplemental Materials Drive Up Costs," Margaret Webb Pressler, *Washington Post*

September 16, 2004 Thursday, 793 words, Text prices, purchasing options vary by class at U. Pennsylvania, By Anousheh Fazalbhoy, *Daily Pennsylvanian*; U. of Pennsylvania, Philadelphia

September 15, 2004 Wednesday, EDITORIAL, 376 words, Students should find sources other than bookstores, Staff Editorial, *The Shorthorn*; U. of Texas-Arlington, Arlington, TX

September 13, 2004 Monday, 792 words, Interest group seeks to lower textbook prices for U. Michigan students, By Kristin Ostby, *Michigan Daily*; U. of Michigan, Ann Arbor, MI

September 9, 2004 Thursday, COLUMN, 551 words, My kingdom for a textbook, By Gretchen Jenkins, *Sidelines*; Middle Tennessee State U., Murfreesboro, TN

September 8, 2004 Wednesday, METRO; HIGHER EDUCATION NOTES; Pg. 8, 582 words, Students cheer book-renting deal at SLU; Other colleges could start similar program, By Coleman Warner, Staff writer

September 07, 2004, Tuesday, 3 STAR EDITION, B;, Pg. 1 Metfront, 955 words, Clicking on the costs of textbooks ; More students find cheaper prices online, LA MONICA EVERETT-HAYNES, Statistics

The Seattle Times, September 5, 2004, Sunday, Fourth Edition, ROP ZONE; Opinion;, Pg. D4, 1018 words, A textbook case of gouging College students should use the Internet to fight a greedy textbook industry, Christina Asavareungchai; NEXT team

September 2, 2004 Thursday, 487 words, U. Houston students feel pressure of book prices, By Barrett Goldsmith, *The Daily Cougar*; U. of Houston, Houston, TX

September 1, 2004 Wednesday, 504 words, Students exploring new book buying options at U. Houston, By Barrett Goldsmith, *The Daily Cougar*; U. of Houston, Houston, TX

Buffalo News (New York), August 31, 2004 Tuesday, FINAL EDITION, LOCAL, Pg.B1, 825 words, TEXTBOOKS -- A CLICK AWAY/ ATTEMPTING TO COPE WITH MOUNTING PRICES, COLLEGIANS BUY ONLINE/, Mark Sommer.

August 31, 2004 Tuesday, 474 words, San Jose State U. students seek textbook-buying options, By Joe Amaral, *Spartan Daily*; San Jose State U., San Jose, CA

August 30, 2004 Monday, 639 words, More students buying books on Web, By Hadass Kogan, *The Diamondback*; U. of Maryland, College Park, MD.

August 30, 2004 Monday, 347 words, Online textbook vendors offer cheap alternatives, By Leah Campanalie, *Daily Kent Stater*; Kent State U., Kent, OH

Los Angeles Times, August 29, 2004 Sunday, Home Edition, BUSINESS; Business Desk; Part C; Pg. 3, 920 words, PERSONAL FINANCE; Textbook Case of Runaway Prices, Kathy M. Kristof.

The San Diego Union-Tribune, August 29, 2004 Sunday, NEWS; Pg. A-1, 1193 words, Resourceful collegians can cut book costs, Eleanor Yang.

August 26, 2004 Thursday, 375 words, Internet helps Illinois State U. students save money, By Denise Towns, *The Daily Vidette*; Illinois State U., Normal, IL.

The Boston Globe, August 25, 2004, , Pg. A100, 221 words, The High Cost Of Textbooks

August 25, 2004 Wednesday, 642 words, Textbook hikes hit students hard, By Tyler Dukes, *Technician*; North Carolina State U., Raleigh, NC.

GENDER DIFFERENCES IN SERVICE QUALITY EXPECTATIONS IN THE FAST FOOD INDUSTRY

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ABSTRACT

Expectations play an important role in service quality evaluation. Services marketers can influence the evaluation of service quality by "managing" customer expectations. Expectations can also provide insights into market segmentation strategies. Marketers often use gender as a segmentation variable since gender is easily identifiable, and gender segments are accessible and profitable. Studies have also shown that men and women differ significantly on the components of service that they place emphasis on. Recently, the fast food industry has been paying attention to the differences in preferences of menu items by men and women as evidenced by the messages targeted at each of these segments. It is also important that this industry segment based on gender with respect to service quality, because research shows that these two segments differ significantly on service quality expectations. The purpose of this study was to examine if there are any gender-based differences in the expectations of service quality in the fast food industry. Since service quality has been defined as a form of attitude, we chose to analyze it from this fundamental definition. The hypotheses on gender differences in expectations were tested by an ANOVA, where the composite scores of each of the five dimensions of fast food service were used as dependent variables. The expectations of women were significantly higher than men in four of the five dimensions of fast food service quality.

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PERCEPTIONS OF BANK SERVICES: A COMPARISON OF BANK PERSONNEL VS. MYSTERY SHOPPERS

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ABSTRACT

This study compares mystery shoppers' assessment of the quality of the banking services to the perceptions of the same services by bank personnel. The results provided an opportunity to identify strong and weak performance areas in order to increase customer satisfaction and competitiveness of banks, and design effective marketing strategies.

INTRODUCTION

In recent years, the banking industry has experienced several trends. One of the most prominent trends has been the increasing importance of new technological developments. Technology is increasingly being used by managers in guiding their day-to-day marketing activities. The most common applications include planning devices for coaching sessions, performance evaluations, enhancement decisions, and sales meetings, as well as being used to more effectively guide the marketing process. According to Sucec (2001), applications range from automation of branch and call centers to customer relationship management, profitability, and data mining systems. The gains in technology have led to the transfer of decision making to central marketing and a corresponding decrease in local empowerment. This does not support the consumer desire for the human touch, as reflected by customer satisfaction levels that are at all-time lows. To create a strong position, many banks are seeking to balance efficiency and consistency with the personalization that customers expect (Hall, 2001).

There are other notable trends in bank marketing. (1) Call centers are becoming an integrated part of banks' sales initiatives. These distribution points are no longer being viewed as second class. Many banks are seeking to merge their branch networks with their call centers in a seamless fashion. (2) Banks are strengthening their brand identities by aligning their brands with management strategies. The most common practice is to make sure that the bank's business strategy is congruent with day-to-day marketing processes and practices. With this practice, the bank certifies that the promises made by its brand are fulfilled (Sucec, 2001).

The main mission of banks is to provide their customers with the most value at the lowest cost in the shortest amount of time (Sweeney, 1997). In order to complete the mission, banks must be effective (do the right things) and efficient (do things right), where effectiveness creates profit, and efficiency controls the pattern of resource consumption (Sweeney, 1997). Today's customers place a premium on quality service and value-added products. While there might be several ways to improve the banking operations, benchmarking has emerged as a prominent technique in improving the operations and offerings in the banking industry. As a result, recently the scope of benchmarking in banking has shifted from an historical focus on financial assets to a broader approach that includes services and products.

Benchmarking in the Banking Industry

Benchmarking is recognized as one of the most valuable management tools available because it allows teams or individuals to look beyond the traditional perceptions and look at factors to create success. In essence, benchmarking is a systematic process of searching for best practices, innovative ideas, and effective operating procedures that lead to superior performance. Benchmarking was originally used in the manufacturing industry and slowly evolved into a measurement process to conduct comparisons. Some of its recent applications have been extended to include strategic planning, change management, process re-engineering, knowledge management, and advanced problem solving (Bogan and Callahan, 2001).

Benchmarking in the banking industry may be used to focus internally or externally for the organization. Internal benchmarks create reference points for measuring improvements, whereas external applications allow a bank to measure its services and products versus those of its competitors. The research results show that banks can reap many benefits from the successful implementation of benchmarking programs. Benchmarking can be instrumental in allowing a bank to change its offerings to meet changing customer needs and preferences. Such awareness of needed changes is critically important to maintaining sustainable competitive advantage. Banks that survive will be those that offer an array of products and services to meet the consuming public's needs, and at the same time pay attention to evolving technology and service quality (Bexley and Lewis, 2001).

Historically, analysts and investors have applied benchmarking to the financial aspects of banking such as return on assets, return on equity, and return on investment. The comparisons catch the interest of other banks, holding companies, and investors. These practices continue, but the scope of bank benchmarking has dramatically expanded. Now, benchmarking in banking is a common practice to gauge services, products, and customer satisfaction (Myers, 1993). There are several different types of benchmarking utilized in various industries. These include Multidimensional Balanced Benchmarking (Sherman, 1998), competency assessment (Brown and Barborek, 1998), Customer Relationship Management (Bernstel, 2000), and secret shopping (Lubin, 2001).

Secret shopping, also referred to as mystery shopping, is one of the powerful benchmarking tools that is commonly used both internally and externally to collect information about the business performances. Secret shopping as a benchmarking tool serves such purposes as pinpointing service delivery weaknesses and strengths, strengthening sales culture, and improving customer service. At its core, the technique utilizes a professional "shopper" who contacts the bank either in person or over the telephone and conducts an actual transaction such as inquiring about an account, asking a question or opening an account. After completing a transaction, the mystery shopper completes a questionnaire that details the level of service offered by the employee (Lubin, 2001).

According to Lubin (2001), a successful secret shopping program should follow a well-structured plan and should have measurement objectives in several key areas encountered during the cycle of customer transaction. These areas include customer rapport, needs discovery, product availability, demonstration of how products meet needs, and the effectiveness of closing. Secret shopping information can provide baseline data for the bank in all of these areas that could be internal to improve banking operations and/or it could represent competitors' banks that could be used to exceed the level of service provided by its competitors (Lubin, 2001).

Employers and managers at the banks should look at the mystery shopping data as an opportunity to help their employees service their customers better, rather than using the information to punish the employees. Data collected through secret shopping gives an opportunity to bank managers to identify problems and weaknesses at the workplace. The main key in the mystery shopping process is to relate the information and process to the employees so they are aware of how they treat the customers and to let them know they are being monitored (Dalglish, 2001; Keedy, 2001). Also, one common misconception in bank benchmarking is the idea that a benchmark is a fixed achievement. Banks must realize that customer perceptions of value and expectations continually change. As a result, the strategies as well as benchmarks of the bank must evolve with the changing customer perceptions.

Objectives of the Study

In today's dynamic and increasingly competitive environment, consumers have many banking choices and a wide variety of alternative banking services. A challenging task for banks is to understand how a customer decides which bank to choose when many of the banks offer the same products and services such as free checking, phone access, and on-line banking. Stickler (2001) claims that two main things that can attract the customer and differentiate one bank from another are (1) customer service and (2) how the bank presents and sells its products and services. He states that a customer tends to go where he/she is invited, and stays where he/she is made to feel welcome with high quality service. In order to maintain their competitiveness, banks must continuously monitor customers' perception of their services and gather information on the level of customer satisfaction with bank services and also must have effective communication with their customers.

In addition, banks must monitor and compare their services and performance against those of other banks so that they can maintain and/or improve their competitive position in the marketplace. As explained before, the mystery (or secret) shopper approach is one of the best ways to gather information about the quality of banking services and compare one bank's performances to other banks' performances. An earlier study (Pinar et al., 2003), using mystery/secret shoppers as customers, examined the quality of the services offered by banks and compared the relative performances of banks. The results provided useful benchmarking information about the relative weaknesses and strengths of banking services and relative competitiveness of each bank.

It is also essential to examine how bank personnel perceive the services and activities that banks 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. For example, a study by Pinar et al. (2004) found that bank personnel perceived some service factors to be more important than others in delivering high quality, highly satisfying service. Also, there were differences among different bank personnel's perceptions. Again, these results provided useful benchmarking information for the banks to improve their operations and competitiveness.

Previous bank benchmarking studies examined either (1) the customers' perceptions of the bank services (i.e., via mystery shoppers) and attempted to identify the changing target market needs and preferences to better serve these customers or (2) the perceptions of the bank personnel regarding the relative importance of bank services for highly satisfying customer service. While either group of studies alone could provide significant insights about the bank performances and their relative strengths and weaknesses, the results could be more beneficial for banks if customer perceptions and bank personnel perceptions of the above mentioned bank services were examined together. Therefore, the main objective of this paper is to examine bank services based on customer perceptions and personnel perceptions. Specifically, the study compares the customers' (mystery shoppers) perceptions of the bank services with the bank personnel perceptions of the same services. Also, the same comparisons of the bank services are made for large versus small banks. Finally, the study will examine the customer perceptions and bank personnel perceptions of the overall bank services. Following the GAP model of service quality (Parasuraman et al, 1985; Zeithaml and Bitner, 2003), these comparisons could allow the banks to identify the gaps between the customer (mystery shopper) perceptions and bank personnel perceptions of the bank services. This could provide the banks an opportunity to identify the direct relationships (or gaps) between the customers' perception of bank services and bank personnel's perceptions of the same services. Based on these gaps, banks could design more effective strategies to provide better quality service.

METHODOLOGY

Mystery Shopper Data Collection: In order to assess the quality of banking services in the local marketplace, a group of graduate students, who served as mystery or secret shoppers, visited several local banks to rate the quality of service and performance of the individual banks by utilizing a secret shopper instrument (Lathim 2001). The mystery shopper form has eight sections. These sections are: focus on customers and acknowledge them as they enter the bank; greet them with a smile in a timely manner; build a good rapport; provide attentive service with sincerity and eagerness; determine the customer's needs by asking questions and listening; offer other products for cross-selling; give presentation with enthusiasm and good product knowledge; and complete with an effective closing. Each part contains various items/statements to evaluate the performance of the banks. The items in each part are rated on a ten-point scale, with 1 being worst and 10 being excellent. These ratings were also grouped into 1-4 as poor; 5-7 average; 8-9 for above average; and 10 for a "wow".

A total of nine banks (four small and five large banks) were selected for this study. Mystery shoppers formed two groups of two students each. One group visited five banks/branches and the other group visited four, where an assignment of a bank/branch to a group was done randomly to eliminate any bias. Each of the banks/branches was visited only once and without prior notification. After completing the normal banking transactions at each bank, the mystery shoppers individually rated the bank services and interactions with bank employees by using the mystery shopper instrument as mentioned above. Each group averaged their scores to obtain the overall rating of each item on the mystery shopper instrument for each bank. These average rating scores were used to evaluate the overall performance of the banks and to compare the performances of the banks included in the study. Although the study was done in a small town, two of mystery shoppers were from big cities and two were from small towns. We believe that this reduced the potential bias against big city banks and/or small town banks.

Bank Personnel Survey: In order to examine the perceptions of bank personnel regarding the banking services, the survey instrument was developed from the mystery /secret shopper form (Lathim, 2001; Pinar et al. (2003). As mentioned before, the mystery shopper form has eight sections. Initially, a series of items were generated for measuring each of the above mentioned sections. Then, these items were given to three bank managers as experts on the banking industry. They were asked to evaluate each item for its consistency with each part of the mystery shopping form and the customers' banking experience, and if needed, suggest improvement and additional items for inclusion. After identifying the items that the bank managers considered to have a high consistency with banking experience of the consumer, the actual scale items to be included in the survey were selected based on their appropriateness, uniqueness, and ability to convey to informants / respondents "different shades of meaning" about the concepts (see Churchill, 1979).

This procedure, which was used to establish the face validity of the constructs (Narver and Slater, 1990), produced a list of items (or statements). There were four to six items for measuring each of the eight sections of the mystery shopper. These items were also submitted to two academicians who are experts on developing measurement scales for further refinement of the scale items. Based on their suggestions, the measurement scale was finalized, which included a total of 39 items. Responses to these items were measured on a 5-point Likert type scale with 1 being least important, and 5 being 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. The survey instrument also included several demographics questions, which were used for profiling and comparing responses.

This research was conducted in a small Midwestern town, where a total of nine same banks and/or branches were included in both the mystery shopper study and bank personnel survey. Five banks were large national banks and four were small local banks. Since some banks had multiple branches, the branches were also included in the survey. The survey instrument containing the measurement scales and questions regarding respondent characteristics was administered to all personnel at fifteen participating banks/branches. In order to increase the response rate, the bank/branch managers cooperation and support was requested. Every bank employee received the survey instrument. In order to preserve their anonymity, each was asked to put the completed survey into an envelop. A total of 165 useable surveys were returned for analysis.

RESULTS

The selected profiles of the respondents show that the majority of the bank personnel are female (78.2%), and only 21.8% are male; a relatively high percentage of the personnel work full-time (82.9%), and small percent (17.1%) work part-time; 28.0% of the personnel hold supervisory or managerial positions, and the rest hold clerical, teller, or loan officer positions (72.0%). Regarding education level, about half of the bank personnel have some college or associate degrees (48.5%); 29.1 % have bachelors or graduate degrees; and 22.4% have high school or GED degree. On average, the respondents have 9.4 years of work experience in the banking industry, and 6.69 years of experience at their current bank. Eighty three respondents had an average of 32.3 hours of internal training, while 71 respondents had an average of 159.4 hours of external training. Of the 164 total respondents, 122 of them (73.9%) work for small banks and 43 (26.1%) work for large banks. The results show that the banks (small or large) have similar profiles in this study area.

Comparing Bank Services

The main objective of this study was to compare the mystery shoppers' perceptions of bank services to the perceptions of bank personnel regarding the bank services they provided to customers. As stated before, the mystery shopper form and the survey instrument contained eight sections (referred as customer bank experience factors, or just "factors"), covering banking services that customers experience from the time they enter the bank until they leave the bank after completing their transaction. The item scores in each part will be used to obtain the mean values for each factor and the mean values for each bank as well as overall mean for all the factors and the overall mean for all the banks. These mean values will be used in various analyses and comparisons. This was done for both the mystery shopper and bank personnel survey. Since the two approaches used different rating scales, it was necessary to create some kind of common measures so that the results could be comparable. This was accomplished by using the overall mean of each approach as a benchmark, where other mean values were divided by the benchmark to create an "index".

Figure 1A presents the index scores of each bank service based on the mystery shopper perceptions. Using the overall mean as a benchmark, the index scores for the bank services above 100 indicate that the banks did a good job in these areas and the index scores below 100 indicate that they have done a poor job in those areas. The results in Figure 1A show that while the banks seem to have done a good job in providing most of the services, they did the poorest job in "building rapport". These findings help the banks identify the strong and weak service areas from the customers' point of view.

Similar index scores for each bank service are developed from the bank personnel survey and presented in Figure 1B. The results show that the means for the four factors (focus, greeting, presentation, and closing) have index scores above 100. This suggests that the bank personnel perceive these factors as being important for high quality, highly satisfying service. The index scores for the other four factors are lower than 100, which indicate that the bank personnel did not perceive these service factors as being important for high quality, highly satisfying service.

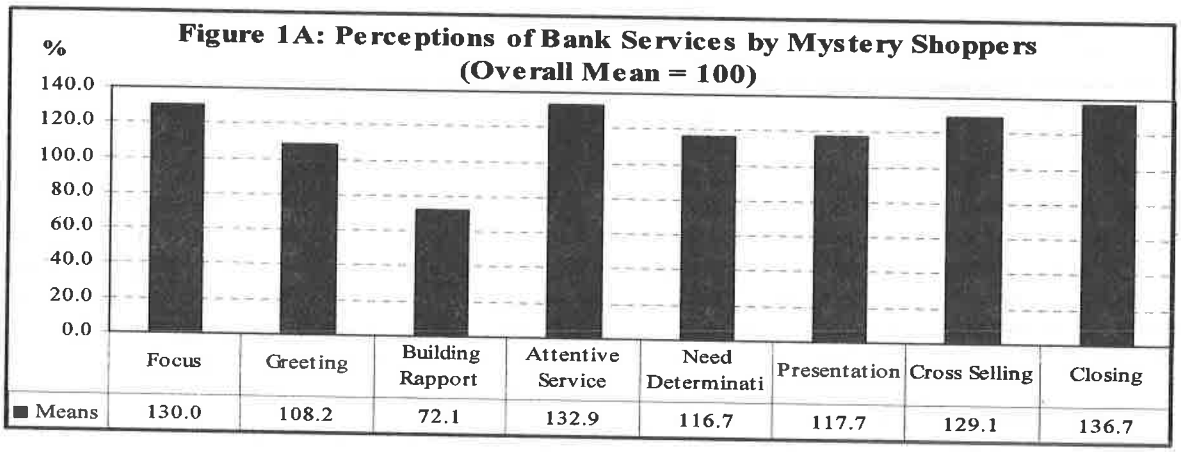


Figure 1A: Perceptions of Bank Services by Mystery Shoppers (Overall Mean = 100)

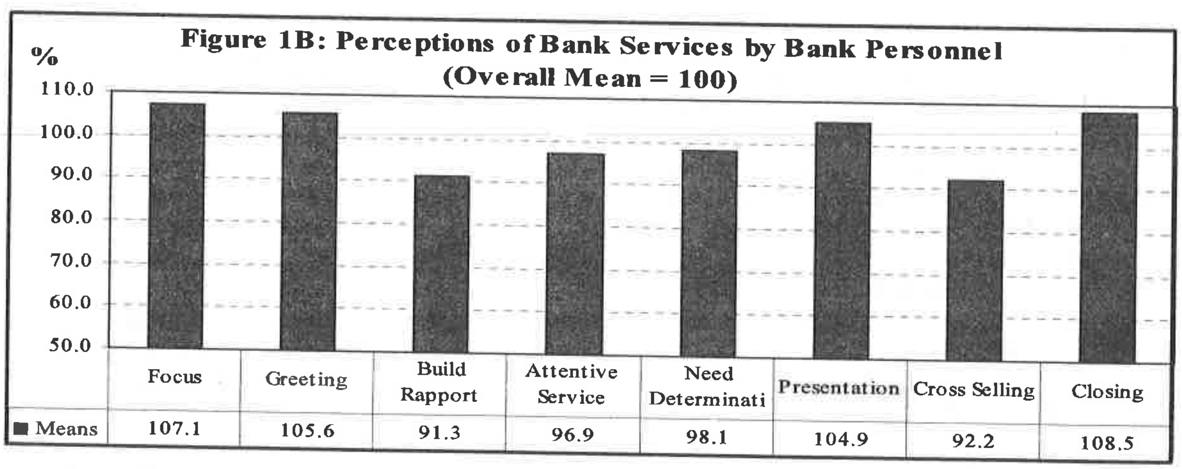
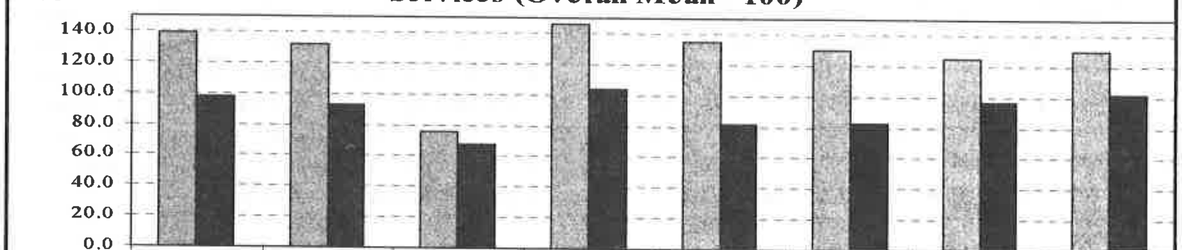


Figure 1B: Perceptions of Bank Services by Bank Personnel (Overall Mean = 100)

A comparison of Figure 1A and Figure 1B shows a certain similarity between the mystery shoppers (customers) perceptions of the back services and the bank personnel's perceptions of the same services. It appears that the bank services that are rated better by the mystery shoppers are also perceived as being important by the bank personnel in providing high quality, highly satisfying customer service. While this similarity (or relationship) seems to be stronger for some services than others, it provides very insightful information for the banks. For example, "Building rapport" received the poorest (or lowest) rating from the mystery shoppers. "Building rapport" was also considered as being the least important by the bank personnel in providing quality customer service. At the same time, "closing" and "focus" received the highest scores from both groups. These results suggest that the benchmarking studies that compare customer perceptions with bank personnel perceptions provide more insightful information about the quality of the bank services in identifying the weak and strong service areas.

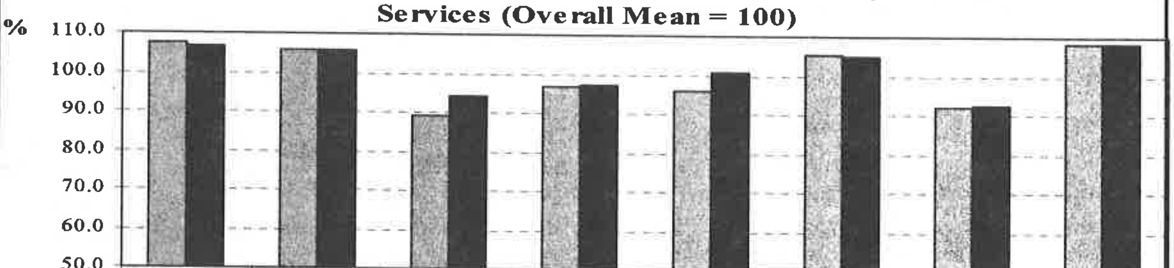
Similar comparisons of the bank services for large banks vs. small banks are presented in Figure 2A and 2B. The index scores developed from the mystery shoppers in Figure 2A show that in all areas, except "building rapport", small banks scored above 100, suggesting that they seem to provide better or equal quality service. However, because of the small sample size it was not possible to conduct a significance test. The large banks have an index score above 100 in the areas of "giving attentive service" and "closing". Both small and large banks did a poor job in "building rapport".

Figure 2A: Mystery Shoppers' Perceptions of Small vs. Large Bank Services (Overall Mean =100)



	Focus	Greeting	Building Rapport	Attentive Service	Need Determinati	Presentatio n	Cross Selling	Closing
S. Banks	139.2	132.1	75.5	146.2	134.4	129.7	125.0	129.7
L. Banks	98.1	92.5	67.9	103.8	81.1	83.0	96.2	101.9

Figure 2B: Personnel Perceptions of Small vs. Large Banks Services (Overall Mean = 100)



	Focus	Greeting	Build Rapport	Attentive Service	Need Determinati	Presentation	Cross Selling	Closing
S. Banks	107.5	105.9	88.9	96.9	96.0	105.2	92.0	108.2
L. Banks	106.6	105.6	94.1	97.2	100.7	104.7	92.5	108.5

The index scores for the personnel perceptions of the bank services by small banks vs. large banks are presented in Figure 2B. In contrast to the results of the mystery shopper, the personnel perceptions of the bank services at small banks and large banks are fairly similar. The index scores that are above 100 indicate that the personnel at both types of banks perceive the factors of "focus", "greeting, presentation, and closing" as being important for high quality customer service. The index scores for other service factors are at or below 100, indicating that the bank personnel at both types of banks do not perceive these services as being important for high quality customer service.

Again, the index scores presented in Figure 2A and 2B provide an opportunity to examine the similarities or differences between the customer perceptions of the bank services and bank personnel perceptions of the same services by small vs. large banks. The index scores by large vs. small banks in Figure 2A and Figure 2B follow somewhat similar patters to those in Figure 1A and 1B. The results by the bank size show that the bank services that received good ratings from mystery shoppers are also perceived as being important for high quality customer service by the bank personnel, while those that received poor rating are also perceived as being unimportant by the personnel. The comparisons of these index scores show interesting results. One finding is that the mystery shoppers perceive that small banks provide better service in all areas, whereas this is not the case according to bank personnel perceptions. The personnel at large banks seem to perceive these services as being equally or more important than do the personnel at small banks. While the study did not investigate the causes of this finding, it could be speculated that (1) customers might expect better quality service at the large banks than they do at small banks, and (2) they might think that they are getting better, friendlier service at the small banks. When the benchmarking results are jointly examined from the mystery shoppers (customers) and from bank personnel together, the banks (small or large) are in better position to identify the potential weak service areas to improve and/or maintain their strong areas.

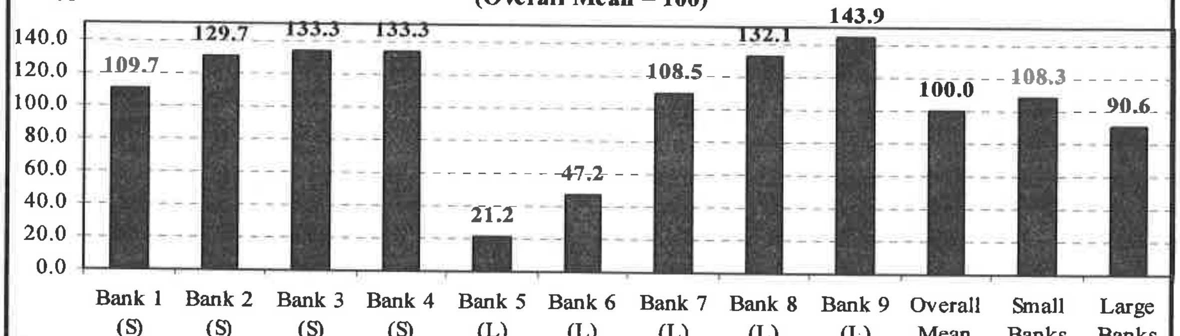
Comparison of the Banks

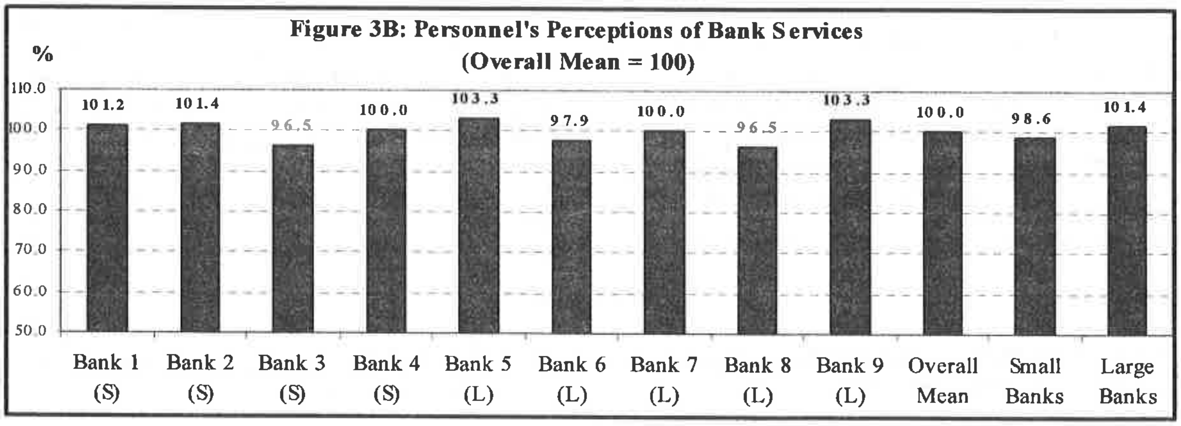
This part of the paper compares the bank performances based on mystery shopper (customer) perceptions against bank personnel perceptions. Figure 3A presents the index values based on mystery shoppers for each bank (the bank names are disguised to preserve confidentiality). The overall mean score, which can be considered as an industry average in this market, serves as a benchmark and has a value of 100. The banks with scores above 100 are considered to have good performance and the banks with below 100 to have a poor performance. Based on these index scores in Figure 1A, three small (local) banks, and three large (national) banks received index scores higher than the overall average rating of 100. This suggests that the mystery shoppers perceived their services to be better than average. On the other hand, two large banks and one small bank received ratings below 100, indicating that they provided poor service.

The index scores based on the bank personnel's perceptions of the bank services are presented in Figure 3B. The results show that 3 out of 5 large banks and 3 out of 4 small banks received an index score of 100 or above, which suggests that the personnel in those banks perceive the banking services as being important for high quality customer service. The other banks with an index score below 100 should be concerned about their personnel's perception of these services. If the bank personnel do not perceive that these factors are important for high quality, highly satisfying service, this could have an adverse effect on the quality of service they provide, on customer satisfaction, and ultimately on competitiveness and performance.

The comparisons of the index scores in Figure 3A and Figure 3B show the customer perceptions of bank services and the bank personnel perceptions of the same services by the banks. The findings indicate some banks received an above 100 score or below 100 scores both from mystery shoppers (Figure 3A) and bank personnel (Figure 3B). This suggests a consistent similarity between the customer perceptions and bank personnel perceptions. That is, it seems that the personnel at high performing banks perceive the bank services as being important in delivering high quality customer service. This is especially very clear for bank 3, bank 4, bank 7, and, bank 9. These joint comparisons provide more valuable information than if they were considered separately for the banks when they want to improve their performances and maintain their competitiveness in their market.

Figure 3A: Mystery Shoppers' perceptions of Bank Services (Overall Mean = 100)





CONCLUSION AND LIMITATIONS

Benchmarking in banking has become a common practice to gauge services, products, and customer satisfaction (Myers, 1993). Through internal and external benchmarks, a bank can devise strategies that will attract new customers and provide better service to them. Secret shopping is one of the powerful benchmarking tools that is commonly used both internally and externally to collect information about business performances. Secret shopping as a benchmarking tool serves such purposes as pinpointing service delivery weaknesses and strengths, strengthening sales culture, and improving customer service.

While secret shopping allows banks to examine and compare their services and performance against those of other banks so that they can maintain and/or improve their competitive position in the marketplace, banks must also monitor their personnel's perceptions of the services offered to the bank customers. Specifically, since the bank personnel actually deliver the banking services, their perception regarding the importance of the bank services in delivering high quality customer service could have a direct impact on customer satisfaction and bank performance. Therefore, the banks that monitor both their customer perceptions of their services and their personnel's perceptions of the same services could have a better understanding of their strength and weakness, and design more effective strategies.

Following the above logic, this paper compared the customers' (mystery shoppers) perceptions of the bank services with the bank personnel perceptions of the same services. The comparisons identified similarity between the mystery shoppers' perceptions of bank services and bank personnel's perceptions of the same services. These comparisons also provided an opportunity to identify the gaps between the customer perceptions and bank personnel perceptions of the bank services. It seems the bank services that were rated as a low by the mystery shoppers were also perceived as being less important in delivering high quality customer service, with some exceptions. Similar patterns were observed for small and large banks, as well as in comparison of the overall bank performances. This study suggests that bank benchmark studies should include both customers and employees in evaluating bank services in order to identify the gaps in bank services. The results could be more helpful for banks in designing more effective strategies to provide better quality service by identifying and closing the gaps.

Limitations of the Study

This study provided very useful insights regarding the performance of banks and their competitiveness by utilizing a mystery shopper technique, the perceptions of bank personnel regarding the services offered by banks. However, the study has a number of limitations regarding both approaches; therefore, caution should be exercised when interpreting and/or generalizing the findings. One limitation is that a limited number of mystery shoppers visited the banks. There is no doubt that a large number of mystery shoppers could have further strengthened the results. The second limitation is that each mystery shopper group visited each bank or branch only once to evaluate the performance and customer service. Multiple visits by the same team could eliminate the potential problems or bias resulting from any special situations during that particular visit. The other limitation of the study is that it covered only one small midwestern town, which limits the findings to this market area. A future study with more mystery shoppers and covering more towns could overcome these limitations.

In addition, there are several limitations regarding the bank personnel survey study. One limitation is that the study was conducted in a relatively small market. A larger market area and more banks could have further strengthened the results of the study. Finally, the scale developed for this study needs to be replicated in different market areas so that the results can be compared to these results. Despite these limitations, the study shows that a comparison of the perceptions of the mystery shopper to those of bank personnel as benchmarking tools provide better and richer information than either one used alone for a bank.

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THE MODERATING EFFECT OF PRICE ON SERVICE QUALITY AND SATISFACTION: AN AMUSEMENT/THEME PARK STUDY

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ABSTRACT

The types of theme parks now available to the public include the large-scale theme or leisure parks, historic properties, museums and art galleries, religious sites, industrial plants, and zoos or wildlife parks. Consequently, the degree of inter- and intra-type park competition is rapidly increasing. Thus attractions will have to cater to visitors who are more demanding and discriminating, as well as more active and more purposeful in their choice of destination. Therefore, it is becoming more important for individual parks to differentiate themselves positively from their main competitors. A better understanding of the specific needs and behavior of consumers seems one of the key elements that can help these park managers to develop improved marketing programs for existing programs or to better position new parks. This study looks at the role of service quality and overall experience in providing satisfaction to the patrons of the theme park. It also looks the role of price in moderating the effect between overall experience and satisfaction. The sample for the study consisted of 63% female (37% male). The mean age of the respondents was between the 26-35 age category. The average number of dependents/children for the respondents was 1. Approximately, 75% of the respondents were satisfied with their overall feelings towards a specific attraction. And, approximately 60% of the respondents planned to attend the laser and fireworks show at the end of the evening.

As hypothesized, the findings from the study suggested that the service quality of the theme park affected the satisfaction at the theme park. Similarly, the service quality of the theme park affected the Overall Experience at the theme park. However, the hypothesis that overall experience will affect the satisfaction towards the theme park was not supported. This was due to the fact that price (consciousness) moderated the relationship between overall experience and satisfaction. This result supports the expectation that the patrons with high price consciousness are more sensitive to variations in overall experience. Managerially, this finding suggests that marketers should be more particular about treating high price conscious consumers more considerably. Researchers have found that a recession economy can cause severe price destruction and can force retailers and businesses to react strategically. Resource abundant firms may use a predatory pricing strategy to maintain their predominant position in a market, but resource-scarce firms must join the price-destruction war. However, even for the wealthiest firms, aggressive pricing may not be the solution for success in a recession economy. Many studies have pointed out that the overuse of price as a promotional tool may damage the prestige of the brand. It is dangerous for firms to rush into price competition without considering the possible side effects (i.e., the consumer perception of the quality of products and services). Firms need to consider both internal and external influences on pricing when forming a sustainable strategy to cope with price destruction. The attractiveness of theme parks is often interpreted in terms of fulfilling consumer needs. In reality, this model may be difficult to apply. It may perhaps fulfill children's needs but it does not really satisfy their parents.

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APPLIED ETHNOGRAPHIC MARKET ANALYSIS: A COMPARISON OF TWO ARCTIC ADVENTURE EXPEDITION CONSUMPTION EXPERIENCES

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ABSTRACT

More and more of the baby boomers move into their 50's, relieved of the burdens of putting kids through college, graduate school, medical school, and house payments. The question for marketers is "What are they doing with the free cash flow that the loss of those financial burdens is creating. Increasingly, they are rewarding themselves with the things they previously missed out on because they believed they had other priorities.

The boomers are evolving into an economically attractive adventure and experience seeking market segment with the money to pay for it. This phenomenon has been referred to as an emerging *experience economy* and may be a fourth economic offering beyond the traditional commodities, goods, and services categories.

The occurrence of "empty nest" status combined with the general tendency of increasing disposable income as people age is fueling an expanded high end market for recreational experiences. These are increasingly people who are still healthy, leading active life styles, and want to both retain the image of and live a youthful lifestyle. Some may seek variations on these adventures in spite of reduced physical abilities. In other words, they have the money and they want to "Just do it." This article explores an aspect of that type of consumption experience from the action oriented phenomena known as "adventure travel," a type of travel experience.

The approach to this research project was to use ethnographic methodology to obtain an insiders perspective of the actual consumption experience during the adventure travel. This study covered two different adventure travel expeditions to the Arctic region, one to the Canadian Arctic at on Baffin Island at Admiralty Sound and the other to Spitsbergen, a Norwegian island complex north east of Greenland and well above the Arctic Circle.

This research studied the delivery and consumption of services within the adventure travel expedition market. A comprehensive model of the marketing and consumption process and identification of key constructs to be considered to effectively market and deliver the desired experiences was developed. Propositions were provided.

While the objectives for each trip were basically quite similar, on close examination, each of the expedition companies faced a uniquely different marketing and product delivery challenge. In the case of the Canadian Arctic trip, the pool of potential participants had evolved from adventure travelers and advanced amateur travelers to a relatively new, but considerably smaller market of professional and advanced amateur photographers. The challenge for that company was how to reposition itself back into the larger adventure traveler market.

Product repositioning for the Canadian Arctic trip could be guided by the constructs identified in the model. The Spitsbergen trip, in contrast, had done an excellent job of recognizing who there market was, had consistently attracted participants from that market, and was catering to their needs, expectations, and desired outcome benefits. All components of the model were executed by them with insight and understanding. Conflicts among the expectations of the participants were avoided by recognizing and avoiding them. A variety of experiences were offered and delivered that met a full range of consumer needs and facilitated a satisfactory consumption experience.

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THE EXPERIENTIAL CONSUMER: IN-DEPTH EXPLORATIONS INTO THEATERGOERS

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ABSTRACT

This study attempts to conceptualize the motivational factors of theatergoers as an experiential consumer. In examining field notes and transcripts, the extent and intensity of an individual's exposure to theater across the lifespan seems to affect how far and to what extent the individual evolves as an avid theatergoer.

Early empirical research suggests that audiences for live theater comprise a narrow and elite portion of the American population. A review of over 200 audience studies in the performing arts found consistent evidence that those attending these events are better educated, higher in job status and income, and less likely to include minorities than the general population. In addition, these researchers found no evidence that this elitism in the performing arts is declining (Belk and Andreason, 1979). Although much of the empirical data in these studies focused on the socioeconomic status of theatergoers, very little research has been undertaken to thoroughly understand the underlying motivations that drive theatergoers to attend theater performances.

This study attempts to conceptualize the motivational factors and internal drivers of theatergoers as experiential consumers. For theater, the consumption experience is an end in itself and serves as the primary benefit in use. The dominant benefit of experiential products, such as theater, is hedonic consumption. This hedonic consumption is driven by the feelings, emotions, and sensations experienced during product usage (Cooper-Martin, 1992). Since the consumption of theater differs from the consumption of other types of products, any study of this nature needs to be appropriately designed to capture the necessary relevant information for this consumer tribe. Theater and other experiential products, as complex gestalts, are so multi-dimensional as to discourage the application of methods widely used in the case of simple utilitarian products (Holbrook and Schindler 1994). Quantitative techniques are clearly inappropriate, as they would not provide the depth of information required. Andreasen and Belk (1980) indicate that lifestyle, attitudes and developmental experiences are the most conceptually useful variables with which to understand consumer behavior regarding theater and other performing arts. This approach was followed by employing in-depth interviews and field observations to understand lifestyle, attitudes, and developmental experiences of theatergoers. This information was then used to derive theatergoers' underlying motivations.

Any study that attempts to answer questions and draw conclusions about a consumer tribe that has limited appropriate historical data to draw from has some inherent challenges that other research projects may not. In that context, undertaking an investigation that strives to deepen insights into an unexplored potential consumer group, such as theatergoers, must be carefully designed. In this study, several research assistants and I began by a search for the most efficient research methods to use in building on preliminary field visit observations to several theater productions months prior to beginning a more in-depth investigation. At that time, our effort was prompted by a mutual interest in two major Midwest theater communities, Minneapolis and Chicago. Our goal was simply to make as many observations as possible within the environment. During these visits, we had the opportunity to make superficial field observations and used the opportunity to initiate conversations with theater-goers at theater sites in these cities during performance breaks, and afterward at nearby clubs that appeared to be frequented by theater-goers. During this period, we were often able to speak with several people at once, acquiring information that we felt was similar to information that might be acquired during focus groups. As a result of these preliminary inquiries, our research team felt that we had a sufficient knowledge base of information to launch directly into in-depth, one-on-one interviews for this project.

The participants interviewed in-depth were recruited from audience members we encountered at six different performances, three in Minneapolis and three in Chicago. We arranged 24 interviews of 10 men and 14 women, ranging in age from 15-years-old to 57-years-old. There appeared to be a wide range of occupations and economic classes represented as well. Four of these interviews were conducted in a public restaurant/bar, 12 in a university office space, and eight in the respondents' homes. In spite of the knowledge base acquired in earlier months, we felt it was necessary to revisit the theater community environment to expand our naturalistic inquiry data in situ. With this goal in mind, we made two additional visits to the same theaters we had visited previously in Minneapolis and Chicago. All of the theaters visited charge a mid-range price for many of their performances. The rationale for this was that our earlier discussions with theatergoers suggested that the audiences attending these performances would encompass the broadest segment of theatergoers in the two cities examined. While we would have preferred to be more inclusive of a wider range of theatrical performance venues and prices, we were unable to do so as a result of limited financial resources and time constrictions. Further research that is more inclusive of these aspects might reveal deeper consumer insights than we discovered through our investigation.

Our investigation of theatergoers in situ, however, began with field visits in which we arrived at least half an hour prior to performances. The purpose of this early arrival was to carefully observe audience members not only entering the theater, but also taking note of their mode of transportation to the theater, as well as whether they traveled alone, with one other person, or with a group of people. Further, we attempted to determine whether there was a tendency toward opposite-gender couples, same-gender couples or groups, or mixed gendered groups. Once inside the theater, we went into the performance area of the theater directly to have the opportunity to carefully peruse the audience members, taking note of the seating patterns, dress, age, and the possible inter-connections between these factors. During performance breaks, we took further note of interactions between those who came together and anyone who had not originally accompanied them to the performance. The major observation in this arena was that while there were many groups, couples, and even a few individuals who came alone, it appeared that more than half of those observed exchanged greetings with at least one other individual, couple, or group, who they did not arrive with. This observation led us to conclude that a significant number of the people attending these performances already appeared to be acquainted with each other, leaving us with the impression that this particular tribe might be a tight-knit community.

This phenomenon of familiarity with others within the consumer tribe seemed to be confirmed through our observations at nearby clubs where we saw the attendees migrating to after the performances. We followed several groups of theater-goers to make further observations at these post-performance activities and confirmed that a significant number (over half) of the pairs or groupings of people that originally arrived at the theater together were sitting with other pairs or groupings of people they had not arrived with. In comparing and triangulating our field notes and transcripts, we identified an interesting phenomenon among theatergoers. Basically, the extent and intensity of an individual's exposure to theater across the lifespan affects how far and to what extent the individual evolves as an avid theatergoer. While it seems highly likely that there is a wide range of consumer segments along the theatergoers' continuum, each representing a varying level of evolutionary development, we identified three major points of development or segments.

The first and least developed major consumer segment, fell into what we termed the "spectator" state, where theater only comprises one small portion of that individual's life. This group would tend to have virtually no early childhood exposure, nor experiences through intimate others, of any theatrical events. The second and more developed consumer segment of theatergoers falls into what we termed the "enthusiastic appreciators." These individuals have had some early childhood exposure to theater, but the level of promotion by intimate others and the intensity of that exposure was minimal. For these individuals, theatrical activities encompasses a fairly major segment of their lives, but they still retained significant pieces that had no connection whatsoever to the theater. The third and most highly developed major point of development or consumer segment of theatergoers falls into what we termed the "hard-core participants." We found that individuals falling within this highly developed segment of theatergoers had usually been exposed to a wide variety of theater events, and at many levels of participation, as young children. Further, for this segment, not only was the exposure extensive at a very young age, but the level of promotion by the intimate others surrounding them was intense and extremely consistent. This appeared to create and nourish individuals to evolve to the highest level of immersion into the theatrical consumption community. For the most part, they were involved at a level that always went far beyond mere performance attendance. For these individuals, the very core of all aspects of their lives was tied in some way to the theater. Their involvement not only encompassed attending theater, but extended to onstage and backstage activities as well. As suggested previously, one of the major factors we identified as influential in determining the development of individuals to this stage was the age at which he or she was introduced or "baptized" into the world of theater.

The first major theme that emerged from our analysis and triangulation of in-depth interviews and field notes was what we termed the "baptism" into the world of theater. This seemed an appropriate term for our first identified theme, as the point at which experiences and reinforcement of those experiences was inculcated into an individual's life has strong bearing on their involvement as a theatergoer throughout the life span. Those who were surrounded as a child by influential others, whether parents or childhood friends, and had vivid recollections of those early experiences, were essentially "baptized" as children—hence the term "child baptism"—and developed into hard-core participants. We also discovered that it appeared an early baptism might also lead to a child creating further theatrical activities as their form of "play"—mimicking the activities they saw the influential others surrounding them engaged in. Some respondents own words were evidence of child baptism and early experiences, two sub-themes within baptism, were prime examples of our hard-core participants. The theme of child-baptism is similar to the "sensitive period effect" described by Holbrook and Schindler (1994). Exposure to an aesthetic experience during childhood, particularly early adolescence, encourages a deeper and more long-lasting "imprinting" of the aesthetic stimuli experienced. This was found to be particularly strong for forms of entertainment that satisfy consumer wants in the hedonic and aesthetic realm, like theater, music, and movies. If this early period of one's life is associated with an elevated level of exposure, this concentration of exposure often results in a lifelong preference for the experience that occurred during that period (Holbrook and Schindler 1994). One of our youngest participants further demonstrated another sub-theme within baptism—catechism, or instruction in theater. She explained that, in addition to an enormous parental influence around her, she had long engaged in acting lessons as she had a desire to reinforce both her knowledge of, and skill in, theatrics. She was the youngest participant and while at an intermediary stage of development, it seemed highly likely that the childhood baptism she experienced at an even earlier age was already beginning to display signs of theater-going intensity. Unlike the child-baptized participants, those baptized into the theatrical world as an adult seemed to evolve as an experiential consumer in a very different way.

Those baptized into the theatrical world as adults represented another sub-theme under the general baptism theme, and we categorized these individuals as experiencing an "adult baptism." Respondents that we classified under this sub-theme did not experience their initial exposure to theater until later in life—in some cases in their twenties, but in other cases even later in their adult life. These individuals, baptized as adults, generally evolve only to the spectator level, but we would expect that it is possible that they might develop further if we were to revisit them ten years from now. It seems that part of the reason for their limited evolution within theater participation is a direct result of a lack of extensiveness of exposure, and the intensity of that exposure, in their earlier years. For these individuals, their theatrical awareness, artistic appreciation, and literacy comprehension seem to be at an embryonic stage in comparison to those baptized into the theatrical world as children. One of our male participants was typical of those in the embryonic "spectator" stage. Still, mere exposure may lead to more development and appreciation. While a complete lack of exposure until relatively late in life produces a limited level of evolution in adulthood, there were some adult baptism participants whose development appeared to follow a slightly different course. Those baptized in early adulthood, often as a result of heightened exposure and intensified experience at that time, seemed to achieve an intermediary level of development. We classified this group as the "enthusiastic appreciators" as their lives included theatrical involvement beyond the mere spectator level, but not to the extent of the hard-core participants. Participants in this category tended to have several segments of their lives involve some aspect of theater, but there were also pieces that were completely removed. Most did not participate on stage or directly backstage, but rather in supportive or peripheral functions. They extended their theater interests beyond mere event spectators through roles as organizers of group theatrical events, fundraisers, ticket takers, or ushers. Their development was also beyond an elementary emotional or spiritual level, as they were closer to the hard-cores in their need for literary satisfaction.

The second theme that emerged seemed to be determined by the depth and type of creative, emotional, and psychological need that theater fulfilled within existing dimensions of each person's life. We labeled this theme "spirituality," and the sub-themes reflected within this were minimal for spectators, peripheral for enthusiastic appreciators, and extensive for the hard-core participants. For the hard-cores, immersed as a child, they have an intense need to have the very core of all aspects of their lives evolve around theater. Even if their "day job" is far removed, they must feel that theater is still the "core" of their existence, and that their job is merely a means of financial sustenance. The ultimate spiritual experience for the hard-cores and the enthusiastic participants is the pilgrimage to what is viewed as the head of the theatrical community—New York City. Often heralded as the center of the theatrical scene within the United States, an opportunity to visit this city and participate in theater in this locale—even if only as a spectator—is held in high esteem by these experiential consumers. These visits are perceived to be on a scale comparable to visiting a key religious center, like Mecca or the Vatican. Participants echoed sentiments that made it clear a trip to this locale—New York City—was often a lifelong "mission" of accomplishment.

The concept of faith refers to the third theme, a distinction between the true believers in theater and the non-believers. For them, theater is the most important aspect of their lives. All other aspects of their lives revolve around theater. As evidenced in the spirituality theme, theater *is* their life. Hard-core participants distinguish themselves from spectators. We can describe spectators as the segment of people for whom theater is an event. It is not better or worse than any other event. Spectators are looked upon as non-believers. It must be noted that most of our participants fell into the "hard-core participants" and "enthusiastic appreciators" categories and we did not interview many spectators. Most of the information presented on spectators is the perceptions of the hard-core participants and enthusiastic appreciators. With these perceptions in mind, hard-core participants seem to distance themselves from the status conscious. They attend plays because of their love of the theater. They tend to look down upon anyone who attends theater as a symbol of their status in society or purely because they can afford to, and want to, be seen. Spectators tend to be more status conscious. They attend theater for the sake of attending theater. Spectators are perceived as being unaware of the intellectual, emotional, and philosophical significance of plays. Hard-core participants consider theater a highly intellectual event. For them, theater is completely about discussion of the various themes of the play in to determine what the playwright intended the audience to understand. They attempt to analyze the discussion of issues based on the mindset of the audience of the time. For enthusiastic appreciators, theater is partly intellectual and partly entertainment. One of our participants, who was "adult-baptized" in theater, often prefers comedies to what he referred to as the "heavy stuff." However, he sometimes attended serious theater if he appreciated the issues being discussed. Spectators are perceived as thinking of theater in purely entertainment terms. Unlike hard-core participants, spectators consider theater to be a purely non-intellectual exercise.

The concept of orthodoxy refers to the fourth theme, the distinction between traditional and experimental theater. In both Milwaukee and Minneapolis, there are several theaters reputed for staging experimental theater performances. Hard-core participants look upon experimental theater as sacrilegious. For example, on of our hard-core participants claimed to like all types of theater. However, he does not attend experimental theater. He considers experimental theater to be "pop culture." To the hard-core participants like him, pop culture and theater do not intersect. As far as he and other hard-cores are concerned, experimental theater is not part of their definition of theater. To hard-core participants, traditional theater is the only *real* kind of theater. Enthusiastic appreciators also lean toward traditional theater. Spectators do not understand nor do they care about the distinction between traditional and experimental theater. To spectators, theater can be in any form. In their view, as long as a play is being performed on a stage, it constitutes theater. Hard-core participants tend to take friends to what they view as traditional plays. They are careful when suggesting plays to friends or acquaintances. They are afraid to suggest a play to a friend with which the friend may not be comfortable with or which might completely repel the person from theater. As part of their evangelistic goal, they are careful about the kinds of plays that they take friends to see.

Communion is a fifth theme and refers to the intense emotional feeling that theatergoers feel while watching a play. It is the point at which the theatergoer feels that he or she is part of the play being enacted on stage. The theatergoer forgets his or her surroundings and becomes one with the characters and the scene on stage. This is also referred to as immersion or flow and many hard-core participants described this as a complete "suspension of disbelief." That, to them, is the sign of a good play. That, they commented, is what theater spectators demand and want. They want you to engage them to the degree that they get what they call the suspension of disbelief. In the case of hard-core theater participants, a play is a good play only if the individual reaches the stage of immersion or flow. They describe it as a force that pulls and engulfs them, and an experience where they can feel the emotion wrapping around them. Interestingly, hard-core participants claim that as years go by, it takes them longer to be totally immersed in this emotional cocoon. However, they tend to observe other aspects of the performance as well before getting into the flow of the play—like costumes, set design, and lighting. Only after they have absorbed these details is their mind free to be immersed. Therefore, it takes a much more skillful acting performance to immerse the hard-core participants. Hard-core participants also say they observe a play as a voyeur and want to escape through the characters. Participant said they want to escape their own lives and be in that moment with the characters on stage. They feel that when they are afforded a path to escape their everyday life and involved in someone else's life, like the characters, it's a cathartic experience. The theatergoer identifies with the situation that the character finds him or herself in. Spectators, on the other hand, are only looking for entertainment and do not seek out immersion in a play. For them, a play is a good play as long as it is entertaining.

The concept of "parish" involves the theater as a community and is a sixth theme we identified. Similar to "comunitas," it is the way and the end product of the various communication links and social networks that form in the lives of these theatergoers. Three essential connections provided a sense of unity and community, and this was a driving force in the lives of hard-core participants. First, the social aspect of attending plays was a very strong component of the overall theater-going experience. This phenomenon is a common theme throughout both enthusiastic appreciators' and hard-core participants' lives. Television and VCRs did not eliminate movies because there is a synergy and strong sense of community involved in movie going. In much the same way, theater going involves a sense of being involved with community, stepping out into the world, and a feeling of participating in something larger than life and is, therefore, irreplaceable. Second, the theatrical community is self-perpetuating in that as a person attends more and more theater, fellow audience members become more familiar. In smaller venues, the tribe quickly recognizes a new face. A casual hello may turn into a conversation, and eventually into a friendship. This social networking is particularly evident in the lives of the hard-core participants. One participant and her husband have had season tickets to the theater with another couple for ten years. Their interaction becomes closer and closer as their respective lives cross over in terms of working at the theater and participating in plays. It was fairly common to find that our hard-core participants had known each other and worked with each other in a variety of roles.

Finally, the entire group is similar in their use and frequent reliance on reading reviews. To this extent, the theatergoers are all "reading off the same page." They read the same papers and are exposed to the same interpretation of world and local events. However, the way in which the tribe utilizes these reviews varies. The enthusiastic appreciators tend to rely on reviews a bit more than the hard-core participants do. The hard-core participants use reviews as a form of intellectual exercise, which includes reading and evaluating the reviews after having watched the play under review. As a result of frequent exposure to a particular critic's tastes, the theatergoers were able to judge whether or not a particular play was suitable to their tastes. Despite the apparent varied utility of the reviews, individuals still discuss the articles among their friends and family. To this extent, the reviews provide a link to the theater community and provide stimulating fodder for conversations. In contrast to other participant activities, it does not appear that there are many occasions where theatergoers venture out alone to performances. This may be because most of the participants indicated that theater was a sharing experience. This sharing was revealed in our participants' discussions regarding the significant other in their lives. One woman's husband was a very active member of the theater community. He was a judge by "vocation" and a playwright by "avocation." One man's wife was a local professional actress. After retiring from the National Guard, he and his wife plan to move to New York City to dedicate the rest of their lives to theater. Observation and some participant responses indicated that while there were people who attended theater by themselves, this was not the preferred pattern of attendance. None of our enthusiastic appreciators or hard-core participants seemed to prefer attending theater by him or herself. This limitation or possible restraint did not seem to limit, however, a hard-core person's attendance.

The concept of "evangelism" describes the reaching out of the theatergoers to a world outside of their own. Similar to the final step in a 12-step treatment program, this concept is the seventh theme and the final point on the continuum. This concept is more than simply asking friends or family to attend a theater production. Rather, evangelism is the act of bringing another person into the realm of theater attendance and the theater experience. A hard-core participant may begin in the symbolic role of selling tickets, even though ticket selling is a passive form of evangelism. Eventually, the theatergoer begins to encourage others to attend theater. One gentleman would even routinely recruit fellow employees to participate in actual play production. He saw this as a natural extension of his role as a National Guard recruiter, and as a bridge between his day job and his passion. He brings his worlds together through the act of recruiting others into the theater world. Evangelism may also take the form of parents' encouraging their children to participate in the theater. This may take the form of children's theater classes, attending plays, or participating in the backstage activities of a performance. This action is the process of "childhood baptism." The circle is then complete and this inculcation can be viewed as a way to ensure continuity of the theatergoer's species for the hard-core participant. In the theatregoers' continuum, the spectators did not appear to practice evangelism. A spectator would invite others to attend performances, but it would be expected that one would invite others to attend theater given that theater is a social event and not a solitary experience. However, this proselytizing witnessed in the hard-core participants is not found in the spectator experience.

The theatergoers' experience can be classified on a continuum. Within each category the intersection of theme and theatergoer exhibit differing attributes. The category with the widest range of characteristics is that of the enthusiastic appreciators. As the midpoint between the spectator and the hard-core participants, these individuals in the middle exhibit characteristics of the two outlying groups. Frequently, as the amount of time available to devote to the theater-going experience changes, people in this category will shift along the continuum. People will tend to enter and leave the enthusiastic appreciators category, but once they move to the hard-core participants stage, they rarely shift back. In our research, we did not observe any former hard-core participants. Based on the extensiveness of the theater-going experience and the intensiveness of that experience, theater-goers appear to pass through stages and dimension of behavior and emotion. There is a continuum ranging from purely spectators to hard-core theater participants who can be used to classify these dimensions. Of these categories, the intermediate stage of "enthusiastic appreciator" is the most fluid. It is at this level that theatergoers exhibit attributes of both the anchors of "spectators" and "hard-core participants." Once the line is crossed into the highest level of involvement, a participant rarely reverts back to a previous category or drops the passion for theater altogether.

The most direct application of the results of this study pertains to market segmentation within the experiential entertainment consumer group. By pinpointing the relative location of an individual on the theatergoers' continuum, it is possible to develop marketing tactics and strategies to appeal to these consumers. In particular, appeals directed to the verisimilitude aspect of the theater experience would be such a possibility. Hard-core participants were able to recall the feelings and emotions associated with heir very first theater experience. These recollections were filled with emotion, amazement, and wonder. A larger than life form of magic accompanied these thoughts. Media campaigns that incorporate sentimental, nostalgic times, places, and events, would be especially appropriate. In short, taking an ordinary consumption experience and turning it into an extraordinary event is a key strategy that capitalizes on the tenets and principles found in the continuum of the theatergoer consumer group.

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PASSIVE CONSUMPTION OF HARMFUL PRODUCTS: THEORETICAL PERSPECTIVES AND MANAGERIAL IMPLICATIONS

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ABSTRACT

Passive consumption of certain harmful products such as substances (alcohol, tobacco, hard drugs and fatty foods) and activities (gambling, sexual excesses, crime and violence) are both genetically and environmentally conditioned in our society. We first examine the facts and figures of passive consumption, offer a conceptualization that captures its multidimensional aspects and then explore some theoretical perspectives that would enable manufacturers, marketers, governments and consumer advocates to protect their vulnerable populations from the negative effects of passive consumption of those harmful products and activities.

Over the last thirty years there has been much debate regarding the negative effects that embrace such vice products as cigarettes, alcohol, pornography, casino gambling, lottery and illegal drugs. Marketing scholars, however, have failed to adequately address the social responsibilities of businesses producing and selling such harmful products and services. This paper addresses this issue from a new focus, that of passive consumption, and investigates the level and extent of vulnerability of passive consumers. We first examine the facts of passive consumption, based on which we will define the concept of passive consumption in its various dimensionalities, then explore some theoretical perspectives that could enable manufacturers, marketers, governments and consumers to protect these vulnerable passive populations from harmful products. The domain of our inquiry is passive consumption of harmful products by innocent bystanders. Not all passive consumption is negative or bad. The morning aroma of a Starbucks Coffee house, the fragrance of an expensive perfume worn by a friend you are dining with, or the delicious smell of the kitchen you are close to are all passive consumptions but are healthy and positive. In the context of harmful products and services, passive consumption means the forced consumption of such products or of their negative effects by innocent consumers.

FACTS ABOUT PASSIVE CONSUMPTION AND PASSIVE CONSUMERS

A quick review of the incidence of passive consumption indicates several distinct domains wherein people of all walks of life suffer various social externalities of harmful consumption. Some domains have been more thoroughly investigated than others. We describe a few of such domains.

Passive Consumption of Smoking

http://www.co.benton.or.us/health/hdp/2ndhand.htm).

Breathing other people's smoke is passive consumption. It is passive, involuntary or secondhand smoking. The non-smoking bystanders are forced to breathe both the "side-stream" smoke from the burning tip of the cigarette or cigar and "mainstream" smoke exhaled by the smokers. Environmental tobacco smoke (ETS) is a major source of indoor pollution. Statistics on smoking-related fatalities are overwhelming. About 53,000 nonsmoking adults are killed annually in the U. S. due to secondhand smoking (McIntyre 2004). It is reported that secondhand smoking kills over 50,000 Americans each year and the number of heart attacks significantly drops when smoking is banned in public places (Carey and Gross 2004). In the U.K., total ban on smoking in bars, restaurant and hotels is imminent, while in Ireland it is the law. Each year, smoking around children, is responsible for 15,000 children hospitalized, 26,000 new cases of asthma, 300,000 lung infections, and several infant deaths due to mothers smoking during and/or after pregnancy or another person smoking in the house. Constant exposure to tobacco related magazine or billboard advertisements was significantly associated with intentions to smoke among children. Although the ill-health effects of secondhand tobacco smoking among children are not yet established, there is little doubt that symptoms occur in most children as a result of exposure. Most smokers' children also are distressed by this parental habit (Cameron 1972).

Passive Consumption of Noise Pollution

The forced listening to higher decibel sounds of moving traffic, auto-honking, blasting car radios, and over-speeding motorcycles is the passive consumption of noise pollution. It is passive, involuntary or secondhand noise consumption. "Noise" is a class of sounds that are considered as unwanted. Physically, sound is produced by mechanical disturbance propagated as a wave motion in air or other media. Physical sound evokes physiological responses in the ear and auditory pathways. Clinically verified hearing loss among users of Walkman-type radios and tape players, especially among the rock music addicts, has been documents. Communities living near major airports are seriously affected by aircraft noise, lack of sleep, and hearing losses: the indirect effects of noise exposure are elevated blood pressure, heart disease and psychological trauma (Kamboj 2002). The noise exposure outside the industrial work place is called "community noise" or environmental noise. Main sources of community noise are transportation systems (road, air and rail), industries, construction and public works, and neighborhood (e.g., barking dogs, powered domestic appliances such as washing machines and vacuum cleaners, lawnmowers, leaf or snow blowers, jackhammers, vivid parties, loud TV and radio, and other social activities). In cities with more than 20,000 people per square mile, the most noise-induced annoying transportation source is motorcycles, followed by automobiles, large trucks, sports cars, buses, helicopters, and airplanes. Considering that 60 decibel noise is equivalent to an air conditioner at a distance of 20 feet, more than 6.9 million Americans are exposed from 70 to 80 decibels and more of noise coming from traffic, 1.9 million from aircraft, and 0.7 million from construction (Source: EPA).

Passive Consumption of Gambling

There are various forms of gambling (e.g., casinos, horse races, car races, state lotteries, Super Bowl football betting). We focus here on casino gambling that generates more than 60 percent of the U. S. market of gambling revenues. The pathology of gambling addiction has reached far beyond the more than 15 million Americans who are known to be pathological gamblers. Current estimates of gambling addiction in America may well exceed 20 million victims in a population of about 295 million, more than one in every sixteen to seventeen Americans! The growing presence of legalized gambling in the U. S. will "export" this product to other regions of the world as the U. S. economy with its "pop" culture continues its role as a worldwide leader and trendsetter (http:// govinfo. library.unt.edu/ngisc/index.html, Reno 1996).

Passive Consumption of Industrial Smog

Breathing industrial smog is passive consumption: it is passive, involuntary or second-hand smoking of polluted and foul air. It is estimated that 6 to 10 percent of the urban industrial smog comes from industry, that is, factories and refineries; 15 to 20 percent comes from trains, buses and diesel trucks; 35 percent from light trucks and cars; and 20 percent comes from lawnmowers, paint cans, solvents and the like at homes and business; even pine trees and plants can spew organic chemicals that can cause smog. Thus, the biggest source (over 50 percent) of the organic chemicals that cause summer or winter urban smog, most of which is unhealthy ground-level ozone, comes from transportation vehicles.

Passive Consumption of Obesity

Obesity is related to food addiction. Some forms of obesity are genetically conditioned. Obesity costs $ 117 billion a year in the U. S. The increased death rate due to obesity is high enough to offset the decrease in death rate due to medical advances made in treating heart disease and cancer. Nearly 40 percent of the food dollar is spent on meals prepared outside of home. Obesity records the highest number of deaths in the United States when compared to other addictive products. For instance in 2000, obesity-related fatalities were 400,000 while those affected by smoking were 435,000, by alcohol 100,000 and by illegal drugs were 20,000; that is, a total toll of 955,000 American lives (Rashad and Grossman 2004).

THEORETICAL PERSPECTIVES

The factual information and empirical research in the sampled domains of passive consumption discussed above reveal that the passive consumption of harmful products is frequent, pervasive and a serious concern (threat) in our culture. It is also clear that passive consumption comes from two major sources: a) genetic conditioning, and b) environmental conditioning. There is overwhelming evidence that the descendants or close relatives of substance (e.g., alcohol, drugs, tobacco, fatty foods) abusers and activity (e.g., gambling, sex, prostitution) addicts are seriously impaired. These victims either actively pursue the same abuses and addictions (primary consumption) or are passively affected by them (secondary consumption).

Table 1 characterizes passive consumption in a 2x2 matrix depending upon whether one is genetically or environmentally conditioned for the consumption of harmful products and whether the outcomes of such conditioning result in primary or secondary consumption of such products. By primary passive consumption we mean the genetically or environmentally predisposed direct consumption of harmful products. By secondary passive consumption we mean the genetically or environmentally predisposed indirect consumption of the negative effects of harmful products. Genetic conditioning or predisposition is by blood lineage and implies some form of natural disadvantage inherited in terms of chemical dependence to fatty foods, alcohol, tobacco or other harmful substances, and/or psycho-social dependence on destructive activities such as gambling, sexual excesses, compulsive or impulsive shopping, and other disorganized or disordered home behaviors. Environmental conditioning is the macro socio-technological disadvantage that accrues from forced consumption of industrially polluted air, water and land and of their polluted products (Cell 2) and/or the macro psycho-social disadvantage (Cell 4) that flows from constantly being exposed to the negative effects of addictions listed in Cells 1 and 2, and additionally to other social maladies or addictions of noise, violence, crime, terrorism, reckless-driving and drunken-driving, and social excesses of peer-pressure, media-campaigns, sex saloons, pornography traffic, and degraded neighborhoods. *Table 1* does not constitute mutually exclusive and collectively exhaustive categories. For instance, one could be both genetically and environmentally conditioned as also be affected by both primary and secondary consumption outcomes. But for the purpose of simplicity *Table 1* does not expressly include such cases. Cells one and three imply micro passive consumption that primarily occurs within homes. Cells two and four describe macro passive consumption domains of one's work, travel and other lived spaces of cities, towns, states and countries. One could be victim in all four cells.

Table 1: Characterizing Passive Consumption of Harmful Products

<table>
<tr><td rowspan="2">Consumption of Harmful Products</td><td colspan="2">Consumption of Harmful Products</td></tr>
<tr><td>Genetically Conditioned
(Micro Passive Consumption)</td><td>Environmentally Conditioned
(Macro Passive Consumption)</td></tr>
<tr><td>Primary
(Induced direct consumption of harmful products)</td><td>Cell One: Children of addicts genetically forced to be addicts: (descendants of)
▪ Chain smokers, Alcoholics
▪ Drug & Gambling addicts</td><td>Cell Two: Forced consumption of:
▪ Fish from polluted lakes
▪ Water from polluted sources
▪ Fruits/Meats grown from toxic fertilizers
▪ Canned and processed foods</td></tr>
<tr><td>Secondary
(Induced indirect consumption of the negative effects of harmful products)</td><td>Cell Three: Children or grandchildren or close relatives involuntarily affected by:
▪ Smoking and Alcohol
▪ Drugs and Gambling
▪ Gambling addicts</td><td>Cell Four: Consumers forced to live, work, travel or relax in areas strongly impacted by:
▪ Chain smokers, Billboards
▪ Alcoholics, "Adult " entertainment
▪ Drug Trafficking, Gambling activities
▪ Crime & Violence. Noise & Disease</td></tr>
</table>

There is passive consumption and vulnerability in all four cells, although in varied degrees. Possibly, Cell one holds the highest vulnerability risk. For instance, children and grandchildren of obese or tobacco, alcohol or drug addicted parents are more than likely to be predisposed to food, tobacco, alcohol and drugs and consequently, to obesity, chain-smoking, alcoholism and drug addiction (primary consumption, Cell 1). If not addicted, they must, however, constantly fight the home-pressured atmosphere of such addictions (secondary consumption, Cell 3) or the general environment of such pathologies and excesses outside home (secondary consumption, Cell 4). Secondary consumption under either genetic or environmental conditioning is clearly passive (i.e., cells 3 and 4).

Primary consumption under both conditionings is also passive in the sense that one is passively or genetically predisposed or induced to harmful consumption (cell 1) or one is forced to consume air, water and land that is polluted, consumer fresh or processed or frozen fish, meats, fruits and grains of polluted air, water and minerals, or live by noisy airports, freeways, factories and neighborhoods. Our civilization does not offer too many alternatives to live by other than those of cells two and four. Most of us are victims of cells two and four, exception being remote rural dwellers and some religious societies (e.g., Amish). Additionally, some could be victimized in cells one and three if genetically predisposed to primary or secondary consumptions.

Sheth and Mittal (2003) define passive consumers as those who are not consuming the products themselves, but who as bystanders, are negatively affected by the consumption of others. This definition seems too narrow as to include only secondary consumption (cells three and four) and excludes those who consume certain products that are thrust upon them (cells one and three). For instance, children of obese parents are obliged to eat the fatty foods that their parents cook or order from fast food chains. Parents are forced to cope with their rebellious peer-pressured teenagers who defy parental values and orders. Sick elderly people are forced to regimes of numerous and expensive pills. Hence, following the characterization of consumption of harmful products in *Table 1*, we expand Sheth and Mittal's definition. Passive consumers are those who are either genetically or environmentally conditioned or predisposed to be primary or secondary consumers of harmful products.

DISCUSSION AND MANAGERIAL IMPLICATIONS

The reality of passive consumption is stark in all four cells of *Table 1*. While much of passive consumption is either genetically and/or historically conditioned, manufacturers, marketers, governments and consumers can do something to mitigate the causes and effects of both primary and secondary consumption of harmful products. Such protective strategies would differ in relation to each cell in *Table 1*. For instance, consumers, manufacturers and marketers can do much to protect primary consumption of harmful products as implied in Cell 1. Governments can take an active role to do the same in Cell 2. Consumers, advocacy groups and local communities can contribute much toward diminishing secondary consumption in Cells 2 and 4. We briefly describe what each of these groups can do in this regard.

What Manufacturers and Marketers can do Regarding Passive Consumption

A useful strategy to cope with flawed or harmful products is *demarketing (Kotler, Roberto and Lee (2002), Kotler and Roberto (1989)) and* the appropriateness of various marketing tasks as related to specific states of demand such as negative demand, overfull demand, or unwholesome demand is discussed in Kotler and Levy (1971). Addictive harmful products (see Cells 1, 3 and 4 in *Table 1*) are a case of *unwholesome demand.* The demand for harmful products such as fatty foods, cigarettes, alcohol, hard drugs, handguns, gambling, and X-rated movies is unwholesome and unhealthy. The marketing task to change the behavior of consumers who purchase and use these products involves direct no-nonsense counter-marketing. This, in turn, involves the use of "warning labels" ad messages, price or tax hikes, and/or reduced product promotion and availability. Collectively this strategy is known as *demarketing.* Since the products in cells 1, 3 and 4 reflect both *overfull demand* and *unwholesome demand,* demarketing is reasonable. About 35 years ago, Lavidge (1970) admonished marketers to stop evaluating new products solely on the basis of whether they *could be sold,* and instead, suggested that they evaluate them from a societal perspective of whether they *should be sold.* At best, products in cells 1, 3 and 4 are of questionable social desirability.

Protecting Consumers from Passive Consumption

According to the *protection motivation theory* of Maddux and Rogers (1983), the consumer's motivation or intention to protect oneself from harmful products is enhanced by four critical areas of cognition or perception: a) the severity of the risk of harmful products, b) one's vulnerability to these risks, c) self-efficacy at performing the advocated risk-reducing behavior, and d) the response efficacy of the advocated behavior. According to Maddux and Rogers (1983), people's perceived costs of the advocated risk-reducing behavior and the perceived benefits of the opposing risk-enhancing behavior tend to weaken their intentions to protect themselves from harm. Maddux and Rogers (1983) assumes that people when protecting themselves from harm evaluate two factors: 1) *threat appraisal* as a function of severity, vulnerability, and benefits, and 2) *coping appraisal* as a function of self-efficacy, response-efficacy and costs.

Kotler and Levy (1971), Kotler and Mantrala (1985) argue that what is good for individual consumers might not be good for society. This lack of concern for social welfare is ostensibly illustrated by the incidence of pollution and congestion as a result of individual car purchase, poor nutrition due to a reliance on junk food, excessive waste resulting from throw-away convenience packaging and health problems due to the consumption of harmful tobacco and alcohol products. The key assumption here is that consumers' immediate "desires" are in some ways distinguishable from their longer-term "interests." While marketers had been successful in satisfying the former, the emergence of consumer advocate groups and other voices critical of marketing suggested that, thus far, they had been unsuccessful in terms of the latter (Kotler and Mantrala 1985). Societal marketing thus promises a fundamental reconstruction of marketing, suggesting the possibility of a more ethical marketing approach that embraces rather than excludes public concerns (Crane and Desmond 2002).

What Governments can do Regarding Passive Consumption

Governments should sponsor serious empirical research on the negative effects of passive consumption. For instance, a *Report from the Surgeon General* alleged that tobacco smoke contains over 4000 chemicals, some of which with marked irritant properties, and 60 of these are known or suspected to be carcinogenic. Similarly, a Report from EPA, California State, concluded that the induction and/or exacerbation of pulmonary diseases like asthma, bronchitis and pneumonia are risk factors associated with ETS. After reviewing several international studies and conducting its own, the U. S. Environmental Protection Agency (EPA 1992) classified ETS as a class A carcinogen. Evidence of a link between passive smoking and heart disease, lung, nasal, and cervical cancer has been increasing, and so are the effects on children in terms of impaired learning, meningococcal infection and leukemia (Glantz and Parmley 1995). Appropriate legislation can help. For instance, OSHA has set the danger level at 95 decibels and above for 4 or more hours per day as likely to induce permanent hearing impairment (Kamboj 2002). Walls less attenuate low frequency noise or other structures and can cross great distances with little energy loss due to atmospheric and ground attenuation. Noise from fixed installations such as factories, construction sites, heating pumps, and ventilation system plants on roofs can also affect nearby communities. Even though the risk of occupational noise-induced hearing loss has been countered by efficient technical means, yet the risk continues as the decibel count of industrial factory noises keeps increasing, especially in relation to neighboring communities. Thanks to the EPA, cars are cleaner today than ever before. The average car today emits a small fraction of the pollution it spewed out a generation ago. Most cities have cleaner air, even though there are far more cars. The American Automobile Association believes that cars and light trucks cause only 24 percent of urban smog. Regulators, however, still insist that car technology needs to go cleaner. If nearly 25 percent of the poison that affects our air comes out of cars and light trucks alone, then one would need to take reasonable steps to clean it up. The tougher standards proposed recently by EPA, if they go through, will make cars even cleaner by the 2004 model year.

What Consumers can do Regarding Passive Consumption

Passive consumers must accept joint responsibility within homes and among peer groups. For instance, adolescents' tobacco disuse and their willingness to intervene to stop friends from smoking were related in consistent ways with their concepts of rights and responsibilities and to their general recognition of tobacco as a problem (Chyczewski 2000). Responsibility should start at home. For instance, most smokers seem to be committed to protect their children from secondhand smoking. The importance of protecting the innocent victims of reckless smoke consumption is increasing among all stakeholders alike. Home smoking restrictions are appearing to be a concrete expression of this social pressure. Smokers were nearly six times more likely to report smoke-free homes if they lived with a nonsmoking adult and child in the household, and over five times more likely to report a smoke-free home if they believed in the harmfulness of secondhand smoking (Gilpin et al., 1999). Passive consumers should stand for their rights. For instance, nonsmokers perceived more risk from secondhand smoke than smokers and are becoming more demanding of smoke-free lived home and commercial spaces. The variables that explained a significant amount of variation in risk knowledge were personal communications about the risk and smoking status (Sherwood 1998).

CONCLUDING REMARKS

Combating the diffusion of the negative effects of genetically and environmentally conditioned passive, primary and secondary, consumption of harmful products is a joint responsibility and duty of all stakeholders, consumers, producers, marketers, governments and advocacy communities alike. Our basic assumption is that human beings are "ends in themselves" with certain inalienable rights that belong to them as human beings. They cannot, therefore, be utilized as "means" or as mere "factors of production." Our joint responsibility for reducing primary and secondary consumption of harmful products is one way of respecting and treating human beings as ends in themselves and not mere cogs in the industrial process.

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THE CASE OF RETAIL INTERNATIONALIZATION IN CENTRAL AND SOUTH-EAST EUROPE

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ABSTRACT

The purpose of this qualitative case study is to examine the retail internationalization process of a large retailer in Slovenia expanding into the less advanced retail markets of South-East Europe. Facilitators /inhibitors of the retailer's international expansion are analyzed, and the retailer's entry and market development strategies in three markets of the south-East Europea are examined.

INTRODUCTION

Existing literature on retail internationalization (RI) provides ample evidence of continuing globalization in an industry that was once thought of as confined to culturally cohesive markets. Existing analyses provide several examples of well-known EU and US retailers focusing on either mature or emerging retail markets in their internationalization growth strategies (e.g., Da Rocha and Dib, 2002). However, little is known of the RI efforts of transitional economies' retailers expanding their operations into other emerging economies. The purpose of this study is to gain insights into the RI process of the large Central European retailer Mercator of Slovenia, which has been in recent years expanding into the markets of South-East Europe. The objectives of this empirical study are to analyze internal motivations and external facilitators of Mercator's international expansion, and to examine its international entry, market development strategies as well as RI performance in Croatia, Bosnia and Herzegovina, and Serbia.

THEORETICAL BACKGROUND

The existing knowledge of the RI process is presently confined to prescriptive contributions by large consulting companies and to examinations of international moves of large retail organizations into other mature retail markets. In this context, a number of theoretical models of the RI process have been proposed in the literature in recent years. However, little agreement seems to exist among researchers as to which of the proposed models may be most efficient in providing a better understanding of international retail involvement. One of the reasons for this situation may lie in the fact that very few retail researchers have actually followed up their proposed conceptual models with empirical work (Alexander and Doherty, 2000; Evans et al., 2000; Arnold and Narang Luthra, 2000; Vida, 2000). This study fills this void in that it builds on a theoretical model previously proposed in the retail literature, using it as a framework within which to empirically examine the RI process of the Slovenian retailer. The dynamic model of factors impacting RI process by Vida and Fairhurst (1998) is derived from the behavioral paradigm of firm internationalization (e.g., Forsgren, 2002; Johanson and Vahle, 1990).

Alongside the thoughtful analysis and characteristics of the external environment, this theoretical model emphasizes the crucial impact of the decision maker's characteristics and organizational characteristics in the initiation of international retail expansion. According to Vida and Fairhurst (1998), these elements represent facilitators or inhibitors for the process elements of RI, i.e., whether a firm will initiate international retail activities, maintain a constant level, increase or decrease its level of international retail involvement, or withdraw from its international markets. This final alternative identified as an RI process element has recently gained further discussion in the literature, specifically focusing on the international retail divestment process (Alexander and Quinn, 2002). In addition, the model postulates that, based on the initial or subsequent decisions regarding a retailer's international involvement, two critical strategic decisions need to be made: where to allocate the firm's resources and how to enter international markets. While this conceptual model acknowledges the need to tailor retailing management approaches in international markets, it does not specifically elaborate on this aspect of international retailing strategy. Hence, this present empirical study adopts the view offered by Evans, Treadgold and Mavondo (2000) that a particularly careful adaptation of the retail offerings is needed to enhance the probability of a retailer's effectiveness in international markets.

In the present study, the model by Vida and Fairhurst (1998) provides the conceptual basis for examining RI process activities of the Slovenian retail chain Mercator - a company, which has been assertively expanding into the less advanced transitional (and post-war) markets of South-East Europe. While Mercator as the focus of this case study research by no means meets the size or even international scope standards of major Western retailers (e.g., *Chain Store Age*, 2003), it has had a major impact on its domestic market economy in Slovenia, and made seemingly successful strides into the international retailing arena in recent years.

RESEARCH METHODS AND ANALYSIS

This research was designed according to the qualitative case study methodology (Yin, 1989). The dearth of published information on retail companies in the emerging markets of Central Europe and the context dependent nature of international retailing gives this methodology particular relevance. Both primary and secondary data were collected from Mercator internal and external sources. To build the chain of evidence needed to yield reliable, valid case study results, multiple sources of evidence were used, and the data and their interpretations were cross-checked. In addition to personal interviews with key informants responsible for RI activities in Mercator, other data sources included observations of the field setting (Mercator's domestic and international retail outlets), the retailer's annual reports, promotional materials targeted to the South-East European market, selected Internet sites and industry databases.

Data were examined using qualitative analytic techniques recommended by Miles and Huberman (1984). The information gathered was compiled in a comprehensive summary of Mercator international retailing activities in each international market, and analyzed with the aim of identifying common patterns and themes. The analysis involved comparison and contrast on key variables identified in the RI model that was used as a theoretical basis in this case study research.

DISCUSSION AND RESULTS

Retailer background and domestic market growth

Mercator is the largest Slovenian chain retailer, first established in 1949 as the large state-owned grocery retailer. This retailer diversified and changed its business operations several times under state ownership between 1953-1993. Once Slovenia became an independent state, quickly adapting to the principles of a market-oriented economy, a new era began for Mercator. The process of company privatization which started in 1993 was concluded a year later, when Group M (the corporation which owns this retailer) became the largest joint-stock company in Slovenia. In fact, due to Group M's size and capital value, it represented the largest privatization effort in Central Europe. The period of 1995-1998 was characterized by the restructuring, reorganization and adaptation of Mercator's business operations to European retail models and standards. As a result of high retail fragmentation in the early years of transition, Mercator acquired several independent retailers in 1999-2000. During this time, the retailer continued to expand and modernize its marketing channels, built shopping centers in Slovenia, and implemented standardization of business processes and integration of the acquired companies into its business system. By the end of 2003, retailing companies under the umbrella of Group M operated a total of 995 retail units (1,127 including franchise retail units), Group M employed over 14,000 people and reached net sales of 1.36 billion Euros (Company's annual report 2003). Mercator initiated its international expansion into the markets of South-East Europe in December 2000 by opening its first two hypermarkets in Croatia and Bosnia, followed by a grand opening of its first shopping center in Serbia in December 2002.

Today, Mercator operates stores in various retail formats such as shopping centers, large scale department stores with emphasis on groceries (hypermarkets), supermarkets, small scale supermarkets (supperettes) and discount stores. The retailer almost tripled its domestic retail market share during 1997-2003, reaching a market share of 42.2 percent by the end of 2003. Retail management believes Mercator's unique selling proposition lies in its personal approach, friendly and service oriented sales associates, its merchandising know-how and the value offered to its customers, whereby the retailer strives to improve the quality of life of the local population in all markets in which it operates. Mercator plans to maintain the market leader position in Slovenia while becoming a major retail chain in the markets of South-East Europe, and attempts to achieve business excellence comparable to major retail operations in the EU.

Analysis of international markets and the retailer's strengths

A market opportunity analysis of Mercator's current international markets includes three markets of South-East Europe, i.e. Croatia, Bosnia and Herzegovina (BH), and Serbia. All three markets can be characterized as politically unstable, with low consumer purchasing power and growing economic stratification of their societies. While a relatively high growth of the GDP was noted in all markets in 2003 (Worldbank, 2004), Croatia is clearly the most developed of the three. These markets are also beset with problems such as a high rate of inflation (particularly in Serbia) and a high unemployment rate, e.g., 40 percent in BH in 2002 (CIA, 2004). In addition to a number of foreign aid packages, foreign direct investments will play a crucial role in the future economic development of these markets. Despite its drawbacks, Serbia is believed to offer the highest future potential for Mercator, mainly due to its market size and the forecasted growth of consumer purchasing power in the years to come.

Companies operating in this part of the world should be aware of cultural idiosyncrasies and differences within and across the markets as well as ethnic sensitivities of the local population. For instance, there are three distinct ethnic entities present in BH alone. Findings of a recent empirical study of consumer behavior in South-East Europe (Vida and Dmitrović, 2001) reveal a somewhat low presence of consumer ethnocentrism, which varies by country/region and seems most apparent in Croatia, particularly among some demographic segments. However, Slovenian products enjoy an overall positive image relative to those of domestic origin. The same research found that even with the low purchasing power of the local population, a surprisingly high presence of cross-border shopping activities exists, particularly in Croatia and Serbia (Vida and Dmitrović, 2001). While the overall business climate seems quite risky, these trends appear promising for international investors.

The retail infrastructure in the three markets is highly fragmented and concentrated in large cities. Despite the entry of a few EU retailers into Croatia and BH, retail competition is still relatively weak and confined to domestic players. In Croatia, for instance, the level of competition is intensifying with four major retailers holding 28.3 percent of the retail market share by the end of 2003 (Arh, 2004, p. IV). Acknowledging its status as a 'novice' in international retailing, Mercator management set clear strategic objectives regarding its position in South-East Europe, and decided to conduct its RI incrementally. Its status as the market leader in Slovenia enables the retailer to commit financial and other resources to the initiation and maintenance of its international retail involvement. Mercator can capitalize on its knowledge of the South-East European markets as well as historical business and cultural ties with the region, all of which represent a valuable competitive advantage relative to other international entrants. The retailer management seems experienced in and familiar with the idiosyncratic business conditions in the region, including the poor distribution infrastructure and unpredictable financial systems.

Retail internationalization process and market entry decisions

The conceptual model used in this case study suggests that once the decision is made to initiate the internationalization process, a retailer needs to first identify the market(s) to enter and select appropriate method(s) of entry (Vida and Fairhurst, 1998). These decisions are based on the retailer's internal capabilities, which ought to be matched with thoughtful analysis of the external environment. Analysis of the motivation behind the retailer's initiation of international retail involvement reveals that both push and pull factors (McGoldrick and Davies, 1995) seem to have played a role. Push factors refer to the limited growth opportunities in a competitive, saturated and small domestic market as well as legal constraints in capturing additional market share in Slovenia. Pull factors behind Mercator's international expansion lie in opportunities for faster growth abroad as a result of the undeveloped retail structure in the South-East European markets. Mercator management believed that, relative to other international entrants, the company does possess a unique set of advantages due to Slovenia's historical business and cultural ties with the region (i.e., pre-1991 Yugoslavia). At the same time, however, the retailer had had no prior 'hands on' experience in international retailing. The retailer chose to enter culturally close, yet politically and economically fragile international markets. Interviews with the company executive management uncover three considerations that impacted its decisions to select Croatia, BH and Serbia: geographical closeness of these markets (logistics), familiarity of local consumers with Slovenian brands (including Mercator) and undeveloped retail structure in the region.

Derived from behavioral models of internationalization, the conceptual framework used in this study suggests entry mode decisions are a function of the firm's experiential knowledge of the markets and resource commitment to international business development (Forsgren, 2002). While the model acknowledges exceptions, it maintains that a retailer may need to follow the evolutionary path at least initially, when management experience in international retailing is still weak (Vida and Fairhurst ,1998). Mercator clearly leapfrogged stages of entry modes; despite its status as a 'novice' in international retailing, the company entered its international markets predominantly with internal expansion through greenfield investments (Dawson, 1994), e.g., by building new hypermarkets and shopping centers. According to key informants used in this study, Mercator selected a high control/risk strategy of organic growth as its prevailing entry mode simply due to the lack of appropriate takeover targets in these markets.

Adaptation vs. standardization of the retailing mix elements in international markets

Initial international market entry decisions will, based on our conceptual model, subsequently affect the extent to which a company's retailing mix and operational management considerations need to be tailored to idiosyncrasies of international markets (Evans et al., 2000; Salmon and Tordjman, 1989). The analysis of various case study information sources indicate that Mercator practices a limited adaptation strategy in its international markets. For this purpose, various elements of the company's retailing mix strategies in the three international markets were compared and contrasted with its domestic strategies. In its three South-East European markets, Mercator currently operates 92 retail stores with a total gross retailing area of almost 80,000 square meters.

Consistent with its domestic strategy, this retailer makes retail site decisions based on the retail format used. With the undeveloped retail structure in its international markets, Mercator was able to obtain retail locations based on the following criteria: vicinity to major cities, accessibility with local transport facilities, convenience and visibility, all of which need to be integrated into the retailer's overall strategic positioning. Along with other elements of the retailing mix, the layout and store atmospherics of all its stores are aimed at building a distinct and consistent corporate image. With respect to Mercator's merchandising strategy, its international hypermarkets carry the same 60 to 40 ratio of food vs. non-food items as in Slovenia. It is interesting to note that Mercator selects its suppliers based on their country of origin. Its goal is to achieve a 40:40:20 ratio of Slovenian (domestic) vs. local vs. international suppliers. Due to difficulties in finding suitable local suppliers in these transitional (and post-war) countries, however, this target ratio has not yet been reached. Mercator strives to offer quality products at competitive prices. As a result, it carefully selects only quality suppliers that are familiar to and appreciated by the local customers. In addition, it places a strong emphasis on building long-term relationships with its suppliers through implementation of the principles of category management, adoption of sophisticated EDI information systems, and development of private label goods in food and non-food categories. Overall, a standardized approach to pricing strategies and tactics is used. Everyday low price (EDLP) strategy is adopted specifically for best selling items in the store with price guarantees for a period of at least six months.

In its positioning strategy, image development and communications with diverse stakeholder groups in international markets, Mercator uses similar approach as in its domestic market. This retailer is known for its innovative integrated marketing communications, utilizing various tools closely integrated into its overall business strategy and market positioning. An example is the use of the so called "national small basket of goods", which represents an effective tool for retail differentiation. This "basket" consists of fifty best-selling items produced by local manufacturers and it is sold at the guaranteed lowest price for the package. In addition, the retailer carefully designs its public relation activities. For instance, thoughtfully selected charity donations communicate Mercator's concern for local communities. The retailer is aware of the vital role of all its employees (the sales associates in particular) in building its international image. Therefore, the retailer policy is to employ local management and staff.

Retail internationalization performance

Consistent with the theoretical framework used in this case study, an important outcome activity of the RI process relates to the performance evaluation of a company international retailing involvement. Considering that at least a period of three to five years of international involvement is necessary before realistic evaluations of the return on investments can be made, a systematic evaluation of

Mercator's international performance needs to be conducted within the next few years. For the purpose of this study, however, the assessment of Mercator's present international retailing involvement is limited to a brief discussion of the impact of the retailer on the economic and social environments in the new markets. This RI performance measure is based on the work done by Arnold and Narang Luthra (2000) who recently analyzed, discussed and documented market entry effects of large format retailers on economic and social environment in their local communities. Mercator's strategy of developing strong relationships with local suppliers and its policy of hiring local management and staff should undoubtedly contribute to economic development in its international markets, and lead to enhancement of the social structure of these societies. Moreover, by applying its targeted ratio of domestic (Slovenian) vs. local vs. international suppliers, the company's international expansion has also had positive effects on the Slovenian economy. By virtue of maintaining at least 40 percent of its merchandise mix as products of domestic origin, this retailer facilitates the entry and exports of Slovenian manufacturers into these international markets.

CONCLUSIONS AND FUTURE RESEARCH

A few inferences can be drawn from this case study of the Central European retailer's RI process. First, limited by the small domestic market in Slovenia, Mercator quickly recognized opportunities for growth in the less advanced retail markets of South-East Europe, attempting to capitalize on historical ties with the region (pre-1991 Yugoslavia) as well as the physical and cultural proximity of these markets. Second, decisions for internal expansion (organic growth) in international markets seem to have been a function of systematic planning of its RI process, including a careful consideration of the business environment in the new markets. The leapfrogging of the RI stages in the case of Mercator can be explained by the recent elaboration on behavioral models of internationalization (Forsgren 2002). In view of new empirical evidence on the phenomenon of organizational learning, the author contends that tacit knowledge of the market (i.e., learning by doing) reduces the perceived uncertainty of the market and consequently the need for incremental behavior. Forsgren (2002) suggests there is "a negative relationship between experiential learning and incremental behavior" (p.262).

Finally, the assessment of Mercator's RI process and its international performance leads to the following conclusions. Despite its short international presence and still low international involvement in terms of the number of international country markets, the retailer's proactive internationalization into the fragile yet fast growing South-East Europe is without a doubt an ambitious undertaking. Based on recent discussion on the role of psychic distance in retailers' international performance (Evans et al 2000), it appears that the cultural and physical proximity of the markets of South-East Europe have, to some extent, compensated for the relatively high levels of business and political risk in this region. It is hoped that the low psychic distance of the selected markets coupled with the retailer's commitment to international expansion and knowledge of the market conditions will enable Mercator to garner at least some advantages of being one of the early international entrants in these retail markets (Nakata and Sivakumar, 2002).

At the present time, Mercator lacks the economies of scale necessary to build sustainable competitive advantages in its international markets. Cost optimization in the field of logistics, distribution channels and purchasing system derived from economies of scale will be a key factor of Mercator's success in the future. Clearly, Mercator needs to proceed with its RI process with caution as there are no guarantees that its domestic success can be replicated abroad in the long run. One of the main limitations of the present case study analysis relates to its static nature, although the conceptual model guiding this analysis is dynamic in the sense that the RI process outcomes will influence the model's inputs (RI antecedents) in the subsequent decision-making cycle (the feedback loop in the model). The dynamic nature of the retailer's RI process remains to be investigated in the years to come.

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PERCEIVED RISK AND IT'S COMPONENTS: ARE THERE DIFFERENCES BETWEEN CATALOG, INTERNET, AND RETAIL STORE SHOPPERS ?

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ABSTRACT

This paper presents propositions and a framework for examining the relationship among the major components of perceived risk and three alternative forms of shopping, namely catalog, Internet, and retail store. The three components of risk that could possibly differ the most between the three methods shopping are performance, time/convenience, and financial risk. We must not assume the buying behavior involved in these types of purchases are the same. Therefore, more research is needed so that retailers involved in direct marketing are equipped with adequate knowledge about the buying process of in-home shoppers.

INTRODUCTION

Shopping in retail stores is a great American pastime. However, a growing percentage of consumer shopping and buying activity now takes place in the home. In-home shoppers are those consumers who purchase merchandise from their home via mail, telephone, interactive television or electronic retailing by computer (Bauer and Miglautsh 1992; Festervand, Snyder, and Tsalikis 1986).

It is quite clear that this form of shopping is making its mark on the retailing industry. Everyday, some form of direct mail reaches almost all mailboxes in the United States. Computer usage and subsequent electronic shopping is also on the rise. This means that the retailing industry as we know it is changing. No longer do individuals have to rely solely on in-store shopping as a means of product purchase. However, much of the research in the retailing arena has not kept up with these changes. To date, there have been no attempts to develop a comprehensive explanation of the consumer buying behavior involved in in-home versus in-store shopping situations. We must not assume that the buying behavior involved in these two types of purchases are the same.

Perceived risk is one area that has received a fair amount of interest in the in-home shopping arena (McCorkle 1990; Jasper and Ouellett 1994; Korgaonkar 1982; Spence, Engel and Blackwell 1970; Festervand, Snyder and Tsalikis 1986), however; only three of these studies examined risk in relation to both in-home and in-store shopping (Spence, Engel and Blackwell 1970; Festervand, Snyder and Tsalikis 1986). All three studies concluded that the risk perceived in an in-home shopping situation is higher than in an in-store situation; nonetheless, it is important to note that no recent research has examined these relationships. Given that direct marketing has been around for quite a while and is growing at such a fast pace, and with the advent of Internet shopping, it may be that consumers no longer experience the same level of perceived risk as when direct marketing first became popular.

Most consumers are no longer frightened or leery of purchasing products that cannot be immediately taken into possession. The industry is now beginning to see generational changes that are boosting the use of the web for e-commerce: individuals who grew up with computers are finding that doing their shopping on-line comes naturally. Furthermore, technology has enabled marketers to present products in exciting new ways thus making it more entertaining and educational. These new techniques have made instant price comparisons possible, which serves to make Internet shopping cheaper because consumer can locate the least expensive offer easily.

In general, many consumers view the in-home shopping modes to be most efficient in terms of cost reduction. In fact, Mathwick, Malhotra, and Rigdon

(2001) found that many consumers prefer Internet shopping because of the affordability of the merchandise. Additionally, both catalogs and online stores are packed with attractive, colorful pictures and emphasize liberal return policies. All of which have impacted the consumer's view relative to perceived risk with respect to the various modes of shopping. Therefore, it is necessary to re-examine the impact that perceived risk has on in-home shopping and how, or if, that differs with retail store shopping. Thus, the aim of this paper is to put forth propositions and a framework for examining the relationship between the major components of perceived risk and three alternative forms of shopping, namely catalog, Internet, and retail store. It is anticipated that the findings of this study will add a new dimension to the research already reported on product and store choice decisions, thereby giving retailers and marketers a richer understanding of shopping behavior.

PERCEIVED RISK

Understanding the consumer's decision-making process is a key starting point in understanding any type of purchase. All consumers, be it Internet, catalog, or retail store shoppers, go through a consumer decision-making process when purchasing products. The consumer decision-making process starts with the recognition of a problem and often results in an actual purchase. During this process, there is a certain amount of risk that may be perceived by the consumer (McCorkle 1990).

Dunn, Murphy, and Skelly (1986) defined perceived risk as the anticipated negative consequences that a consumer associates with the purchase of a product. The literature clearly indicates the importance of perceived risk in the buying process. The first discussion of the concept of perceived risk appeared in the marketing literature in 1960 and was introduced by a researcher named Raymond Bauer. He suggested that perceived risk is not only associated with pre-purchase decision making activity, such as information search, but also with the post-purchase decision processes. Thus, he view perceived risk as a common thread for all facets of the consumer decision-making process (Bauer 1960).

Bauer's view on perceived risk has generated a great deal of research (Jacoby and Kaplan 1972; Bettman 1973; Booker 1984; Murray and Schlacter 1990; Mitchell 1994) and has proven to be a lasting phenomenon. Therefore, a statement made by Bauer in his original transcript regarding the anticipated response to his views on risk-taking seems almost implausible. He stated, "I have neither confidence nor anxiety that my proposal will cause any major stir. At most, it is to be hoped that it will attract the attention of a few researchers and practitioners and at least survive through infancy." It has not only survived infancy but has been a topic of much research for almost four decades.

Components of Perceived Risk

While an understanding of overall perceived risk is helpful, it is also important to have an understanding of the relevance of the various types of perceived risk to the buying process. The literature reveals that overall perceived risk is actually comprises six components, or types, with each type of risk playing a distinct role in the buying process (Jacoby and Kaplan 1972; Kaplan, Syzbillo and Jacoby 1974). The components of risk are: 1) financial, 2) performance, 3) psychological, 4) physical, 5) time/convenience, and 6) social. Overall, perceived risk represents an aggregated impact of these various factors.

It is conceivable that certain types of risk may be higher for catalog and Internet buying situations than in a retail store purchase. The three types of risk that have the most impact on in-home shopping are performance, time/convenience, and financial risk. For example, the inability to physically inspect merchandise (performance risk), the front-end and back-end time delays dealing with the loss of time associated with receiving and returning merchandise (time/convenience risk), and the additional shipping and handling costs associated with product purchases (financial risk) all impact in-home shopping methods to a great extent.

Performance Risk

Performance risk is generally associated with a concern over whether the product will perform as expected (McCorkle 1990). There is always a certain amount of performance risk associated with any type of purchase. However, it is conceivable that products purchased through in-home shopping methods could have higher levels of associated performance risk because of the consumer's inability to physically inspect the merchandise. In fact, Jasper and Ouellette (1994) investigated the risk perceived by 236 business students of a university in the purchase of apparel from catalogs and reported that respondents' had a tendency to spend less on purchases from catalogs because they could not physically inspect the merchandise.

All products consist of certain cues that serve as surrogate indicators of product quality and performance. Extrinsic cues are attributes that are not a part of the physical product (i.e., advertising, brand name, warranty and price). Conversely, intrinsic cues represent product-related attributes (i.e., type of fiber, ingredients and color) that cannot be manipulated without also changing the product itself (Cordell 1997). When dealing with catalog and Internet sales, intrinsic cues are difficult to obtain. Customers cannot see or touch the actual product; therefore, they have limited knowledge as to whether the product will pass their standards. As a result, consumers are often forced to rely on extrinsic cues such as price and store name when making product judgments.

According to McCorkle (1990), research has shown that one of the greatest concerns involved in in-home shopping is that consumers do not have the chance to personally evaluate various intrinsic product characteristics. Because of this inevitable reliance on extrinsic cues, there may be a greater level of risk perceived in the in-home shopping arena. Thus, it is proposed that,

> P1: The amount of perceived performance risk will be greater for consumers purchasing products through in-home methods as opposed to buying the same products in a retail store.

Time/Convenience Risk

Time/convenience risk involves a concern over the loss of time from making the product purchase (McCorkle 1990). Some researchers believe time/convenience risk is more prevalent with in-home shopping because of the extended nature of both front-end and back-end time delays (McCorkle 1990). Front-end time delays deal with the loss of time between the order of merchandise and receipt of merchandise, whereas back-end time delays deal with the loss of time associated with returning merchandise. With catalog and Internet shopping, consumers have to wait several days to receive and begin using the products (front-end delay). This is not usually the case for in-store shopping. In addition, exchanging merchandise (back-end delay) is a much lengthier process for in-home methods. Consequently, one would think that respondents would indicate more time/convenience risk associated with in-home purchases. Thus, it is proposed that,

> P2: The amount of perceived time/convenience risk will be greater for consumers purchasing products through in-home methods as opposed to buying the same products in a retail store.

Financial Risk

Perceived financial risk deals with any concerns over financial or monetary loss that might be incurred because of the purchase of a product (McCorkle 1990). There is a certain amount of financial risk associated with all types of purchases, be it in-home or in-store. Of course, there is always a financial risk associated with the actual monetary purchase of the product. Retail consumers must incur costs associated with transportation to and from the brick-and-mortar building and both in-home and in-store shoppers must assume the risk of retailers failing to deliver on promises. Other financial costs associated with purchases include the potential loss associated with the maintenance, repair, or return of the unsatisfactory product.

With in-home purchases, both the initial cost and the cost associated with product returns are increased due to shipping and handling expenses. In addition, there is an increased risk of monetary loss since consumers have to rely on electronic means of payment (Lee 1998). Consumers are often afraid of stolen identity issues associated with online credit card purchases. There also may be an increased risk associated with being ripped off by the retailer. It is generally hard to evaluate the credibility of online retailers. Thus, one would expect an increased level of perceived financial risk associated with catalog and Internet purchases. Therefore, it is proposed that,

> P3: The amount of perceived financial risk will be greater for consumers purchasing products through in-home methods as opposed to buying the same products in a retail store.

CONCLUSION

Researchers in the field of marketing have shown an interest in the study of perceived risk;

however, there has been a distinct lack of interest in examining the topic in the in-home shopping arena. The studies that have been published clearly identify differences in areas such as repeat purchasing (Milliman 1990), perceived risk (Spence, Engel and Blackwell 1970; McCorkle 1990; Jasper and Ouellette 1994), patronage motives (Eastlick and Feinberg 1994); and satisfaction (Festervand, Snyder and Tsalikis 1986). The research already conducted in this area provides a nice starting point; however, much more research is needed so that retailers involved in direct marketing are equipped with adequate knowledge about the buying process of in-home shoppers. Specifically, there is a definite void in the literature concerning the concept of perceived risk as it relates to the differences between in-home and in-store shopping methods, and this void may be costly to both the marketing academician and the practitioner. We cannot assume the shopping behavior will be the same for in-home shoppers as it is for in-store shoppers. In-home shopping involves different methods of product review, purchase, and return.

There are still many interesting relationships yet to be explored. Consequently, this article presents propositions and a framework for examining the differences that may exist between in-home and in-store shopping with respect to three of the components of perceived risk (performance, time/convenience, and financial).

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CONSUMER TRUST IN AN E-RETAILER: ITS SOURCES AND IMPACT ON CONSUMER PATRONAGE BEHAVIOR

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ABSTRACT

This research investigates the actual sources of consumer trust in an e-retailer by taking a global perspective to examine the key components related to a consumer's online purchase and consumption experiences with an e-retailer. It also studies how trust, together with consumer transaction costs and consumer dependence on an e-retailer, influence a consumer's patronage behavior toward an e-retailer. This research makes important theoretical contributions in that it goes beyond the focus of most of current online trust studies – initial formation of trust based on web cues and it introduces the concept of transaction costs into online consumer exchange and provides a strongly logical explanation of why trust influences consumer patronage behavior.

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AN EMPIRICAL STUDY OF THE STRUCTURE OF COMPETITION IN GENERAL MERCHANDISE RETAILING

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ABSTRACT

Understanding the structure of competition is critical for effective marketing strategies in retailing. The author empirically investigate the structure of competition in an important line of trade, general merchandise retailing. A set of socioeconomic, environmental, and marketing-mix factors are found to determine the structure of competition in general merchandise retailing.

INTRODUCTION

General merchandise retailing is an important component of retail trade. According to the 1997 economic census, it weighs 13.4% of retail sales, ranking as the third after vehicle retailing (26.2%) and food retailing (16.3%). Contending for maximum share of consumers' budgets, various types of general merchandise retail stores compete fiercely, and managers never cease to think of better marketing strategies than their competitors. This makes understanding the structure of competition critical for effective managerial efforts.

The purpose of this article is to conduct a macro-level empirical study to investigate the structure of competition in general merchandise retailing. Academics suggest to using measures of retail structure as reflective of competition in the marketplace (Ingene 1983). Department store and variety store are selected as research subjects. According to Hirschman's (1978) descriptive theory of retail market structure, department stores and variety stores can be differentiated along the dimensions of price and quality. Department stores usually sell good quality products at high price and thus represent the high end of the market. In contrast, variety stores usually sell low quality products at low price and thus represent the low end of the market. Both types of retail stores are important, and they form an intratype competition because they compete with each other for consumers' expenditure in general merchandise. The study includes two steps. The first step is to examine the structure of competition in department stores and variety stores separately. The second step is to explain how the determinants will affect the relative share of general merchandise sales between the two types of stores.

The paper is organized as follows. The next section presents a literature review on retail structure, structural determinants, and intratype competition. Based on the literature review, hypotheses are developed to predict the impact of a set of socioeconomic, environmental, and marketing-mix factors upon the structure of competition in general merchandise retailing. After that, the methodology section discusses the issues of data collection and statistical technique. The regression results are reported in the fourth section. The paper ends with a discussion of the managerial and social implications of the findings and some suggestions for future research.

LITERATURE REVIEW AND HYPOTHESES

Retail structure

Retail structure refers to "the manner by which the sale of some commodity is organized by the firms engaged in trading it" (Bucklin 1972, p. 66). Understanding the structure of retailing can facilitate senior executives' optimal strategic decisions and affect consumers' spending of time, money and energy on retail purchases (Ingene and Brown 1987).

The development of appropriate measures of retail structure has endured a long process. Initially, researchers employed the total number of stores or the total level of sales as indicators of retail structure (Liu 1970). But the common problem of these measures is that bigness is correlated with bigness because large communities always have more stores and more sales than small communities. Therefore, the more precise way is to deflate the total number of stores or the total level of sales by the number of households or by the population (Ingene 1983). In recent empirical research, stores per household and sales per household are more frequently used (Miller, Reardon and McCorkle 1999). In this study, stores per household is selected because it is believed to reflect long-term entry or exit decisions by retailers (Ingene 1983). Besides indicators that reflect long-run competition, indicators that reflect short-run competition are also necessary. Sales per store is chosen as a good proxy by several researchers because it is thought to reflect the impact of current, local economic conditions and marketing efforts upon the profitability performance of stores (Ingene and Lusch 1981).

Structural determinants

Many empirical studies have been conducted to explore the determinants of retail structure. However, recent research lacks agreement on what variables can be counted as determinants as well as their signs and magnitudes. Several reasons can explain the controversial results. First, the theoretical relationship between the determinants and the structure still needs to be explored further. Second, many empirical studies at the macro level are constrained by the availability of secondary data. Third, small sample problems exist concurrently with data limitations. In the following, several major studies are briefly reviewed.

Liu (1970) proposed that variables on the demand side, local government variables, and supply, educational and regional variables are determinants of per capita retail sales. His results reported that demand variables, including population, per capita income and population density are dominant explanatory variables, and other variables contribute only very little to increase the explanatory power. Takeuchi and Bucklin (1977) conducted a study to compare the productivity in retailing between Japan and the United States. They categorized the determinants as wealth, technology and competition. The results found that wealth measured by per capita income and automobile ownership per 1,000 persons, technology measured by department store sales as a percentage of total retail sales, and wage are all three significant. Competition measured by recent population growth and population density is significant only in Japan. Ingene (1991) investigated the impact of a set of sociodemographic, environmental, organizational, and marketing-mix variables on expenditures per household for consumer services. The results showed that those variables explain expenditures on consumer service fairly well. Based on previous research, the following two parts hypothesize the impact of a set of socioeconomic and demographic factors, and a set of marketing-mix factors on the dependent variables, the number of stores per household and sales per store for department stores and variety stores. To conserve space, hypotheses are listed together with the regression results reported later.

1. Socioeconomic and environmental factors

Income. Income is considered as a dominant determinant of the structure of competition in many previous studies (Ingene 1991□Miller, Reardon and McCorkle 1999). As average household income increases, people have a propensity to buy more products; therefore, store sales are expected to increase. "Ford effect" predicts that the number of stores selling luxuries will increase while the number of stores selling necessaries will decrease as income rises. Because of the tendency for a diminishing proportion of income to be spent on necessaries as income increase, and that general merchandise stores are mostly selling necessaries, number of stores per household will decrease (Hall, Knapp, and Winsten 1961).

Household Size. Given a population, an average household size increase will cause a decrease in the number of households. Consequently, the number of stores per household will increase since the denominator becomes smaller. The impacts of household size on average sales per store include two opposite effects. First, as household sizes become bigger, households will increase their needs for necessities, but decrease their needs for sharable products. Second, with income fixed, larger households have less discretionary income per person. This will cause a decrease in the need for luxuries. Because general merchandise firms are mostly engaged in selling necessities, it is hypothesized that the increased effect will be greater than decreased effect, which means household size has a positive effect on sales per store.

Mobility. Mobility, measured by the number of vehicles per household (Ingene 1983), will increase consumers' ability to engage in comparison shopping, which will result in a higher level of competition among retailers. The impacts include two aspects. First, the number of stores per household will increase because more stores will emerge to meet consumers' propensity to do comparison shopping. Second, sales per store will decrease because consumers' expenditure is spread over more stores. However, because the United States has already achieved a high percentage of automobile ownerships, the impact of mobility is expected to be slight.

Congestion. Comparing to mobility, congestion has an opposite effect on retail structure. Ingene and Lusch (1981) recommended two approaches to measure congestion, one is automobiles per square mile, the other is households per square mile. However, these two variables are correlated at the 0.995 level. This result is reconfirmed by the data of this study. The correlation coefficient between vehicles per square mile and population density is 0.992. Therefore, only vehicles per square mile, is encompassed in the regression.

2. Marketing-mix factors

Assortment. The square footage of stores per capita is highly correlated with firms' ability to provide an assortment of merchandise, and thus is used as a proxy for the assortment factor (Ingene 1983). Higher square footage is expected to result in a higher sales per store. Moreover, when there is more floor space, we are more likely to have more stores in a given community.

Quality of Service. A quite common measure of service quality is employee wage (Ingene 1983). High wages will give employees more motivation to provide better service to customers. As a result, better service will lead to higher customer satisfactory, and thus lead to higher store sales. On the other hand, high wages will cause management to use labor more efficiently by constructing larger stores. Therefore, the number of stores per household will decrease.

Amount of Service. A reasonable measure for the amount of service is the number of employees per square footage (Ingene 1983). Like service quality, the amount of service has a positive effect on sales per store. But the impact of the amount of service upon the number of stores is uncertain. Ingene (1983) argued that the amount of service is a short-term, adjustable marketing-mix factor and will not affect the number of stores per household, which reflects the outcome of long-term competition. However, his results showed that the amount of service did have a negative affect on the number of groceries per household. The controversy between the theory and empirical research tells us that more research should be done to uncover the truth. Therefore, no prediction is made here for the impact of the amount of service on the number of stores per household.

Atmospherics. In stores with superior atmospherics, customers will be more likely to stay longer and purchase more products. Therefore, atmospherics has a positive effect on sales per store. It seems there is no direct relationship between atmospherics and the number of stores. Therefore, no prediction is made on store number. A good measure for atmospherics is the number of new store constructions. However, because no such data are available at the SMSA level, researchers often use population growth rate as a proxy (Ingene 1983). It is thought that high population growth areas usually have more new stores constructed and thus have superior atmospherics. In this study, population growth rate from 1980 to 1990 is used as the proxy for atmospherics.

Intratype competition

Intratype competition is the competition among different types of stores within a specific line of retail trade. So far, no much empirical research has been done to study intratype competition. Ingene (1983) has conducted a study to investigate intertype competition between restaurants and grocery stores. He proposed to employ the proportion of grocery sales plus restaurant sales accounted for by restaurants alone to measure intertype competition. A similar measure is used in this study. The ratio between variety store sales and department stores sales is employed to measure intratype competition between department stores and variety stores. The following hypotheses concern the impact of socioeconomic, environmental and marketing-mix factors on the relative ratio of variety store sales over department store sales.

When household income increases, people will tend to purchase more expensive products. As mentioned previously, variety stores represent the low end market and department stores represent the high end market. Thus, department store sales will increase greater than variety store sales. That means that income increase has a negative effect on the ratio.

As household sizes rise, people will increase the purchase of necessities in both the aspects of amount and range. Because department stores provide wider product lines than variety stores, sales in department stores will increase relatively more than those in variety stores.

The effects of mobility and congestion are quite uncertain because the two factors have the same directional effect on the sales of both department stores and variety stores. Accordingly, no impact of mobility and congestion is expected.

The relative increase of the assortment of variety stores versus department stores should have a positive effect on the ratio. The improvement of service quality in department stores will attract more patronages and the same for variety stores. By the same token, the relative rising of the amount of service in variety stores compared with department stores will increase the ratio. However, because the atmospherics factor is measured by the same population growth variable for the cases of both department stores and variety stores, it is unable to figure out the relative change of the atmospheric effect between these two types of stores. Therefore, no prediction is made for atmospherics.

METHODOLOGY

The dependent and independent variables are listed in table 1 and table 2 respectively. Data were collected from the 1992 Census of Retail Trade, the 1990 Census of Population and Housing, and the State and Metropolitan Area Data Book (1991). At the time of this study, some data of the 1997 census were still not available. Therefore, the second most recent data set had to be used for sufficient observations. The data are comparable since the time span is rather small. The observations were conducted at the SMSA level. Previous research has thoroughly discussed the reasons that SMSAs are the appropriate geographical units for retail structure analysis. See Ingene (1991) for a detailed discussion.

Ordinary least-square (OLS) multiple regression technique was employed to analyze data. Collinearity was found not very severe. The maximum correlation coefficient in the department score case is 0.567, while for variety stores it is 0.439. Therefore, confidence can be obtained in the regression coefficients.

RESULTS

Table 3 shows the regression results. As the results indicate, first, the socioeconomic, environmental and marketing-mix factors do well in explaining the structure of competition in general merchandise retailing. The adjusted R^2 ranges from 0.434 to 0.903 with an average of 0.666; and all F-ratios are statistically significant. The two low adjusted R^2 values are in both of the sales per store cases. It may not mean that those factors do not explain store sales very well. In fact, in each case, five of the eight predictions are attested. The weak explanatory power may be due to missing of unexplored important factors. Second, twenty-one of the thirty-four predictions are supported. It means a confirmation rate of 61.8%. Of the fourteen unsupported predictions, seven regression coefficients are insignificant, but have signs consistent with the hypotheses. Thus, overall a high percentage of the hypotheses is confirmed. Third, three variables – mobility, congestion and atmospherics – perform weakly in explaining the retail structure. Actually, nine errors lie in these three variables. It seems unlikely that these variables do not influence the retail structure. The problems may come from collinearity among variables and inappropriate proxies. Collinearity may reduce the roles of these variables in explaining the retail structure. Inappropriate proxies may distort the truth. Finally, a surprising result is that the amount of service does have a significant positive effect on the number of variety stores per household. This further proves the statement that more research needs to be done to see whether the amount of service is really a short-term factor and does not influence long-term competition. In summary, despite some imperfections in the regression results, the overall performance of socioeconomic, environmental and marketing-mix factors in explaining the structure of competition in general merchandise retailing is fairly good.

DISCUSSION

The findings of this study suggest that general merchandise retailers need to realize that two types of factors, the uncontrollable socioeconomic and environmental factors, and the controllable marketing-mix factors, will collaboratively influence the structure of competition. The enhancement of the controllable marketing-mix factors will improve the sales and influence the long-term competition. However, the uncontrollable socioeconomic and environmental factors may have either positive or negative effects on the structure of competition. From a managerial perspective, retailers should seriously take both the controllable and uncontrollable factors into account when they make strategic decisions. Second, besides paying attentions to competition from the same type of stores, retailers also need to concern themselves with intratype competition from various other types of stores. On the one hand, the relative increase or decrease of assortment, quality of service and amount of service will favor or disfavor the market share of a particular type of store. On the other hand, the changes of socioeconomic and environmental factors will also affect the market share among various types of stores.

Future research on the structure of competition may take several directions. First, more types of stores can be simultaneously investigated to get a full picture of the structure of competition in general merchandise retailing. Second, more socioeconomic, environmental, and marketing-mix variables can be included for study. The results of this study have already shown that some unexplored factors may account for the remaining variances. Third, studies can be conducted at product level to examine the competition of product sales among various types of general merchandise stores. In fact, retail structure is a rich area for further research. Suggestions made here are by no means exhaustive.

CONCLUSION

This article studies the structure of competition in general merchandise retailing. Department stores and variety stores are selected as research subjects. A set of socioeconomic, environmental, and marketing-mix factors are found to have disparate influences upon the structure of competition. Executives need to understand the impact of those factors upon the structure of competition for making better strategic decisions.

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Table 1 List of Dependent Variables

Dependent Variables	Description	Source[a]
N_d	Number of department stores per 1,000 households	CRT, PH
N_v	Number of variety stores per 1,000 households	CRT, PH
S_d	Sales per department stores	CRT
S_v	Sales per variety stores	CRT
S_v/ S_d	Ratio of variety store sales over department store sales	CRT

[a] CRT: 1992 Census of Retail Trade; PH: 1990 Census of Population and Housing

Table 2 List of Independent Variables

Independent Variables	Measures	Source[a]
Income (Y)	Average household income in thousands	PH
Household Size (POP/H)	Average household size	PH
Mobility (AUTO/H)	Average vehicles per household	PH
Congestion (AUTO/MILE^2)	Average vehicles per square mile	PH, SMAD
Assortment (SQFT/POP)	Square footage of stores per capita	CRT, PH
Quality of Service (W)	Average annual wage of employees	CRT
Amount of Service (L/SQFT)	Employees per square foot of total space	CRT
Atmospherics (G)	10 year population growth rate (1980-90)	SMAD

[a] CRT& PH: The same as above; SMAD: State and Metropolitan Area Data Book

Table 3 Regression Results

Independent Variables	Dependent Variables									
	H[d]	N_d	H	N_v	H	S_d	H	S_v	H	S_v/S_d
Income (Y)	-	-.134 (-2.628)[a]	-	-.153 (-2.040)[b]	+	.140 (1.911)[c]	+	.269 (2.458)[b]	-	-.009 (-.195)
Household Size (POP/H)	+	.154 (4.028)[a]	+	-.035 (-.634)	+	.176 (3.213)[a]	+	.149 (1.861)[c]	-	-.141 (-4.138)[a]
Mobility (AUTO/H)	+	-.007 (-.170)	+	.054 (.966)	-	.076 (1.365)	-	-.080 (-.992)	0	.008 (.214)
Congestion (AUTO/MILE^2)	-	-.133 (-2.736)[a]	-	-.014 (-.233)	+	.093 (1.336)	+	-.082 (-.924)	0	.063 (1.644)[c]
Assortment (SQFT/POP)										
Department	+	.763 (19.815)[a]			+	.208 (3.756)[a]				
Variety			+	.836 (14.201)[a]			+	.489 (5.702)[a]		
Relative									+	.992 (27.515)[a]
Quality of Service (W)										
Department	-	-.194 (-4.150)[a]			+	.704 (10.488)[a]			-	-.052 (-1.475)
Variety			-	-.042 (-.731)			+	.410 (4.841)[a]	+	.123 (3.647)[a]
Amount of Service (L/SQFT)										
Department	0	-.045 (-1.038)			+	.611 (9.768)[a]				
Variety			0	.208 (3.553)[a]			+	.512 (6.001)[a]		
Relative									+	.431 (12.334)[a]
Atmospherics (G)	0	.022 (.513)	0	.007 (.124)	+	-.082 (-1.336)	+	-.014 (-.162)	0	-.040 (-1.009)
Adjusted R^2		.757		.734		.500		.434		.903
F-ratio		75.148[a]		38.516[a]		24.733[a]		11.453[a]		110.654[a]
NOB[e]		191		110		191		110		107

[a] prob<0.01; [b] prob<0.05; [c] prob<0.10; [d] Hypothesis;
[e]The number of observations (SMSAs) for which information is available.

ANTECEDENTS OF FLOW: A STUDY ON ONLINE CONSUMER BEHAVIOR

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ABSTRACT

In this study, we concentrate on planned purchases in B2C e-commerce and develop a theoretical model based on the constructs from information systems (technology acceptance model), marketing (consumer behavior) and psychology (flow theory). This study provides a fresh insight into online consumers and should be of use theoretically and practically.

INTRODUCTION

The widespread of the web has increased the number of competitors and the intensity of competition. As an interface between the customer and company, a satisfactory website becomes a prerequisite for launching B2C e-commerce successfully. The early assumption about e-commerce— "the death of the middleman"— has been proved wrong. Transactions over the Internet, even very small ones, usually involve members of intermediates, including portal sites, search engines, affiliate sites, service/products providers and others that may not be noticed during the transactions. Even for an $8.97 purchase, more than nine intermediates can be involved. (Cart. 2000) Each time, a consumer clicks his/her mouse, a transaction take place. More importantly, consumers can transfer to alternative competitors just by a few of clicks.

Companies have spent substantial resources on advertising and promotion to recruit new consumers. Customer acquisition costs contribute a large portion of the early investments. However, many visitors, even with intentions to make a purchase, abandon their plans and leave before completing the transaction. One challenge of B2C e-commerce today is to engage consumers and keep them through the shopping process while facing the huge distraction from the Web. Understanding the factors that differentiate visitors who complete the transaction from those who leave without buying is important to web vendors. Even though a lot of studies have been done about online consumer behavior, little attention has been paid to understanding this aspect. In this study, we explore the shopping behavior of online consumers by employing the flow model (Csikszentmihalyi, 1975) and find out the antecedents of flow relating to web characteristics and personal traits. We attempt to explain how to encourage consumers to make a purchase via the web, especially when they access the website to search for products or services with some intention to make a purchase.

The paper is organized as follows. First, we present a literature review and give the theoretical foundations of our study. Then we put forward a theoretical model and discuss its constructs and propositions. Finally, we discuss the limitations of our work and present some directions to further study.

THEORETICAL BACKGRAOUD

Technology Acceptance Mode

Based on the theory of reasoned action (TRA) model, Davis proposed the technology acceptance model (TAM), which provides an explanation of user acceptance of information systems (IS) or information technology (IT). The construct Perceived usefulness (PU) was defined as "the degree to which a person believes that using a particular system would enhance his or her job performance". The construct Perceived Ease of Use (PEOU) was defined as "the degree to which a person believes that using a particular system would be free of effort". (Davis 1989) Within TAM, PU and PEOU are factors determining and predicting system usage. Many IS studies have been conducted based on the TAM. Jiang et al. (2000) stated that TAM has become one of the most acceptable model in IS area.

Many researchers have used the TAM to predict the Internet usage generally. A few studies have focused on one specific task, for example, predicting user acceptance of online shopping (e.g., Shih 2003; Vijayasarathy 2004) or information-searching websites (e.g., Chung and Tan 2004).

Flow Theory

Flow is the process of "optimal experience" (Csikszentmihalyi, 1975). The concept was introduced to study people who frequently work in the flow state such as chess players, composers, and dancers. When in the flow state, people focus on their activities without noticing any distractions. According to flow theory, the state of flow is researched when the perceived challenges of the activities are matched by people's skills. Csikszentmihalyi (1975) stated that flow is not an "all-or-nothing" state and proposed a "flow channel" model, which suggests that flow is determined by the relative balance of challenges and skills. He summarized nine elements of flow experiences and proposed four dimensions comprising the flow: control, attention focus, curiosity and intrinsic interest. Chen et al. (1999) categorized these nine elements into three stages: antecedences, experiences, and effects. The stage of antecedents consists of : (1) clear goals, (2) immediate feedback, and (3) given challenges and matched skills; the stage of experiences consists of: (4) merger of action and awareness, (5) concentration, and (6) perceived control over the activity; the stage of effects consist of :(7) a loss of self-consciousness; (8) time distortion; and (9) experience which becomes "autotelic", which means the activity is worth doing for its own sake.

Flow has been studied in a wide range of disciplines, such as psychology, education and everyday life. Recently, flow has been applied in information technology and computer-mediated environment. Hsu and Lu (2004) did a review of the flow literature in this area. They summarized that flow is a multi-dimensional construct that includes characteristics such as control, concentration, enjoyment, curiosity, intrinsic interests, etc. In the context of online games, they argued that control, concentration, enjoyment, involvement, intrinsic interests are the significant characteristics of flow. Flow has also been recommended in studies of online consumer behavior. Koufaris (2002) focused on the emotional and cognitive components in flow research. Specifically, they focused three dimensions of flow in the B2C e-commerce environment: shopping enjoyment, perceived control, and concentration.

CONCEPTUAL MODEL AND PROPOSITIONS

We employ the flow theory as a theoretical foundation for looking at the online consumer behavior and propose a conceptual model. The model shows the three stages of flow in the context of online shopping. Figure 1 illustrates the model here. The antecedent stage describes the factors valuable for reaching the flow state. The second stage, experiences, describes the characteristics (emotional and cognitive responses) while users are in the flow state. The last stage describes the effects after entering the flow state (Chen et al. 1999). In fact, before a website is able to provoke the concurrence of flow, consumers need to have clear goals. An individual can not be engaged in an activity and reach the flow state if he/she does not know what he/she want to achieve eventually. In our study, the preexisting goal for consumers is to make a purchase when they visit the website. To complete the transaction is the effect consumers want after entering the flow state.

The Flow State

When consumers are in flow, they are engaged and absorbed in their shopping activities. The state can be characterized by loss of self-consciousness, by a sense of control over the environment, by responsiveness to clear goals (Csikszentmihalyi, 1975). Koufaris (2002) argued that the flow state is too broad and ill-defined while it is valuable for understanding online consumer behavior. He proposed that three components in flow research can be used in the context of online shopping: enjoyment, concentration, and perceived control. These three components are to be reexamined in our study.

Shopping Enjoyment

The importance of shopping enjoyment has been studies in the past. And a review of the flow literature indicates that enjoyment plays an important role in shopping experiences. If online consumers enjoy their shopping, the likelihood of aborting a transaction will be reduced. In our study, we are interested in a specific shopping behavior and its enjoyment. The proposition is:
Proposition 1a: Shopping enjoyment is positively related to online purchase behavior.

Concentration

To be in flow, individuals must concentrate on their activities. Online consumers are exposed to so many distractions. While sitting in front of a computer, a big source of distraction is from the Internet. Consumers can easily be redirected by some hyperlinks and give up their planned purchases. Concentration is critical for consumers. We propose:
Proposition 1b: Concentration is positively related to

online purchase behavior.

Perceived Control

In flow theory, perceived control has been defined as the level of one's control over the environment and one's own action. Perceived control varies for different tasks and situations. In the web environment, many companies provide site features, such as search engines or recommendation agents, to increase users' level of control and convenience. We expect high level of perceived control can lead to high likelihood for consumers to complete their transactions.
Proposition 1c: Perceived control is positively related to online purchase behavior.

Antecedents of the Flow State

This section identifies four antecedents from existing literature which can be categorized into two groups. Antecedents related to web characteristics are: perceived usefulness and perceived ease of use. Another category of antecedents is about personal characteristics, which includes computer self-efficacy and personal innovativeness.

Perceived Usefulness

A website can be considered as an IS, which provides needed information and services to consumers. Only when consumers are assisted effectively by the website, can they complete the transaction. In the TAM, perceived usefulness determines users' attitude (affective response) toward IS usage. Similarly, in the flow theory, it is found to have an impact on flow (Davis et al. 1992, Chung and Tan 2004). Therefore, we expect:
Proposition 2a: Perceived usefulness is positively related to shopping enjoyment.
Proposition 2b: Perceived usefulness is positively related to concentration.
Proposition 2c: Perceived usefulness is positively related to perceived control.

Perceived Ease of Use

One of the most important antecedents of flow is "challenges". In the web environment, users need to locate information or products within the web site via browsing and search engines. Consumers face many challenges while shopping, such as slow download time, difficult navigation, or unavailable web pages. Moon and Kim (2001) found that perceived ease of use is a significant antecedent of flow (focused attention, curiosity, and enjoyment). Our propositions are:
Proposition 3a: Perceived ease of use is positively related to shopping enjoyment.
Proposition 3b: Perceived ease of use is positively related to concentration.
Proposition 3c: Perceived ease of use is positively related to perceived control.

Computer Self-Efficacy

Along with challenges, perceived "skills" of the individual is also an important antecedent (Csikszentmihalyi 1975). Since an online consumer is also a computer user, the meaning of "skills" on the web would be similar to computer self-efficacy. Computer self-efficacy does not refer to some specific computer skills. Rather, it is concerned with judgments of the ability to apply those skills to broader tasks. Computer self-efficacy was found to have significant influence on individual's emotional reaction to computers and their actual computer usage (Compeau and Higgins 1995). Researchers also found that computer self-efficacy (skills) plays an important role in determining flow (e.g., Koufaris 2002; Hoffman and Novak 1996).Therefore our propositions are:
Proposition 4a: Computer self-efficacy is positively related to shopping enjoyment.
Proposition 4b: Computer self-efficacy is positively related to concentration.
Proposition 4c: Computer self-efficacy is positively related to perceived control.

Personal Innovativeness

Personal innovativeness (Agarwal and Prasad 1998) is defined as the reflection of confidence or optimism regarding adoption of new ideas or technologies. They argued that personal innovativeness, as an individual difference variable, influences how the perceptions are formed and affect usage intentions. Later, Agarwal and Karhanna (2000) found that personal innovativeness is a significant antecedent in determining cognitive absorption, which is comprised of focused immersion (concentration and attention focus), enjoyment, control and curiosity. Therefore, we expect in the B2C e-commerce context:
Proposition 5a: Personal innovativeness is positively related to shopping enjoyment.
Proposition 5b: Personal innovativeness is positively related to concentration.
Proposition 5c: Personal innovativeness is positively related to perceived control.

DISSCUSION

Our study is carried out in the B2C e-commence environment and focuses on online consumers, particularly those who visit a website with purchase intentions. Prior research paid little attention in this aspect. This study reexamines the three dimensions of flow proposed by Koufaris (2002): perceived control, shopping enjoyment, and concentration; and discusses the antecedents that can significantly influence flow. We attempt to find out what factors can lead a consumer into the flow state, furthermore, lead to a successful transaction. Otherwise, the website will lose the customer, even after investing substantial money or/and efforts to recruit them. We argue that appropriate website characteristics can affect consumers' emotional and cognitive responses, which provides some guidance to practitioners. For academic researchers, we apply flow theory into IS research to help understanding online consumer behavior. On the other hand, the four well-studied constructs from IS area are used to examine the flow construct.

SUMMARY AND CONCLUSION

Overall, this study contributes to current research by exploring the antecedents of flow. Flow is a multidimensional construct, whose components vary for different situation and task. Future studies need to been done to find out the dimensions of the construct in a specific situation. Meanwhile, we should also be aware of that there are other individual and environmental factors that can possibly have an effect on the flow state. For example, consumers who have more prior purchasing experience from the Internet are more likely to complete the transaction than those who with less experience. In addition, consumers' online behavior may vary across different products with different degree of product involvements. Understanding these will help both researches and practitioners.

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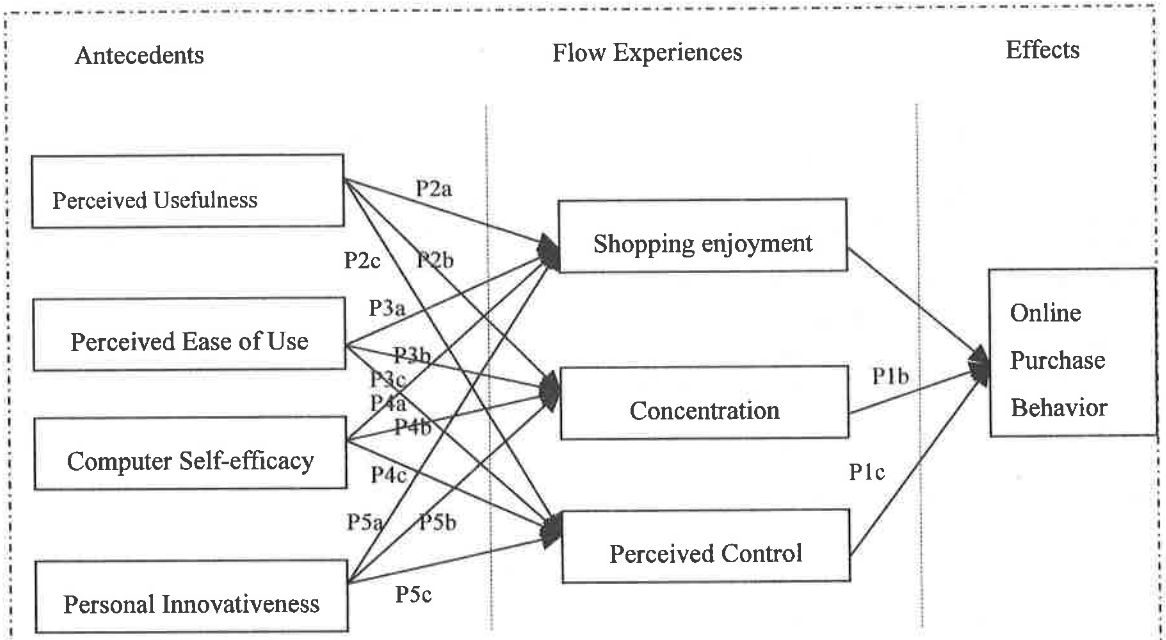

Fig1. The conceptual model

CUSTOMER RELATIONSHIP MANAGEMENT: A STATE OF THE ART REVIEW

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ABSTRACT

During recent history there has been a growing literature stream advocating the importance of the relationships that businesses have with their customers. With the proliferation of CRM literature, it is now necessary to assess the state of knowledge regarding CRM and to identify areas where research is warranted.

INTRODUCTION

Currently there is evidence that customer satisfaction is declining, and therefore it can be assumed that companies are not currently managing the customer experience effectively (Dorsch, Carlson, Raymond, Ranson 2001). This declining satisfaction has led many companies to develop and implement customer relationship programs. These programs are based on the premise that developing and maintaining committed customer relationships can lead to customer loyalty and a sustainable competitive advantage. This is due to the fact nurturing customer loyalty is resource intensive, long term, difficult to manage, and therefore not easy to copy (Day, 2000).

The quest to develop effective customer relationship management (CRM) programs has lead to a renewed focus on the customer. While calls that firms should be customer-oriented are not new, traditional business practices have focused on learning about customers desires in order to better target them with the firm's products. In addition, early investigations into customer – business relationships tended to examine the relationships from the businesses perspective. Recently, marketing scholars are recognizing that the customer also plays a vital role in the development and maintenance of a customer-business relationship. As a result, these scholars have called for examining the customer-business relationship from the customer's perspective. Since customers and businesses may exhibit different motivations for entering into a customer – business relationship, each perspective may result in potentially conflicting recommendations, which may lead businesses and customers alike to become perplexed about how best to pursue customer relationship management efforts. Consequently, the purpose of this paper is to provide a state of the art review on customer relationship management. The paper will examine the evolving CRM literature stream in order to better understand CRM and to identify areas where continued CRM research is needed.

CRM LITERATURE REVIEW

Establishing a framework for organizing CRM literature

Webster (1992) recognized that marketing has three distinct roles within an organization. Each marketing role is established by considering the responsibilities of the organizational level being considered (i.e., the Corporate level, the Business/SBU level, or the Functional/Operational level). These three organizational levels are consistent with the different types of strategy in extant literature (e.g., Boyd and Walker 1990; Hofer and Schendal 1978). Correspondingly, an appropriate first step in understanding the state of the art of CRM is to organize the CRM literature by organizational level (i.e., Corporate level, Business/SBU Level, and Operational/Functional level).

Customer relationship management at the corporate level: CRM as a philosophy.

At the corporate level, the strategic challenge facing management is to establish a corporate culture and philosophy for guiding the firm (Webster 1992). When establishing the corporate culture, management must decide on the importance of the customer when guiding the firm's actions (Webster 1992). As a result, we would expect to find CRM literature that advocates the importance of the customer and a need to be customer-focused.

A review of extant literature reveals a small number of articles acknowledge that CRM programs may require a change in corporate culture. The overall theme of research examining CRM management at the corporate level research is that CRM initiatives need to be supported and developed so that they have the opportunity to be successful at the strategic and tactical levels. For example, Parvatiyar and Sheth (1999) suggested that a focus on customer relationships may go against the traditional goals of the firm (profit maximization and maximizing shareholder wealth) and the traditional focus of marketing in these organizations. Swift (2002), in addition, maintained that CRM must cut across management functions and operating activities to generate actionable leads to resolve or reduce such problems as high value customer churn. Similarly, Rigby, Reichheld, Shefter (2002) identified several situations where failure will likely occur if CRM is not started at the top levels including, implementing CRM before creating a customer strategy; rolling out CRM before changing the organization to match; failing to understand that relationships are two way streets and that the type of company/industry and the type of customers a firm is cultivating will decide how its CRM strategy will evolve.

Customer relationship management at the business/SBU level: CRM as strategy.

At the business/SBU (Strategic Business Unit) level, marketing's role is to understand how the organization is to effectively compete in its chosen businesses (Webster 1992). As such, the development of effective marketing strategy would require a more detailed understanding of the targeted customers, competitors, and the organization's capabilities for effectively serving the target market. Similarly, successful CRM depends on allocating scarce resources to create competitive advantage and superior performance (Rigby, Reichheld, and Shefter 2002). Correspondingly, we would expect to find CRM related articles that focus attention on issues related to segmenting and targeting a market in terms of different types of customer relationships.

A review of the CRM literature suggests that a market may be segmented in terms of the types of relationships that exist between customers and businesses. Jones and Sasser (1995), for example, identified five possible categories that customers can fall in: loyalists, apostles, defectors, mercenaries and hostages. Dorsch, Carlson, Raymond, and Ranson (2001) offered a classification system related to the different approaches businesses may type in managing (socializing) their customers (i.e., indulgents, custodials, dictatorials, and inattentives). Winer (2001), in addition, proposed that customers may be effectively segmented in terms of the frequency and level of contact that customers have with a business. Whereas much of the existing CRM research suggests that businesses should identify and target customers with whom they desire long-term relationships, Reinartz and Kumar (2000) provide evidence that short-term customers may be as profitable, or even more profitable, than long-term customers. Much of the research on segmenting a market in terms of the relationships that businesses and customers have with each other tends to be exploratory and conceptual; consequently, more research is needed on the effectiveness of segmenting a market in terms of customer-firm relationships.

Another emerging stream of research related to CRM as strategy relates to the valuing of customers. The customer equity concept was introduced as an approach for assigning value to customers. A premise of the customer equity management is based on the notion that acquisition and retention of customer equity is not automatic; it requires cultivation by the firm (strategy). A review of extant literature indicates that customer equity may be conceptualized in two distinct, yet related approaches. One approach for conceptualizing customer equity is in terms of determining the dollar value of the customer to the firm by estimating a customer lifetime value (Blattberg and Deighton 1996; Rust, Zeithaml, and Lemon 2000). A second approach for conceptualizing customer equity is in terms of the complete set of resources that customers invest in the organization (Dorsch and Carlson 1996; Dorsch, Carlson, Raymond, and Ranson 2001). Unfortunately, existing research efforts indicate that important challenges exist when attempting to measure customer equity with either approach. For example, Reinartz and Kumar (2002) state that the crudeness of the methods most companies currently use to decide whether or not to maintain their customer relationships may cause problems.

A third area of research on CRM as strategy pertains to the need to effectively and efficiently manage a business' customer relationships over time. To date, CRM literature tends to examine customer relationship management from a transaction cost perspective. For example, Reinartz and Kumar (2000) suggest that one approach that businesses may use to maintain customers relationships is to increase the customer switching costs to a point that customers desire to stay with the firm. Other CRM literature examines the compatibility of CRM initiatives with organizational resources. Peppers, Rogers, and Dorf (1999), for example, address four levels of problems that may occur at the strategic level when implementing CRM, and stress that importance of organization wide acceptance and application.

Overall, existing literature examining CRM as strategy tends to be varied and limited. Much more research is needed to fully identify and examine the strategic issues related to customer relationship management. For example, research is needed in several areas including the need to verify the effectiveness of segmenting customers in terms of the types of relationships that they have with business organizations; the need to establish effective approaches for establishing customer value; and the need to understand more fully the strategic challenges facing organizations that are interested in implementing customer relationship practices.

Customer relationship management at the operational level: CRM as tactics.

At the Functional/Operational level, marketing's role is to develop and implement the marketing tactics (Webster 1992). When applied to customer relationship management, CRM as tactics refers to the organization's development and implementation of customer relationship practices. It is at the CRM as tactic level where the customer contact (touch points) are realized and where information between customers and organizations are transferred. At this level the information must be captured and put into a form that can be evaluated quickly and easily. Correspondingly, at the tactical level, we would expect to find CRM related articles that focus attention on issues related to customer contact issues, including CRM programs and the role of technology.

One evolving literature stream related to CRM as tactics examines customer loyalty programs and their effectiveness. It appears that the literature is mixed on the potential effectiveness of customer loyalty programs. Reinartz and Kumar (2002), for example, did not find evidence to suggest that customers who purchase steadily from a company over time are necessarily cheaper to serve, less price sensitive, or particularly effective at bringing in new business. However, Jones and O'Brien (1995) argue that the key to remember is that a loyalty program is not simply giving away resources to attract customers, as this does little to increase long term success. Often times the type of customer that free give a ways may attract will be "chronic switchers," which are not a group a company can build long term growth on. Instead these programs should be based around influencing the behavior (which can be measured) of a defined segment.

The role of technology in CRM practices has received considerable emphasis as a CRM as tactics issue. For example, while it appears that many organizations are quick to embrace the CRM technology, Rigby, Reichheld, and Shefter (2002), caution CRM managers that technology and software don't equal success. Instead, these scholars emphasize that technology is simply a powerful facilitator in the process of CRM. Technology has been suggested to assist an organization's CRM efforts in five ways: (i) It eliminates the old trade offs: with the advent of technology many can now use the same resources (e.g., an internet site) simultaneously without extra cost to the company; (ii) It enables interactivity; (iii) It mobilizes collective knowledge (iv) It links delivery partners; (v) It changes the economics (Montgomery Research Institute, 2004).

In addition to technology, other CRM articles focus attention on the need for the organization to have direct contact with the customer. Swift (2003) and Freeland (2003), for example, highlight conversations as a critical part of any successful CRM program. This direct contact with the customers is so important because it adds value to the firm's knowledge base. By listening to a customer and building the program based on what they want, a firm will be able to create a unique experience across all touch points. The research in the study shows that customer insight accounts for 20-30 percent of total CRM investments but as much as 80 percent of the value generated.

A third tactical area addressed by CRM literature is the need to collect and manage customer information. A review of existing CRM literature suggests that an important goal of any CRM initiative is to gather customer data swiftly, identify the most valuable customers over time and increase customer loyalty by providing customized products and services. It should also reduce the costs of serving these customers and make it easy to acquire similar customers down the road. Once these knowledge bases are started generating information becomes an on going process. To help maintain and utilize these knowledge bases firms use analytical tools to data mine. This is a relatively new and important aspect of CRM known as data analytics (Swift, 2002). The real value of analytical CRM is its ability to identify a customer at a point of need. Analytic measures are providing hard measures in a traditionally soft field, and helping firms to get a more accurate profile of their customers (Swift, 2000).

Clearly, CRM efforts are most visible at the operational level. Furthermore, even if CRM efforts are supported at the corporate and business levels of the organization, ineffective implementation and control of the CRM program at the functional level will tend to result in the program's failure.

CONCLUSIONS

Customer Relationship Management is a philosophy and a belief in understanding customers, determining needs (many times without the customer stating them), delivering to those needs, driving new opportunities, forging strengthened relationships and loyal partnerships, analyzing past actions and behaviors, predicting future actions and reactions, and providing executives with new knowledge for decision-making (Swift 2002). The challenge for all companies is to create value for its customers. With increased competition and a global market, a firm will only survive if it can continually do this. As the focus of marketing has shifted from market share and acquisition, to share of customer and retention there has been major changes in both the organizational make-up of the marketing field and the standard practices that are used. It is now understood that it is the relationships that firms have with their customers that give them the most leverage. The belief that companies can manipulate or profit while the customer loses, is out of date.

Through the correct implementation and a commitment to a customer centric organization, companies may give themselves a sustainable competitive advantage. Understanding that a company cannot be all things to all people, analytics give some clue as to what potential customers should be targeted and what potential customers should be avoided. This information is incredibly valuable to companies with limited resources and excess competition. This knowledge helps them to discover and remove investment inefficacies.

The importance of CRM to the success of a firm cannot be overstated. However, there is still much research that is needed to understand the various roles of CRM within the organization. In this paper, we sought to gain a state-of-the-art understanding of CRM literature by examining the role of CRM at the corporate, business, and operational levels. Overall, we noticed that some CRM research addresses CRM as a Philosophy, CRM as a Strategy, and CRM as tactics. However, much of the research tends to be exploratory, conceptual, and lacking a framework that helps to organize existing CRM literature and to provide direction for continued CRM research. The purpose of this paper is to provide a framework for organizing CRM literature and to use this framework to identify areas where continued CRM research effort is required. Overall, CRM research is needed to more fully understand the roles of CRM within the organization. Specifically, at the corporate level (i.e., CRM as Philosophy), research is needed to better understand how an organization's focus on CRM influences/shapes its corporate philosophy or corporate culture. At the Business/SBU level (i.e., CRM as Strategy) much more research is needed to better understand how organizations might effectively and efficiently target particular customer relationships. At the functional/operational level (i.e., CRM as Tactics) continued research is needed to understand how to develop and implement successful CRM practices, including examining how best to coordinate technological advances with direct customer contact to better manage customer relationships.

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THE ROLE OF SPONSORSHIP BELIEFS IN CONSUMER RESPONSE TO SPORTS SPONSORSHIPS

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ABSTRACT

In the past decade, corporate sponsorship of sports and other events has been one of the fastest growing forms of marketing communications used to reach target audiences. The rate of growth in sponsorship expenditures is greater than for traditional media advertising and sales promotion. Sponsorship is viewed as a means of avoiding media clutter by enabling sponsors to identify and target well-defined audiences in terms of demographics and lifestyles. An emerging body of research on consumer responses to corporate event sponsorships has focused on consumers' processing of sponsor and event information. However, little attention has been given to beliefs about sponsorship held by a property's target audience and the relationship between sponsorship beliefs and desired consumer responses to sponsorship. This study examines the relationship between sponsorship beliefs and consumer response to sponsorship in the context of a single sport, auto racing.

In order to test hypotheses about the impact of sponsorship beliefs and interest in auto racing on sponsorship response, data were collected by administering a survey to attendees at a major auto racing event. A total of 399 usable responses were collected. The survey measured: 1) fans' beliefs about the role of sponsorships for tracks and race teams, 2) the effects sponsorship has on consumer behavior, 3) fans' demographics, and 4) interest level in six different racing leagues.

Results of this study indicated that auto racing fans who believe sponsorships are important to the sport and to specific events had a more favorable response to a sponsor's association with auto racing. These beliefs and interest in auto racing were positively related to desired outcomes of sponsorship: Sponsor image, positive word-of-mouth, and purchase intention of a motor sports sponsor's products. If a sport's target audience believes that sponsors are not only necessary to the sport's success but add value to the sport and / or its events, sponsors have the potential to not only create exposure for their brands but can build meaningful relationships with customers, too.

Perhaps the most interesting finding arising from this study is the positive relationship between the belief that sponsorship adds to the enjoyment of one's racing experience and sponsorship response. This finding emphasizes the importance of sponsors becoming actively involved with the events they sponsor. Paying rights fees to be a racing sponsor is only the first step to a successful sponsorship. Additional investments in advertising, sales promotion, or other marketing communications tools can strengthen the connection between a sponsor and event.

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THE SPIRIT OF COMMUNIQUÉ IN THE PLETHORA OF COMMUNICATION MATERIALS FOR HIGHER EDUCATIONAL INSTITUTIONS

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ABSTRACT

In today's information-rich environment, higher educational institutions face challenges in developing promotional materials, which is more than basic information. Consequently, Based upon the empirical data, it is formulated that new universities (1-10 years), middle level universities (10-25 years) and established universities (25 and more years) should practice necessary communication campaigns.

INTRODUCTION

Many universities are responding to declines in enrollment, competition and cuts in funding by launching comprehensive and aggressive marketing programs. Research in the field of marketing for higher education has shown that advertising is frequently a major component of an institution's integrated marketing plan (Goldgehn 1991; Parameswaran and Glowacka 1995). Further, related to communication channels, Goldgehn (1991) found that 76.9 percent of a sample of 791 higher education registrars and admissions officers reported the use of advertisements in their universities. Though advertisements in the form of brochures, pamphlets, application packages, catalogs and program materials are present in the literature as practiced marketing tools, the Internet is becoming increasingly popular tool for recruiting new students (Brown, 1996). At times these activities are seasonal, i.e., during the university commencement and admission periods. However, previous research indicates that even when prospective students solicit information from institutions of higher education, they do not carefully examine its content (Rosen, Curran, and Greenlee, 1998).

The 2000's have brought several issues to be considered by faculty and administration like high competition, meeting student requirements and surviving as one of the 'reputed schools.' By considering the ever-changing environmental factors, meeting the market demands only by enhancing the quality of education does not provide a solution. Whereas, to give information regarding the changes and policies undertaken by the university for students, community and the employment market requires a sound communications strategy. Further, institutions of higher education nationally and internationally are being challenged to innovate in the face of competition, declining student enrollments, attracting top students, budget constraints, and changing market situations for student employment. Therefore, the purpose of this study is to explore and evaluate the communication strategies, tools and practices of four universities of Turkey (two public and two foundation). To evaluate the reasons as to which the Universities utilize communication strategies. The rationale is to propose communication strategies that can affect prospective students and other stakeholders efficiently. Further, these communication strategies can have multifold objectives that can satisfy the institutional requirements for new universities (1-10 years from establishment), middle level established universities (25 and more years from establishment).

LITERATURE REVIEW

In today's information-rich environment, higher educational institutions face challenges in developing ways to get the prospective student to give their promotional material more than basic information. Consequently, the promotional materials developed by universities and colleges should invoke more than curiosity in the minds of the prospective students and convince them by answering more than their queries. While Goldeghn (1991) found evidence that acceptance of marketing techniques has increased in institutions of higher education, the development of promotional material in higher education has remained an area with little academic research to direct the development of such material. These documents or promotional material are of utmost importance as they influence the purchase decision of the consumers and also develop knowledge in the minds of the consumers for that particular institution. Evidence also suggests that consumers use different types of information at different points in the decision process (Gardial et al., 1994; Zeithaml, 1981). According to the literature, one source of information that influences students' decision to attend a particular university is the promotional materials that are made available to potential students. Thus there has been considerable evidence also on the impact of universities' promotional materials on college choice (Anderson, 1994; Armstrong and Lumsden, 1999; Cantebury, 1989). However, research in the area of student needs and wants are necessary to better understand what appeals to, attract and influences students when selecting their college.

The rapid use and yields of information technology in our lives and the global world cannot be denied in today's social milieu. The expeditious nature of Internet and informative resources are prevalent in all the commercial and public sectors for its visible gains. Further, on the essentiality of the contents of the promotional materials, the most compelling and emanating importance to marketing is the 'slogan' that brings life to the university's real sense. Bauerly and Tripp (1997) in their research investigated the effects and development of slogans. A creative process should guide the development of a new institutional slogan. This process should involve multiple levels of participants; appropriate screening criteria, and a solid understanding of an institution's strengths and public.

Though communication materials play a vital role for higher educational institutions in providing information to the prospective students it is the only first gateway for students for evaluating a particular college/university. Incorporating Zeithaml's (1981) goods-services continuum in a discussion of the marketing of higher education, Licata and Frankwick (1996) speculate that universities offer only credence service as "the customer usually cannot evaluate the product even after purchase has been made because the student does not have the technical expertise necessary to evaluate the quality of the education received" (Licata and Frankwick, p. 4). However, prospective students must evaluate the alternative offerings somehow and select a school to attend, often times without ever visiting the campus and "experiencing" the services cape. Further, media can be utilized for attracting journalists and other key people whose attention would lead to a systematic communication pattern to the publics. Especially if the flow of information through WEB presence is prompt to the journalists from the university then it would lead to a better to-and-fro communication (Hanser, et. al. 2002).

METHODOLOGY

Collecting the data

The data for this study were gathered from four universities of Turkey (two public and two foundation universities. **Foundation University A** was founded in July 1994, by a major business group of Turkey, decided to establish a university and assigned this task to a Foundation. Intake of students started from the year 1999. Faculties and a graduate school offer numerous undergraduate and graduate studies. The language of instruction is English and it is a campus university. **Foundation University B** was founded in January 1994; a major health care group decided to establish a university and assigned this task to a Foundation. The university has 8 faculties and 2 vocational schools. At present the university is providing numerous undergraduate and graduate programs, the medium of instruction is Turkish and it is a campus university. **Public University A** was founded in 1925, faculty of agriculture in 1933, faculty of letters in 1935, faculty of administrative sciences in 1859 and faculty of medicine in 1945. The university with these faculties was founded in 1946 and presently there are 15 faculties, 5 vocational schools, and 94 undergraduate programs and numerous graduate programs in this university. The medium of instruction is Turkish and the university is a multi-campus one. **Public university B** founded in 1956, since its inception the language of instruction has been English and reputed as a technical university. This university has 39 undergraduate programs carried out by 37 departments within 5 faculties. Additionally, there are 4 graduate schools with 59 programs and an English department. The university is recognized internationally and strives to have high standards of education. The university operates on a large campus.

Quantitative technique as a questionnaire was distributed and colleted to all the department administrators of the universities manually. 163 questionnaire (46.5%) were considered fit for statistical analysis. As a qualitative research technique an interview schedule was implemented to the universities' top management. 30 administrators' interviews were conducted, coded, and content analyzed. Further, document analysis was carried out for the materials, documents and artifacts that were used for communication purposes published or designed by each of the university.

Analyzing the data

The qualitative data collection and analysis were in the form of firstly collecting overall documents of the universities, defining a classification system, developing a methodology for coding and verification followed with aggregating and examining the data. Qualitative approach to studying in the field of marketing is prevalent in many published materials. Most of the researchers have utilized this technique for analyzing communication materials like brochures, catalogs, view books, videotapes, and other promotional materials (Anderson, 1994; Klassen, 2000). Likewise, conducting focus group interviews is a prominent technique by marketing researchers for collecting data in their studies (Armstrong and Lumsden, 1999). By asking probing questions and initiating free and open discussion with other consumers, focus group research help marketers identify their customers' deepest desires and provide suggestions for satisfying these desires (Greenbaum, 1993; Skinner, 1994). A content analysis is used as a tool to analyze the collected data (Sayre, 1992). There are studies with both qualitative and quantitative components. While it is possible, and in some cases desirable, to use the two approaches of quantitative and qualitative research techniques together (Fielding and Fielding, 1986). Most often, descriptive statistics and qualitative findings have been presented together (Mercurio, 1979).

Aggregating the data into a classification system

The data is categorized into proper themes to generate a meaningful classification system. Data that were collected through documents pertaining to the university publications were analyzed and documented in meaningful themes or metaphors that convey the right category for grouping the data. These are grouped under *visual appeal*, the quality of the pictures that depict a wide variety of the university buildings, facilities, fascinating pictures of the campus etc. *Impressing concepts*, the variety of academic programs that the University offers. *Resulting concepts*, the results of being a student and utilizing the education and facilities at that particular University. *Treasure able concepts*, the events and achievements that students would cherish after they graduate from the university. Interviews were analyzed through content analysis and presented in tabular formats appropriately. Further, quantitative data was analyzed through statistical analysis.

RESULTS

Results of the Survey

A noticeable result of the survey that is worth presenting is the university administrators' response to the communication medium that is at present applied in their universities. It is evident from Table 1 that all the four universities concentrate on printed materials and Internet as main tools for communication and promotion of academic programs. Foundation University A exercises posters, informative banners, billboards and notice boards in other institutions to promote their academic programs. Foundation University A and Foundation University B being newly established universities rely on word of mouth as communication medium for publicity and favorable reputation in the public. Further, as electronic media, Foundation University utilizes channels as TV, Videocassettes, CDs, etc also for promoting the universities academic programs and facilities that have a visual impact on the audience. Accordingly, Public University B exercises electronic media and possesses a radio channel through which cultural exchanges and entertainment is rendered. Alumni as means to publicize and communicate academic programs carries a great magnitude of importance for Public University A and Public University B as alumni are ambassadors of the university to the society as they can impress and convince potential students and stakeholders by narrating their university experiences. Unfortunately, Foundation University A and Foundation University B cannot rely on alumni as they are newly established universities and have yet to count on graduates.

Table 1. Choices of respondents for communication medium applied in their universities (in percentages).

Type of Univ.	Brochures/ Pamphlets	Billboards/ Notice boards	Internet	Word of mouth	Electronic media (TV, radio, etc)	Alumni
Foundation Univ. A	100.0	33.3	100.0	75.0	83.3	.0
Foundation Univ. B	100.0	.0	100.0	89.3	3.6	15.0
Public Univ. A	92.8	7.4	97.3	39.1	7.5	53.3
Public Univ. B	96.1	15.4	92.3	35.8	38.9	40.7
N	158	158	158	158	158	158

Results of the Document Analysis

The documents collected from the various universities are descriptively presented and their purposes of use are stated accordingly for the four universities. The documents intended for communicating purposes were collected. The documents are planned, designed, published and distributed by the university's administrative structure. The collected materials comprised of two kinds: printed and electronic materials. The artifacts collected were in form of pens, mouse pads, letterheads etc. that had the universities name inscribed on it. The purposes of these artifacts are to bring awareness and popularity in the public and also used as mementoes and distributed as presents. The characteristics of the documents is descriptively analyzed and evaluated on the following criteria's or metaphors for Foundation University A, Foundation University B, Public University A and Public University B. As the dominating indirect communication mediums are the printed materials and the Internet, they are recapitulated as follows:

Foundation University A as an example: *Visual appeal:* Common elements of the brochure selected were the wide use of pictures that included people, especially administrators, faculty and their messages which were motivating words in the background of colorful glossy photographs and scenes of the university. The cover pages were glossy, enticing and appealing with brilliance in tones. The WEB page of the university is of well-designed and expeditious with technology, visually stimulating and informative. Videocassette was both proficiently developed in captivating the audience visually and audibly. Posters contained announcements and information for attracting potential students for graduate and undergraduate studies. *Impressing Concepts:* The University offers an impressive number of faculties that are presented in the brochures, program-wise catalogues and posters. They are bilingual, impersonated both in Turkish and English. The contents include goals and objectives of the university, degrees offered, general information like campus life, information technology etc, undergraduate education details, facilities and details of the programs offered by the university. Pages also consist of faculty qualifications and their laurels. As published coherently, the following lines can comprehend the university's educative aspirations.

> "On one of the Turkey's most modern campuses, academic programs are supported by top notch classroom, auditorium and laboratory facilities, and student life is enhanced by sport and entertainment areas."

Resulting Concepts: The graduate brochures and other academic program specific catalogues along with the details of the academic programs consist of detachable application forms, scholarship information and information for students of the reason of being a student of the university, in terms of facilities and learning discoveries. As the university is newly founded, alumni and graduate placements are not published. *Treasure able concepts:* University is a time for learning and the type of education is several times informed in the printed materials, posters and Internet. Along with the details of the programs and administrators' motivating messages, there are some noticeable comments of student experiences quoted in the catalogues, which are as follows:

> "Taking the risk of being first is always challenging. In retrospect, would Foundation University A still be my first choice? Certainly yes."

The results from the document analysis of universities show that the universities' concentrated a great proportion on attracting students especially on the *resulting concepts.* Universities' presented a fair amount of space on the consequences of being a student at that particular University. The University being established and the graduates well placed and positioned in the community and society were of substance. With background of graduation ceremonies or graduates wearing the graduations caps. A noticeable statement from Public University B is stated below:

> "They have received one of the best educations, now they have achieved the privilege of being a graduate of public university B!"

Results of the Interview Schedules

In planning and utilizing effective communication the administrators' interviews revealed the following communication means utilized at the universities: The list below represents the responses of the 30 administrators from Foundation University A, Foundation University B, Public University A and Public University B.

Table 2. Summary of the Administrators' responses to the communication tools in their Universities.

Communication tools	N	Communication tools	N
Brochures, catalogs and posters	21	Community activities and programs	4
WEB page of university, faculty, and Internet	20	Alumni	5
Newspapers	15	Television & Radio, Talks on recent and modern topics	17
Campus visits and tours	12	Magazines, posters, slogans, books	6
Schools visits	12	Word of mouth	5
Seminars	11	Reputed faculty	5
Magazines and other printed material	11	National and international publications	3
Video cassettes, CDs, etc.	7	Press	4
Presentations	3	Conferences, symposiums, panels, seminars	7
Direct contact	3	Monthly publication	5
Notice boards and billboards	2	Education fairs	3
Conferences, seminars, symposiums, workshops	2	Direct mail	1

It is evident from Table 2 that the top management of the universities gave importance to the printed communication materials like brochures, catalogs and posters. Further, the WEB page of the university, faculty members and Internet were also of major concern of the administrators as a vital tool for communication and giving information to the stakeholders and the community. Correspondingly, campus visits, school visits, newspapers, magazines and other printed materials also facilitated communication needs of the Universities. A noticeable fact that as mentioned by 17 administrators was faculty appearing o the TV or radio, talks on recent and modern topics presented in the media can be a useful tool in propagating, explaining and clarifying information to the public.

Some selected statements of administrators on the usage of media are cited below of Foundation University B and then from Public University A:

> " ...I don't believe in propaganda, for university promotion campaign the information present should be about university's faculties, faculty members, academic programs, laboratory facilities, graduates, library, books etc..."
>
> "Every night we watch some scholars or professors on TV and underneath is mentioned our university. So we have at the time-being lots of professors who are well-known in the society and graduates in great positions, they are sending implied messages or implied messages are sent by them for the reputation or to renew the reputation of the faculty and the university."

Although the administrators mentioned print and electronic communication means, the point to be worth noting are the 'implied messages' by graduates, faculty member and other symbolic members who could also impress the public in an imperative manner.

PROPOSING A CONCEPTUAL FRAMEWORK AND CONCLUSIONS

On an overall level based upon on the research findings and the literature review it is found that most of the higher educational institutions are practicing marketing communications for various objectives that can be summarized in the following Figure 1.

Figure 1, portrays strategic planning of marketing communications and its integration with the institutional development. Marketing communication can be utilized by universities to adopt several communication aims to achieve key objectives of the university. Sands and Smith (1999) put it very effectively saying that effective market and communications plans and resulting strategies can be best accomplished through a task force concept that melds the capability to create and implement plans and effectively responds to those opportunities identified through an integrated marketing effort. The results from the four universities give information regarding the communication mediums that are utilized by the universities. Conferring to some of the objectives proposed in Figure 1, Foundation University A utilizes some of the communication objective. Similarly, the information present in the communication medium of the Foundation University B is to attract potential students, provide information about the institutional offerings and facilities. Moreover, to correct inaccurate or incomplete information about the institution or ancillary services for which the university utilizes the mass media. Public University A is involved in communication channels not only to attract prospective students, but also to attain recognition in the national and international education scene. Public University B is very active and maintains a surplus of printed materials not only for the current and potential students but also for building alumni relations and support and attract donors, providing information to governmental bodies. However, from the research findings it is evident that the universities are engaged in communication activities and objectives that are necessary and needed for the institutions.

Based upon the empirical data, results and the needs of the universities' internal and external stakeholders it can be formulated as new universities (1-10 years from establishment). Middle level universities (10-25 years from establishment) and established universities (25 and more from establishment) should practice communication campaigns of different formats and designs to propagate their universities. This can be summarized as follows:

Communication strategies for newly established universities:

Taking into account the newly established universities, the results of Private University A and Private University B would give insights into what is required from newly founded universities to aim for communication strategies. It seems that the university administrators give importance to direct contact in the form of school visits, campus visits and presentations as it facilitates answering to queries and impress the audience by giving visible information. Further, media is utilized and invited for ceremonies like the graduation ceremonies, new programs being adapted, inaugurations, social activities, functions, debates, festivals, prize/award ceremonies and other university related events. Celebrities in areas related to the academia and higher education are invited to the university that is open to university members and public for exchange of political, social and cultural thoughts. Therefore, the following Figure 2 can summarize the communications strategy and the objectives that newly established universities should concentrate on.

Communication Strategies for Middle Level Universities:

The middle level universities (10-25 years from establishment) have to concentrate on refining and reevaluating their communications strategies according to their institutional communication campaigns. According to Figure 3, refine and rebuild communication strategies would include revising of the communications strategies that met the institutional needs and wants to improve the communications strategies prevalent in the institution. This includes implementing new strategies, tools and facilities. Conferring to this, it is worth mentioning Daniels and Foster (2002), top nine things that were among favorites in this year's institutional web sites: (i) Alumni communities; one had a live discussion group hosted by a new person each Thursday (St. Olaf College, www.stolaf.edu). (ii) Rideboard: a bulletin board to help students find rides to/from campus (Hobart and William Smith Colleges www.hws.edu). (iii) Virtual advisor: An ask Jeeves style search (Austin College, www.austic.edu). (iv) Actual virtual tours (Illinois Wesleyan University, www.iwu.edu). (v) An athletics page that posted updated sports score in different balls representing each sport (Rhodes College, www.rhodes.edu). (vi) An admissions and financial aid newsletter (Gustavus Adolphus College, www.gustavus.edu), (vii) A dorm room photo in which each object linked you to information about that subject (Wooster College, www.woster.edu). (viii) Streaming video of lectures (Claremont McKenna College, www.mckenna.edu) and (ix) Chats between prospective students and current students (Drew University, www.drew.edu).

The proposed re-evaluation of communication materials specially printed materials is recommended as the trends in student evaluation of printed materials can change and cater to multiple needs. Which is consistent to Armstrong and Lumsden (1999), common suggestions made by students for improving the printed materials were to make them more graphically interesting through the use of brighter colors, unique shapes and more visual elements; and to include easy-to-understand information about cost of tuition, books and housing. Most students saw the cost of the University of North Texas as strength of the institution and despite the risk that promoting low cost might indicate low quality, they felt that the price should be highlighted in the literature.

Communication Strategies for Established Universities

The communication strategies, formats and the designs of established universities (25 and more years from establishment) should concentrate on focusing and imparting the history, laurels, academic achievements and accomplishments related to the community. This fact can be very well supported by a statement of an administrator from Public University

A and the history of the University is portrayed in all of the communication materials as well as from the administrators:

> "Our faculty was founded during the reign of Ottoman Empire in 1859, one of the oldest faculty in Turkey. Also this faculty has reformist logic. This faculty was found to protect the interests of the state. Youngsters after graduating were ranked as civil servants, the faculty was found for this purpose. Even today the graduates of this school aim to work for the ministries and public sector. Graduates are all famous and hold high ranks in the public sector and some are also famous parliamentarians."

Evidence can be found from Public University B, which is an established University and is very active in arranging and conducting events and it is one of the first universities in Turkey that host's education fair for the benefit and informing of high school students. Further, administrators affirmed active participation of the students in social activities, clubs, associations, cultural activities, spring festivals, concerts, international student activities and platforms of debates and conferences, which not only brings mobility and liveliness on the campus but also popularity among students, community and press. Active participation of the faculty in the community, parliamentary and higher educational scene nationally and internationally provide visibility to the university all the time. The government, university, alumni associations and industry to motivate and attract bright students and support needy students provide scholarships and incentives. The university plays a very important part in understanding about the needs of innovative academic programs and satisfying the labor market. As rightly said by one of the administrators of Public University B:

> "It is a natural phenomena, it is job creation, and it is market place that creates this image. Recently it has to do with the information society and its common aim of many countries of the world. Nobody can be a good player in the world if they are not good in creating knowledge."

Correspondingly, it can be said that the concept of 'image of the higher educational institutions" is worth noting. Higher education institutions should be aware of the image of the institution. Parameswaran and Glowacka (1995) in their study of university image found that academic institutions need a distinctive image to maintain a competitive edge in the market place. And image formation is a manageable process as well. Sevier (1994) asserts that when students are asked to why they chose the college they did, they generally offered four reasons: image or reputation, location, cost, and the availability of a specific major. When asked to choose between their top four reasons, they invariably chose image.

Finally, universities must integrate institutional image building, promotion of academic programs, communication strategies and objectives, and media management in their overall marketing strategies. The communication medium is the only bridge to the internal and external stakeholders because whatever the higher educational institutions constitute of or their academic achievements, it is the information that the various publics will receive will help them form opinions and perceptions regarding the academic institutions.

To paraphrase Garvin (1982)

> An institution's actual quality is often less important than its prestige, or reputation for quality, because it is the University's perceived excellence which, in fact guides the decisions of prospective students and scholars considering offers of employment, and federal agencies awarding grants (p. 43)."

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FIGURE 1

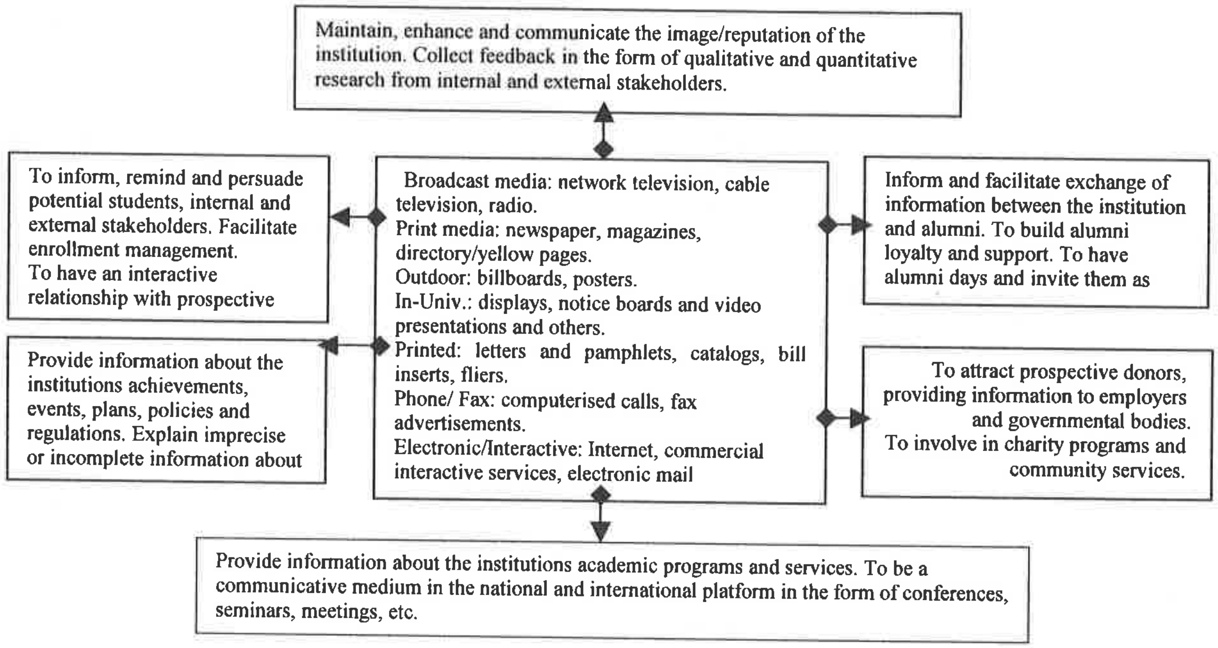

Figure 1. Integrative communication strategies and the purposes for which they are utilized by higher educational institutions.

FIGURE 2

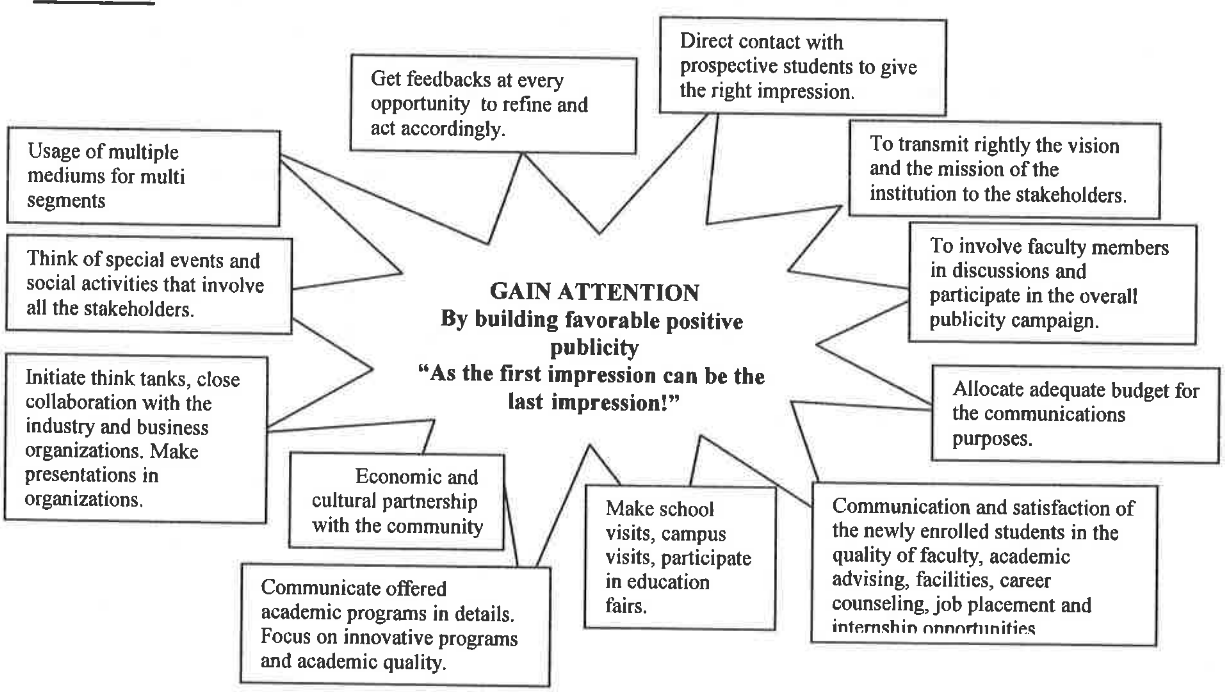

Figure 2. Recommended communication strategies and objectives for newly established universities (1-10 years from establishment).

FIGURE 3

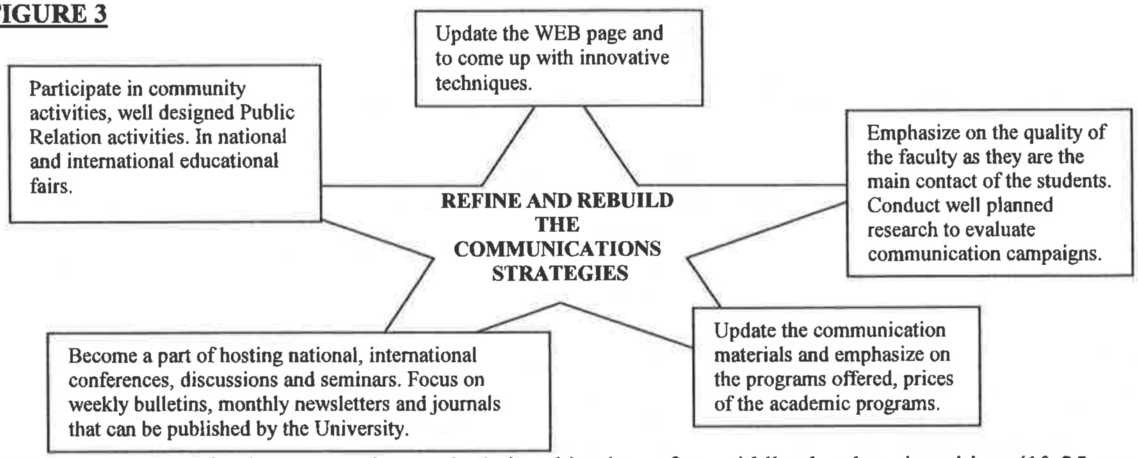

Figure 3. Communication strategies and their objectives for middle level universities (10-25 years from establishment).

FIGURE 4

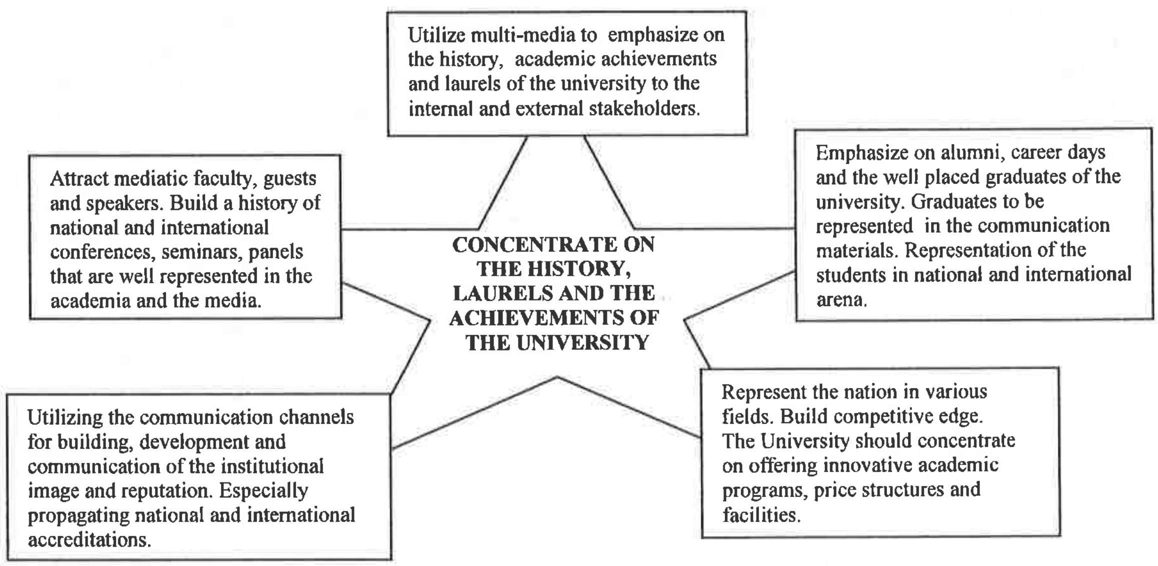

Figure 4. Communication strategies and their objectives for established universities (25 years and more from establishment).

IN SALES, IS THERE A DIFFERENCE BETWEEN LIKE AND LOVE? THE WORK ATTITUDE – ALTITUDE CONNECTION

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ABSTRACT

The purpose of this study is to examine particular behaviors and attitudes of sales-professionals, and their impact on determining whether salespeople love, like, or merely tolerate their work. The research also addressed six attitudes that can affect "why" salespeople feel the way they do towards there work. The results show that salespeople who "love" their work make more money and exhibit significantly higher levels of a dominance behavior, more individualistic and less traditional in attitude than those who only "like" their sales position.

INTRODUCTION

The purpose of this study is to examine the effect of particular behaviors as defined by the DISC research tool and the impact of specific attitudes, and to determine if those differences account for salespeople having a "love" versus a "like" for their work.

LITERATURE REVIEW

Based on research with over a million participants, Martin Seligman and his colleagues have identified that "optimistic expectations" as a predictor of sales performance. Ability and motivation have long been identified with sales success. However, optimistic expectations serve to specifically strengthen the belief structures of sales people and through high levels of belief, sales success is attained (Schulman, 1999). Relatedly, Zoltners, et al (2001) determined that salespeople that scored above average on assertiveness (Meyer-Briggs assessment) delivered 18 percent higher sales results welling commodity products than those scoring below average on the assertiveness scale.

MacKenzie et al, (1998) demonstrated that sales performance and job attitudes mediated the association between role perceptions and turnover. A positive attitude toward a given specific sales role can increase sales results and lower the desire to voluntarily leave an organization.

Oechsli (1994) states that to achieve highest levels of motivation, sales people must set high goals that *cannot* be met 50% of the time. Pease (2003) suggests that multiple types of goals (not just outcome goals) need to be measurable. He suggests developing specific activity measurements such as # of phone calls, # of new customers, # of proposals, etc. The net result is having every short-term goal, and strategy, build toward a larger objective of permanent sales performance improvement. Sujan, et al, (1994) found that the degree of personal self-confidence of salespeople's overall sales abilities accentuated the likelihood of being more goal oriented.

Goal attainment focus was positively related to the emotions that salespeople had with their outcomes as demonstrated by Brown, et al (1997). Separately, the act of implementing goal directed behavior alone was associated with having positive emotions of their outcomes. In contrast, "emotional exhaustion" of salespeople took place when role ambiguity was present. Emotional exhaustion was also related to lower levels of sales performance and enhanced "intention to leave" consequences (Babakus, 1999).

Brown et al, (1998) found a relationship in salespeople between trait competitiveness and goal setting. The more competitive the organizational climate the salesperson worked in, the higher the goals set. Low competitive sales traits resulted in low goals being set regardless of organizational climate.

In a survey study across industries, Chonko et al, (1992) determined that pay increases were significantly preferred over fringe benefits, and were the clear choice over receiving recognition. For salespeople, the more tangible reward seems to be favored over the intangible. Relatedly, Bodovick (1992), found that salespeople experienced higher levels of emotion when dealing with failure than when they had success, which may provide insight as to why recognition is not valued as much as money.

Description of the Behaviors and Attitudes in this Current Study

In our research, we examined four different types of **behaviors** and six different forms of **attitudes.**

Behaviors

The four behaviors are called DISC. *DISC is the universal language of observable human behavior. DISC is the language of "how we act," or our behavior. Research has consistently shown that behavioral characteristics can be grouped together into four quadrants, or styles* (Bonnstetter et al, 2001, Marston, 1928, 1979). All salespeople as well as other business professionals, demonstrate these four behavior styles to different degrees.

The key attributes that are demonstrated with each of the DISC behaviors include:

1. **Dominance**: Ambitious, Forceful, Decisive, Direct
2. **Influence**: Expressive, Enthusiastic, Friendly, Demonstrative
3. **Steadiness**: Passive, Steady, Understanding, Complacent
4. **Compliance**: Analytical, Methodical, Systematic, Exacting

Attitudes

Behaviors, by their very nature, are observable and describe HOW a person behaves and performs. In contrast, attitudes help explain WHY people do things. Attitude provides mental rules for what motivates people and impacts the behaviors that people are most likely to engage in. In this study we examined the impact of six different attitudes (Spranger, 1966).

The attributes of the six attitudes are:

1. **Theoretical**: Pursuit of knowledge, identifying truth and untruth.
2. **Utilitarian**: Utilizing resources to accomplish results.
3. **Aesthetic**: Appreciation and striving for form, harmony, beauty and balance.
4. **Social:** Having a real concern for others, seeking to make things better.
5. **Individualistic:** Highly goal oriented, with a strong desire to achieve.
6. **Traditional:** Principled, wanting to do the right thing, very consistent.

RESULTS OF THE STUDY

The authors of the study had the opportunity to conduct a worldwide sales effectiveness research study within the office products industry. The findings in this report are the result of a combined effort between Target Training International (TTI), OPI Magazine, and Maximum Performance Group (MPG). Sales professionals from all over the world responded to an Internet based assessment survey. For their participation, each respondent received a 25-page report discussing their own personal sales behaviors. TTI provided the survey instrument and collected the data. OPI promoted the survey in multiple issues of the magazine and at several industry conferences.

A total of 838 sales professionals completed the survey. Out of the 838 sales professionals, 552 of them were office product dealer salespeople, 134 were office products wholesaler sales people, and 100 of the respondents were office products manufacturer sales people. This study examines the entire pool of participants, with a focus on the 558 that responded to the specific issue of how much they liked, loved, or did not very much care for their job. Our objective in analyzing this aspect of the research is to determine if there was a direct association between loving, liking, and not liking one's sales position and the impact these potential differences have on income. In addition, we sought to find out how behavioral and attitudinal differences of office products salespeople affect their love, like, or dislike of the work.

After completing the demographic portion of the survey, each sales professional responded to 84 assessment questions and statements. Their responses to the survey provided insights into particular behaviors and attitudes. All of the information was treated in a highly confidential manner. Survey result information was not available or compiled for individual sales professionals.

Examining the income differences between those who love their work and those who "like it a lot."

In this study we specifically wanted to compare the sales professionals who love their work (eat, drink, sleep their career) compared to those who find their work to be very exciting and "like it a lot". Of the 558 sales people that answered the question"What phrase is best associated with your selling career?" 118 stated they loved their work, and 196 reported they liked their work. A total of 197 believed what they did was challenging and "liked it OK". 34 sales people viewed their work as "not bad, but a little boring, and only six salespeople claimed that they hated what they did. The correlation between average annual income and phrase most associated to your selling career was highly correlated ($p<.001$). Additionally, comparing through a t-test those who love their work and those who "like it a lot," the results show a strong, significant income bias in favor of the sales people who love their work.

Do the behaviors and attitudes of salespeople affect their decision to like or love their work? The short answer is yes.

Behaviors

Of the four behaviors examined, the most commonly exhibited one is <u>influence</u> by salespeople who loved their work and who "liked it a lot". Those with "liked it a lot" responses reported they used influence behaviors 4% more than those who loved their work (just slightly more). A difference of 4% was not statistically significant. The data suggests that basically all salespeople attempt to influence buyers to make a purchase decision. Salespeople need to influence buyers in order to not only succeed, but as a necessary skill. Considering that most salespeople exhibit influence behavior as part of the sales process, are there other factors may account for the difference in liking versus loving their work?

As measured by t-test comparisons, the results show a significant difference in the remaining three DISC scores of drive, social, compliance. These three behaviors provide insight to the type of behaviors that are associated with loving the work that one does, and merely finding satisfaction in the effort. Those who love their work exhibited 25% more drive behaviors (self report, $p<.01$) than those who liked their career activities. In contrast, those salespeople who "liked their work a lot" exhibited 10% ($p<.03$) more steadiness or amiable behaviors, and 13% ($p<.01$) more compliance or analytical behaviors than those who love their work.

Those who love their work are more ambitious, have greater levels of confidence and know more clearly what they want from their work. Those who only like their work, state they exhibit more passive, complacent and perfectionist behaviors.

Attitudes

Of the six attitudes tested in this survey project, **theoretical**, **utilitarian**, **aesthetic**, **social**, **individualistic**, **traditional**, only two of the six provided further explanatory power as to why some salespeople loved their work and others only liked their work. Those who loved their work were significantly more likely **individualistic** in the attitudinal framework they possess ($p<.02$ t-test) Salespeople who love their work are more goal oriented. They have a strong desire to achieve and succeed. They are focused on the task at hand, and are highly motivated to meet the sales goals in front of them.

The **traditional** attitude was the second attitude that showed a significant, albeit more moderate difference between like and love for the work and career. The group of salespeople who "liked their work a lot" reported a stronger traditional attitude than those who loved their work ($p<.05$). This result would suggest that the "like work" group would be less risk taking and have more of a "don't rock the boat" perspective. They want to do the right thing and in a very consistent manner, which would indicate more of a 'pre-approved' way of decision making.

Demographic Data Results

One of the surprising results of the study is that none of the demographic data contributed to explaining why some salespeople love their work and why others studied only liked their work. The demographic factors considered included: the sales participant's specific job, years in sales, age, education, types of selling markets, and types of products sold. The only significant non-behavioral or non-attitudinal explanatory variable is the final outcome variable, that being average annual income.

CONCLUSION

The results of this study almost suggest that a chicken and egg relationship exists with respect to behaviors, attitudes, and loving/liking work. Which comes first, the decision to love one's work or a behavior that is more driven and an attitude that is more goal oriented? The second question to ask is does the attitude drive the income level or does the income level develop a love for a particular sales position?

We believe that a pattern of three key factors became evident for successful salespeople. First, in terms of actual behavior, the sales professionals that love their work exhibited more dominance behavior than those who "liked the work a lot." However, their dominance/ high drive behavior was substantially less than their influence behavior. It is our assessment that those who love to sell are able to move the sales process forward without "telling" the prospect or buyer what to do. Rather they *consistently* work the steps of the sales process in an effort to move the sale ahead.

Secondly, the salespeople only "liking" their work, were more likely to be steady (amiable) and compliant (analytic) in their behaviors. They want to determine they are taking the right course at greater length before taking action. They are less risk taking in their customer solution approaches. Our perspective is that the sales people only "liking" the work may have more difficulty dealing with call reluctance and take personally sales rejection when it happens, than those who love the work.

Thirdly, salespeople who love the work are individualistic in their attitudes about selling. They are more likely to set specific goals and look to continually improve the efficiency and effectiveness in the way they sell and serve their clients. Salespeople who thoroughly enjoy their work reflect a results driven, goal oriented attitude.

Fourthly, salespeople who love there work make more money than those who merely like their work. In this very tangible way, the attitude that a salesperson carries has a direct and significant reflection on their financial "altitude."

We believe that salespeople who love what they do will naturally seek to do a better job. We also believe that they gain a certain amount of satisfaction from the very act of satisfying the customer. When a customer is delighted, they love their work even more. It is good for salespeople to be excited about their work.

On the surface, these results are not shocking. It makes sense that that sales people who love what they do will execute the sales behaviors *required* for success more than others. The challenge is how can selling organizations help create the selling environments that will most likely ignite a passion for productive sales activity on the part of the sales force? The companies that can spark great attitudes, and coach successful selling behaviors will be the winners. They will have a more strongly motivated sales force and more net profit to show for the effort.

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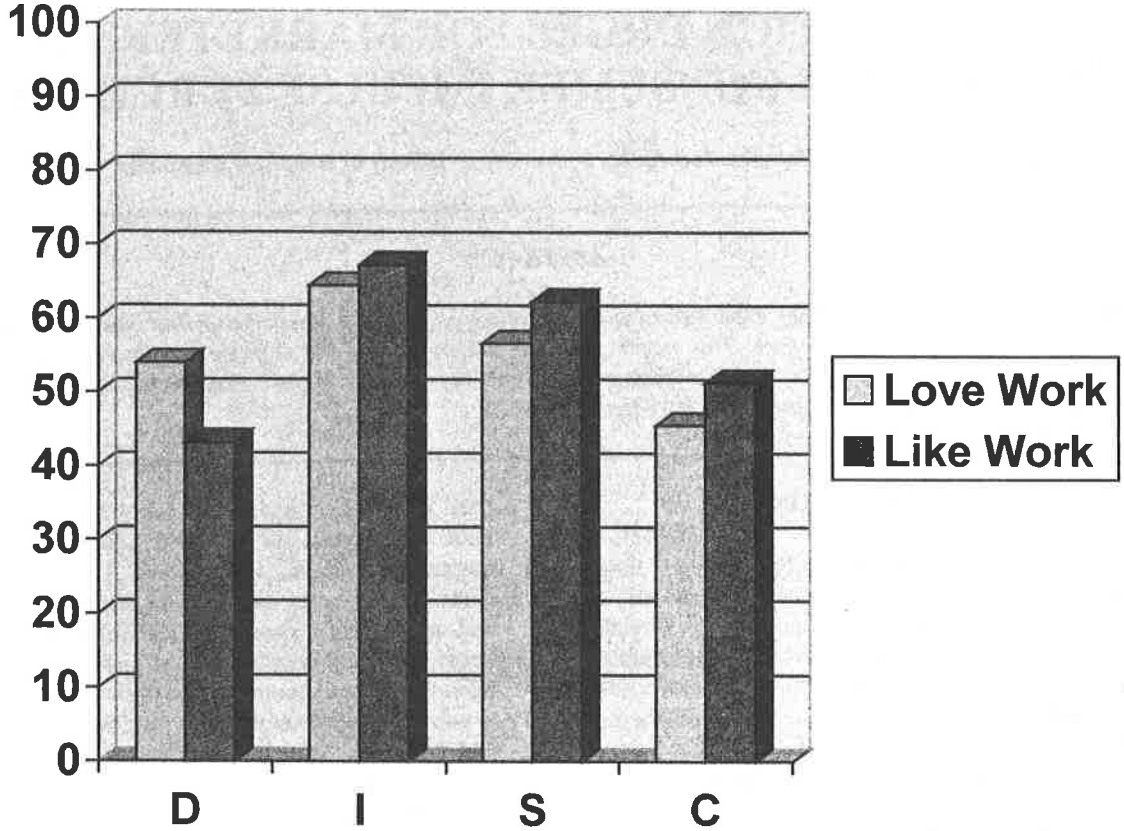

Table One: Behaviors

D = Dominance: Salespeople who love their work scored 25% higher in their dominance behavior score than salespeople stating they "liked their work a lot" (53.92/100 vs. 43.18/100) Note: a 25% higher score for top salespeople is very significantly different ($p>.01$) in a t-test comparison.

I = Influence: Salespeople who "liked their work a lot" scored 4% higher on the influence behavior score than salespeople reporting they "love their work" (67.21/100 vs. 64.42/100. Note: a 4% difference is not significantly different ($p=.30$) in a t-test comparison.

S = Steadiness: Salespeople who "liked their work a lot" scored 10% higher on the steadiness behavior score than salespeople reporting they "love their work" (62.31/100 vs. 56.61/100. Note: a 10% difference is significantly different ($p=.03$) in a t-test comparison.

C = Compliance: Salespeople who "liked their work a lot" scored 13% higher on the steadiness behavior score than salespeople reporting they "love their work" (51.30/100 vs. 45.57/100. Note: a 13% difference is significantly different ($p=.01$) in a t-test comparison.

THE IMPORTANCE OF UNDERSTANDING CONSUMPTION URGES FOR MARKETERS TO PROFIT FROM CONSUMER IMPULSE PURCHASING

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ABSTRACT

Consumption urges are commonly experienced and potentially influential phenomena that have received. little attention from consumer researchers. This paper presents evidence from the impulse buying literature and the addiction literature that supports the idea that consumption urges often drive consumer decision making and require greater attention from consumer researchers.

INTRODUCTION

For approximately fifty years now, marketing researchers have been aware of a consumer phenomenon known as impulse buying. This phenomenon is of interest to consumer researchers because of the psychological underpinnings of the behavior, but is also of interest to practitioners who recognize that impulse buying presents a major opportunity to reap profit from in-store purchase decision-making (Clover 1950; Stern 1962). In fact, studies have shown that impulse purchases account for as much as 80% of purchases made in certain product categories (Abrahams 1997) and bring in approximately $4.2 billion in annual sales for items such as candy and magazines (Mogelonsky 1998).

While understanding how profitable impulse purchases are is useful information, it is not as useful as knowing how to increase impulse purchase behavior so that revenues from these types of purchases can form a stable part of a retailer's plans. Some researchers have suggested that atmospheric variables such as promotional displays, music, and aisle arrangements can help increase the likelihood that consumers will make impulse purchases (Inman et al. 2004; Kotler 1974), however, atmospherics alone does not account for the motivational factors underlying impulse purchase behavior. Other researchers have examined different psychological antecedents of impulse buying behavior such as affect (Rook and Gardner 1993) and nonconscious goals (Ramanathan 2002). However, these variables are less under the control of the marketer than atmospheric variables. Nevertheless, a crucial psychological mechanism that motivates impulse purchases and can be influenced by the marketer has been overlooked and taken for granted as being a mere by-product of impulse purchase episodes: consumption urges.

Consumption urges can arise in many circumstances and can impact a consumer's feelings, thoughts, and behavior. Most people have at one time or another unexpectedly encountered a product in the store or on a television commercial that they felt like they just had to have. This type of initial urge sometimes motivates action while at other times the urge dissipates and ceases to influence the buyer's thoughts and behavior. Consumption urges can divert consumers from deliberated, planned purchase decision-making and can produce sensations of being "overwhelmed", "captivated", and even of being "in love" with the impulse triggering product (Bayley and Nancarrow 1998; Rook 1987). In spite of being a common and potentially powerful influence on buyer judgment and behavior, consumption urges have received very little attention in consumer research.

WHAT ARE CONSUMPTION URGES?

Consumption urges are conceptualized here as a suddenly felt desire to purchase, use, or dispose of a product or service, that arises without prior, temporally proximate intentions to consume the target product/product category, or recognition of the need fulfilled by the target product (Beatty and Ferrel 1998; Drobes and Thomas 1999; Puri 1996; Rook 1987). In other words, prior to the consumption urge, the product was not in the consumer's consideration set nor had the consumer recognized the associated need prior to encountering the stimulus product. Thus, consumption urges represent a feeling of desire to consume (e.g., buy, own, use) a product that is created by the presence (e.g., physical, symbolic, imagined) of the product itself. A myriad of contexts can give rise to consumption urges, such as when an individual walks down the street and sees for the first time a new model of a sports car parked nearby and suddenly desires it, when a person is viewing a television commercial for a product never considered before and, without deliberating on it, feels a sudden urge to have the product, and last but not least, when a shopper encounters a product and unpremeditatedly desires to buy it. That desire may ultimately motivate the consumer to act by purchasing the product on the spot, although consumption urges do not always result in purchasing actions.

THE IMPORTANCE OF CONSUMPTION URGES

The role of urges or cravings in spurring consumption has been examined extensively in the addiction literature with respect to the consumption of food, alcohol, and drugs. Across the board, the notion that urges motivate behavior is generally accepted and the importance of controlling urges to prevent addiction or relapse is commonly emphasized (Drobes and Thomas 1999; Drummond et al. 2000; See Koslowski and Wilkinson 1987; Tiffany 1992). Furthermore, researchers in the addiction literature have treated cravings and urges as multi-dimensional constructs and have centered much attention on developing measurement instruments that assess and reflect the various dimensions of urges and cravings. Most craving scales, such as the Alcohol Craving Questionnaire and Desires for Alcohol Questionnaire (Love et al. 1998), contain dimensions such as:

- Strong desires
- Intentions to consume
- Anticipation of the positive effects of consumption
- Anticipation of the negative effects of non-consumption

Because controlling urges is important in the domain of addiction, researchers in this domain have directed their efforts toward understanding what urges are, how they arise, and how they affect behavior (See Drummond et al. 2000 for a review). Although our purpose is not to inhibit urges, by understanding what they are, how they arise, and how they influence behavior, marketing plans can be better designed to stimulate such urges so that they result in buying behavior. Although addiction researchers recognized the important role of urges long before, consumer researchers should follow their example and learn from their efforts. After all, the mechanisms that give rise to urges for alcohol or food are likely to be similar to those that give rise to urges to possess, purchase, and/or use consumer products. For instance, the fact that an urge "reflects retrieval from the memory systems [a] strong learned desire to satisfy an actual (e.g. biological) or perceived need" (Abrams 2000, p. 239), is useful to advertisers who could find optimal strategies for presenting consumers with product-related means of satisfying goals and needs in ways that create urges or cravings for their products. This particularly true if urges are most likely to influence behavior when "memory systems" contain strong associations between learned desires to satisfy a need and product-related means of satisfying said needs.

THE ROLE OF CONSUMPTION URGES IN CONSUMER PURCHASE DECISIONS

There are few instances in which consumption urges receive mention in the impulse buying literature. Mainly, urges are mentioned as a sensation in reaction to a stimulus object, which precedes the impulse to buy the object (Beatty and Ferrel 1998; Rook and Hoch 1985). While impulse buying researchers only mention urges briefly, consumers are slightly more vocal about the role that urges play in their impulse buying episodes:

- "You suddenly feel compelled to buy something" (Rook and Hoch 1985, p. 25).
- "The feeling starts when I see something… it comes on very quickly and is a persistent nagging" (Rook and Hoch 1985, p. 27).
- "It's the feelings of 'I want that and by God I'm gonna get it!'" (Rook 1987, p. 193).
- "It becomes almost an obsession. I start looking for ways to get it. Somehow I feel can't wait" (Rook 1987, p. 193).
- "There is no stopping me. The urge just comes over me all at once and seems to take control. It is such an overwhelming feeling that I just have to go along with it" (Rook 1987, p. 195).

Unfortunately, in spite of the impressions urges leave on consumers in their impulse purchase experiences, most of the emphasis in the literature is placed on the decision to buy on impulse rather than on the urge leading to the decision-making. This oversight further precludes the potentially crucial role of urges as decision-making heuristics in consumer purchases. Unlike the traditional consumer decision making (CDM) model, which assumes that consumers first recognize a need before considering a product and then evaluate the product as a viable purchase by searching for and comparing alternatives, a consumption urge heuristic model would suggest that the urge that arises from encountering a product would influence the consumer's purchase decision so that consideration of product benefits or alternatives is excluded from the process. Thus, consumption urges can serve as the starting point for and motivator of consumer decision-making. Evidence for this notion is suggested by the facts that many consumers report intentionally going shopping with the intention of going with their impulses or urges rather than planning what they will buy beforehand (Rook 1987). Furthermore, some consumers admit that for certain product categories, such as home décor, it is better to go to the store and see what attracts them rather than planning it ahead of time (Hausman 2000). In fact, some consumers admit that they trust their purchases made on impulses more than those they plan out (Thompson et al. 1990). All of these examples point to the notion that consumers trust their urges, use them in their decision-making and do so many times without further contemplation of costs and benefits, alternatives, etc. Urges are important decision-making heuristics to examine because the type of intentional goal pursuit encompassed by the CDM model is highly resource consuming and, given the other priorities in people's lives, they cannot be expected to engage in such effortful decision-making processes each time a purchase must be made to satisfy a need or goal. Thus, given that urges can arise in a variety of contexts, consumers are likely to use them more often than the intentional CDM process in many situations.

FUTURE RESEARCH DIRECTIONS

As described above, urges can exert a strong influence on consumer decision making, therefore it is imperative that practitioners understand what urges are, how they arise, and when they influence behavior. The question of what urges are has been explored in the addiction literature, yet there may be some fundamental conceptual differences between urges for substances such as alcohol and drugs, which can be physiologically addictive, and urges for consumer goods. For instance, positive affect and arousal may play a major role in consumer urges in addition to those dimensions laid out in the addiction literature. The subject of how urges arise has received minimal attention in the addiction literature and in the impulse buying literature. Abrams (2000) suggests the potential role of memory systems in the development of substance cravings and D'Antoni and Shenson (1973) suggest a similar role for memory structures in the development of product-related urges. The role of memory and information processing is a valuable starting point for understanding how urges develop and understanding how they develop can help marketers learn how to better create them. Finally, the question of when urges influence decision-making and, ultimately, behavior, has not been dealt with in any of the literatures reviewed here. Why some urges result in action and others do not is an important enigma to explore because consumers may experience urges while watching a commercial on television or while flipping through a catalog, yet only a fraction of those urges result in purchase behavior. Furthermore, some urges may be enacted instantly whereas others may influence behavior at a later point in time. For instance, when an urge arises in the store the consumer can purchase the product immediately. However, if the urge arises while watching a commercial at home, the urge can serve as decision-making heuristic later on when the product is encountered or perhaps the consumer may become motivated to actively pursue the product (e.g., order it online, physically go to the store) based on the initial urge. Motivational factors such as the consumer's chronic goals and ability to pursue the urge could influence the likelihood of deciding to act on the urge.

SUMMARY

Consumption urges are subjectively experienced desires for products that can ultimately motivate the consumer to obtain the product. Because of this unique heuristic property, marketers need to direct more attention to understanding what consumption urges are, how they form, and when they influence judgment and behavior so that marketers can be better equipped to create those urges that result in impulse purchases, which are simply purchase decisions made based on urges rather than the traditional CDM process.

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