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FROM THE EDITORS

The Marketing Management Journal, first published in Fall, 1991, is dedicated as a forum for the exchange of ideas and insights into the marketing management discipline. Its purpose was and continues to be the establishment of a platform through which academicians and practitioners in marketing management can reach those publics that exhibit interests in theoretical growth and innovative thinking concerning issues relevant to marketing management.

Submissions to *The Marketing Management Journal* are encouraged from those authors who possess interests in the many categories that are included in marketing management. Articles dealing with issues relating to marketing strategy, ethics, product management, communications, pricing and price determination, distribution sales management, buyer behavior, marketing information, international marketing, etc. will be considered for review for inclusion in *The Journal*. *The Journal* occasionally publishes issues which focus on specific topics of interest within the marketing discipline. However, the general approach of *The Journal* will continue to be the publication of combinations of articles appealing to a broad range of readership interests. Empirical and theoretical submissions of high quality are encouraged.

The Journal expresses its appreciation to the administrations of the College of Business Administration of the University of Akron and the College of Business Administration of Missouri State University for their support of the publication of *The Marketing Management Journal*. Special appreciation is expressed to Lynn Oyama of HEALTHCARE*first*, Inc. and the Center for Business and Economic Development at Missouri State University for contributing to the successful publication of this issue.

The Co-Editors thank *The Journal's* previous Editor, Dub Ashton and his predecessor David Kurtz, *The Journal's* first Editor, for their work in developing *The Marketing Management Journal* and their commitment to maintaining a quality publication.

MANUSCRIPT AND SUBMISSION GUIDELINES
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Scope and Mission

The mission of the Marketing Management Journal (MMJ) is to provide a forum for the sharing of the academic, theoretical, and practical research that may impact the development of the marketing management discipline. Manuscripts that focus upon empirical research, theory, methodology, and review of a broad range of marketing topics are strongly encouraged. Submissions are encouraged from both academic and practitioner communities.

Membership in the Marketing Management Association is required of at least one author of each manuscript accepted for publication in MMJ. A page fee is charged to support the development and publication of MMJ. Page fees are currently $15 per page of the final manuscript.

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ETHNIC IDENTITY: UNDERSTANDING CULTURAL DIFFERENCES WITHIN A CULTURE

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Given the global nature of the present marketplace, and its accompanying complex multi-ethnic markets, one of the challenges faced by marketers involves understanding the different layers of cultural differences in order to better serve the resulting varying consumer segments. The purpose of this study is to take an important first step in gaining this understanding by exploring ethnic identity within the context of a single ethnic group in the U.S. market. By approaching ethnic identity using four ethnic segments (assimilated, ethnic, biculturals, and marginalizers), this study explores variation across these segments. Managerial implications and suggestions for future research are provided.

INTRODUCTION

Contemporary culture in developed nations is increasingly multi-ethnic and complex with overlapping boundaries and loyalties (Cohen 1978; Padilla 2006). Ethnic groups in developed nations continue to grow, with eighty percent of persons claiming ethnic ancestry from one of over 105 ethnicities within the United States alone (Census Online 2008). Culture connects people at multiple levels (material, ideological, and normative), reflects a group's worldview, and impacts attitudes and behavior (McCracken 1989). Yet culture is a multi-faceted construct. Within the marketing literature it has been defined in a number of ways (cf. Herskovitz 1948; Hofstede 1983; Keillor and Hult 1999), but it is generally accepted that a given culture is represented by a set of values. However, these values are intangible and open to multiple interpretations as well as being subject to change over time. In short, culture is clearly a fundamentally important theoretical construct, but not one that can be easily fit into the context of marketing. Given the global nature of the marketplace, with its accompanying melding of different cultures, perhaps now more than ever marketing research needs to address culture and cultural differences in a context that is both theoretically sound and managerially practical.

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Cultures will continue to change, overlap, and divide, resulting in numerous implications for consumption and marketing targeting strategies. The purpose of this study is to investigate ethnic identity and explore the different faces of one ethnic group through an emic (self-ascribed) multi-dimensional measurement of ethnic identity (cf. Berry et al. 2006). By disaggregating the ethnic identity construct into four segments (assimilated, ethnic, biculturals, and marginalizers), this study explores variation across segments within one sample and examines differing impacts on consumption. The managerial implications of the findings will be discussed and suggestions for future research presented.

NATIONAL IDENTITY AND ETHNIC IDENTITY: DIFFERENCES ACROSS & WITHIN CULTURES

In order to obtain a more defined approach to understanding "culture", marketing research has focused on the concepts of "identity"; most specifically national (cf. Keillor and Hult 1999) and ethnic identity (Deshpande et al. 1986; Xu et al. 2004). This "identity" perspective does not attempt to simply specify a discreet set of values unique to a particular culture. Rather, it also explores the degree to which individuals

within a selected cultural group identify with certain national and ethnic characteristics and beliefs. Cultures and nations across the global marketplace have a wide-range of characteristics, which may make each unique. However, a laundry list of these traits would be of little use. To be effective in another market, rather than focusing on differences, which are infinite, it is more constructive to focus on similarities that represent actionable market segments not individual consumers. Thus, there is the need to focus on the "core" traits that set a culture apart from another; its "national identity" (Clark 1990; Keillor and Hult 1999). The firms most likely to succeed in the current global market are the ones that can both identify and address these differences across cultures in order to achieve maximum competitive advantage.

Conceptually, national identity is built around the premise that a given culture is uniquely defined by a limited number of unique elements associated with that culture (Clark 1990). These unique elements, or "set of meanings", can be placed under the heading of one of four ingredients of national identity: 1) belief structure, 2) cultural homogeneity, 3) ethnocentrism, and 4) national heritage (Keillor and Hult 1999). Belief structure is the role that religion or supernatural beliefs play in cultural solidarity. Cultural homogeneity is the number of subcultures (e.g. ethnic groups such as Hispanic-Americans) that exist within a larger national culture. Ethnocentrism is the tendency to make cultural evaluations and attributions using the home culture as base line criteria. Finally, national heritage is the importance placed on historical figures and events in history, which reflect the culture's sense of its singularly unique history. Collectively, the degree to which members of a culture identify, or do not identify, with these constructs establishes the "national identity" of that culture and also allows for comparisons across cultures, enabling marketers to identify seemingly different markets in which a more standardized strategy may be viable as well as how best to "act local" within any one individual market.

Extending into differences within a national culture, this conceptualization of national identity is also based on the notion that these elements that characterize a nation's identity serve to tie together sub-cultures within national boundaries. Thus, the value of the national identity concept to marketing, in particular international marketing, is that it provides a basis for the identification of substantial and practical international segments rather than the ever-decreasingly sized segments which are likely to result from a cultural perspective that focuses solely on differences. In short, national identity represents a theoretical, yet practical, means for dealing with cultural differences across cultures.

This focus on identifying similarities, which can be aggregated in order to create substantial national market segments, is a valuable foundation for creating a global strategy. However, the multi-cultural nature of many countries means that to be truly effective within any one given market it is necessary to move down one step further and consider the role of ethnic identity in markets, which are multi-cultural in composition. Where national identity serves as a framework for addressing cultural differences across cultures, ethnic identity is focused on dealing with cultural differences within a culture.

The term ethnic identity, also referred to as ethnicity, has been used in existing literature to describe a global construct of ethnic group identification within a larger national culture that reflects both an external (etic) group characteristic (Saegert et al. 1985; Wallendorf and Reilly 1983) and an internal (emic) assessment of strength of identification (Hirschman 1981; Stayman and Deshpande 1989). Objective (etic) measures allow for outsider identification of an individual's ethnicity and include such facets of ethnicity as surname, language spoken, social interactions, religion, upbringing and background, and ethnic identification of the spouse (Hui and Kim 1997). Subjective (emic) measures rest on the assumption that ethnic individuals have a

clear understanding of their own ascription and strength of ethnic identification (Cohen 1978; Hirschman 1981). Ethnic identity, then, encompasses not only a membership group along the lines of national identity (Bourne 1956), but also how a person identifies with their cultural roots (Deshpande et al. 1986).

From a marketing perspective, ethnic identity has been shown to positively impact the rate of adoption of new products, level of information seeking, consumption information transfer, situational ethnic consumption, ethnic advertising effectiveness, ethnic food consumption, and ethnic entertainment (Hirschman 1981; Laroche et al. 1998; Stayman and Deshpande 1989; Xu et al. 2004) in numerous cultural contexts. In the current literature, ethnic identity has primarily been explored in terms of assimilation, biculturalism, and monocultural ethnicity, however few studies have considered all of these within the same research setting (cf. Lau-Gesk 2003; Zhang 2009).

As discussed above, taking into account the multi-cultural nature of many nations in the global market coupled with an increasing awareness of ethnic identity among the populace of these countries, marketers are currently faced with the problem of reaching these ethnic groups. This problem is compounded by the fact that these ethnic groups can be composed of very different segments: those identifying with 1) the ethnic culture (ethnic), 2) the host culture (assimilated), 3) both cultures (bicultural), or 4) neither culture (marginalizers). Understanding how persons of ethnic descent identify with ethnic and host cultures gives marketers insight into the different consumption patterns of multiple segments within one ethnicity, shedding light on potential targeting strategies.

THE FACES OF ETHNIC IDENTITY: HYPOTHESIS DEVELOPMENT

Although early minority ethnic group research focused on the African American subculture (Akers 1968; Krugman 1966), the last 40 years has seen the inclusion of other ethnic groups such as Hispanics, Asians, Jews, etc. (Forehand and Deshpande 2001; Hirschman 1981; Stayman and Deshpande 1989; Valencia 1985; Xu et al. 2004). The size and complexity of markets, composed of various subcultures, have led to research studies that look at factors such as an ethnic group's acculturation process and identification (Gans 1979; Phinney 1992; Umana-Taylor et al. 2002).

The acculturation process was traditionally viewed as a uni-dimensional model where mutual exclusivity of ethnic and host cultures was assumed. This "linear bipolar model" suggests that individuals lose features of their ethnicity as they take on features of the host culture, eventually assimilating into the dominant culture (Gans 1979; Gordon 1964). However, as early as 1924 it was postulated that although immigrants would become "Americanized" over time, they would also retain much of their distinctive cultural heritage (Kallen 1924), specifically in multi-cultural or multi-ethnic dominant cultures (Szapocznik and Kurtines 1980). Acknowledgment of acculturation as a process with multiple, independent dimensions (Berry et al. 2006; Phinney 1992) recognizes that assimilation to the host culture and retention of the ethnic culture happen simultaneously.

Strength of identification with either culture varies among individuals. Thus, individuals within an ethnic sample may include separatists (henceforth called ethnic), assimilators, integrators (henceforth called biculturals), and marginalizers (Berry et al. 2006). Ethnics maintain the ethnic culture and shun the host, often creating pockets of ethnicity within the dominant culture. Assimilators adopt the host culture and abandon the ethnic culture, wishing to dissociate from their ethnicity and immerse themselves in the dominant culture. Biculturals maintain or blend both cultures, either switching from one cultural frame to another or blending the two. Marginalizers identify with and maintain neither of the two cultures, choosing to dissociate with both in order to pursue a third culture. In understanding that

ethnic groups are not homogenous, marketers can gain a better understanding of differences in consumption patterns and preferences across groups.

H_1: Variation in self-ascribed Ethnic Identity will occur within a given ethnic group.

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

While the majority of studies distinguish between host and ethnic behavior differences, some have begun to explore differences among segments within one ethnicity. Lau-Gesk (2003) looked at two types of biculturals (integrators and alternators) and their responses to persuasion appeals. Bicultural integrators were found more likely to blend the host or national culture with their ethnic culture and responded more favorably to dual-focused persuasion appeals (e.g., a national symbol and an ethnic spokesperson). Bicultural alternators, on the other hand, compartmentalize the cultures and were more likely to shift between two single-focused appeals (e.g., a national symbol or an ethnic spokesperson). Lau-Gesk's study is one of the few to examine differences across ethnic sub-segments, begging for further investigation of consumption variation across ethnicity segments.

Since individuals within one ethnicity are likely to show differences in ethnic identity, consumption differences across segments are also expected. One who identifies with the ethnic culture and separates himself/herself from the host society is likely to consume in a very different manner from one who abandons the ethnic culture to pursue the dominant. Specifically, differences in consumption can be expected with respect to biculturals, those who identify with two cultures simultaneously (Gomez and Fassinger 1994). Since biculturals adapt to and are comfortable with two cultural frames (Briley et al. 2005), they are likely to exhibit consumption in line with both ethnic and host cultures.

H_{2a}: Variation in consumption will be seen across Ethnic Identity segments.

H_{2b}: Biculturals will show consumption patterns similar to both ethnics and assimilators.

METHODOLOGY

This study collected a "real world" sample of 175 Romanians living in the United States through an online survey placed on cultural and religious websites as well as phone interviews conducted by two persons of Romanian origin. Since language choice is an indicator of a person's ethnic identity (Laroche et al. 2005), the survey was offered in both English and Romanian. In order to ensure accuracy in the online portion of the survey, back-translation was employed where one Romanian national translated the survey from English to Romanian, while another cross-examined the surveys in both languages to ensure comparability.

The Romanian population in the United States is unique in that it is a geographically dispersed ethnic group held together by ethnic organizations (primarily cultural and religious). This structure differs from other large ethnic groups (e.g., Asian, Hispanic, etc.), which are found in geographic communities, but is representative of the majority of ethnic groups (e.g., Hungarian, Italian, Polish, Finnish, etc.)

that are found in the United States. As such, the Romanian ethnic group gives insight into the varying segments of ethnic identity by identifying persons who maintain differing levels of ethnic identity by choice rather than geographic necessity.

The data collection procedure was initiated through a link that was posted on several Romanian cultural and religious sites. Participants were introduced to the survey and, after indicating language preference, were directed to the appropriate survey. The ethnic identity construct used both existing and adapted measures from Valencia's (1985) Hispanicness scale and Singh's (1998) ethnic association scale. The popular multigroup ethnic identity measure (Phinney 1992) was not used because this study sought to measure identity on two parallel measures: identification with ethnic culture and identification with national culture. An eight-item scale measured Romanian Identity (RI) and a similar eight-item scale measured American Identity (AI). Given the relationship between ethnic identity and food (Xu et al. 2004), four items related to food consumption (eating out, use of prepared foods, eating at home, food from scratch) were also included. Assessment of the scales showed reliability for the Romanian Identity scale to be r = .78, the American Identity scale to be r = .77, and the four food consumption items to be r = .72. All items were measured using a 7-point Likert scale, where 1 = strongly disagree and 7 = strongly agree.

Of the 175 total survey hits, 126 surveys were completed in entirety (71 percent) and were used to analyze final results. Respondents ranged in age from 14 to 84 years, fifty-seven percent of which were age 26 and older. Twenty participants took the survey in Romanian, while the remainder chose to take the survey in English. A majority (71 percent) of respondents were born in Romania, with twenty-four percent born in the United States and five percent born in neither country. Those born in neither country were included in the analysis as they lived in the U.S. and reported identifying with Romanian culture at some level (e.g., through parents or a spouse). One hundred and four of the respondents completed the demographic portion of the survey instrument, sixty-eight (n = 70) percent have lived in the United States at least fifteen years, sixty-four percent (n = 66) were female, fifty-eight percent (n = 60) completed college or graduate school, and seventy-five percent (n = 78) reported being affiliated with other Romanians through religious organizations.

RESULTS

The first hypothesis postulated that self-ascribed Ethnic Identity would demonstrate variation within a single ethnic group. Prior research (c.f. Berry et al. 2006) suggests that up to four distinct segments may exist within any national ethnic group. These segments are: 1) Marginalizers, 2) Biculturals, 3) Ethnics, and 4) Assimilators. Marginalizers do not strongly identify with either a national culture or an ethnic culture. Biculturals identify to a relatively high degree with both cultures. Ethnics identify strongly with only the ethnic culture, in the case of this study a high RI and a low AI. Assimilators identify strongly with only the national culture and generally ignore the ethnic culture (e.g., a high AI and low RI).

To explore the first hypothesis, ethnic identity was measured on two 8-item scales representing the two cultural dimensions: Romanian Identity (RI) and American Identity (AI). The scales were split at 4 (neutral) such that scores 1 to 3 = low identity and 5 to 7 = high identity. A "neutral" score (4) could be considered either "indifferent" or "ambivalent/ conflicting" (Priester and Petty 1996). As such, neutrality was assumed when the other cultural identity was low (marginalizers), while ambivalence was assumed when the other cultural identity was high (biculturals). The level of Ethnic Identity was indeed found to vary within the Romanian ethnic group, supporting H_1. As shown in Table 1, four self-ascribed segments emerged: marginalizers (n = 14), biculturals (n = 67), ethnics (n = 32), and assimilators (n = 13).

TABLE 1:
ANOVA Results for Food Consumption

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

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

Hypothesis two examined the variation in consumption across the four ethnic identity segments, specifically looking at the consumption pattern of biculturals with regard to food, an important culture-specific consumption category (Xu et al. 2004). Analysis of Variance (ANOVA) was employed to identify any significant differences across the four ethnic identity segments ($F= 6.7$, $p < .01$). The analysis revealed that the primary points of difference were between a) ethnics and all other identity segments and b) marginalizers and biculturals (see Table 1). Further analysis explored differences at the item level, finding differences across three of the four items: "I tend to eat or order out" ($F= 7.18$, $p < .001$), "I do not eat homemade food at home" ($F= 6.40$, $p < .01$), and "I do not eat food made from scratch/fresh ingredients" ($F= 3.18$, $p < .05$). Overall, the analysis showed a variation in food consumption across segments, supporting H_{2a}.

However, perhaps the most interesting finding was that biculturals were shown to be most similar to assimilators with regard to eating out but most similar to ethnics with regard to eating homemade food at home (see Table 1), supporting H_{2b}. This echoes past literature (Briley et al. 2005; Gomez and Fassinger 1994) suggesting the dual-culture identity of biculturals and their ability to operate comfortably across two cultural frames.

DISCUSSION AND MANAGERIAL IMPLICATIONS

This study sought to disaggregate ethnicity and conduct an initial exploration of the variations in consumption among ethnic segments. Overall, the findings support acculturation along two separate dimensions (Berry et al. 2006), discovering variations in Ethnic Identity that result in four segments (marginalizers, assimilators, ethnics, and biculturals) which vary in food consumption. Ethnics differ from other segments to a greater extent, supporting the notion that these "separatists" refuse to adopt the host culture and create a pocket of

ethnic identity within the national culture, which may substantially impact their behavior. Marketers should be cognizant of the fact that within an ethnic group, ethnics/separatists may not be reached by the same means (i.e., utilizing elements of national culture) as the other segments.

Another particularly interesting finding in this study is that biculturals show evidence of adaptation to both cultures. This group reported food consumption behavior consistent with both the national culture pattern (eating out) and the ethnic culture pattern (homemade food at home), supporting a dual-culture identity viewpoint. One important implication this finding suggests is that marketers may wish to explore this group's ability to act as a link connecting "mainstream" national culture-focused marketing to ethnic cultural pockets.

This study highlights the importance of recognizing that cultural differences exist not only across national cultures but also within these national cultures, most specifically in the form of ethnic identity. The results suggest that firms cannot use one over-arching ethnic segmentation strategy when operating in a multi -cultural market. Further, a deeper understanding of the composition of the degree to which an ethnic target market segment identifies with their ethnicity will provide guidance in terms of the extent to which a "tailored" marketing approach may, or may not, be required and the areas in which this tailoring must be performed.

STUDY LIMITATIONS AND FUTURE RESEARCH

The results of this study suggest several potential avenues for future research that would explore the importance to marketers of reaching different ethnic identities within a culture. Additionally, future research should consider distinguishing between different types of biculturals by using the theory of ambivalence or internal conflict (Priester and Petty 1996). For example, are bicultural alternators (Lau-Gesk 2003) more ambivalent than bicultural integrators? Another area of relevant future research would be to explore more deeply other possible indicators of ethnic identity, beyond food consumption, such as events occurring in the home and host country. Finally, in order to most effectively apply the construct of ethnic identity in a marketing context it would be helpful to better understand what might prompt an individual to move from one category of ethnic identity to another, whether or not certain demographic characteristics exist that could describe each of the ethnic identity categories, and the point at which ethnic identity might give way to national identity. A clearer understanding of the nuances of ethnic identity could make it a powerful tool for success in multi-ethnic markets.

This study was limited in that it considered only ethnic identity within one ethnic group and in the context of a single dependent variable (i.e., food consumption). In order to more fully grasp the importance of ethnic identity within a national culture, the inclusion of multiple ethnic groups is necessary. In addition, the use of electronic surveys has the real potential to create a non-response bias, suggesting that future research should overcome this limitation through the use of multiple data collection methods. Finally, the use of multiple indicators of ethnic identity, beyond food consumption, should provide a more thorough understanding of ethnic identity as a means of describing a multi-cultural/multi-ethnic market environment. As discussed above, future research into the differences between ethnic segments, even across ethnic identities, will prove valuable to marketers creating multi-ethnic targeting strategies and help them understand the complex multi-ethnic markets of the global economy.

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TARGETING THE GROWING HISPANIC MARKET: ETHNICITY AND MEDIA PREFERENCES

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This study focuses on the impact of ethnic identification on media preferences among U. S. Hispanics, specifically Mexican Americans. Reactions to various television commercials are explored using a 2x2 experimental design. Self-identification is used to categorize respondents as non-Hispanic, strongly identifying Hispanics and those who weakly identify with their ethnic group. Advertisements portraying a family and commercials featuring a Hispanic actor were preferred, with significant differences based on strength of ethnicity.

INTRODUCTION

Of the diversity represented in the United States, Hispanics number 50 million, are growing at five times the rate of the general population, constitute 16 percent of the total, and have an estimated purchasing power of $1.2 trillion (Poder Hispanic Magazine, 2011). Accounting for more than 40 percent of the total increase in the U. S. population in the 1990s, the Hispanic population is expected to account for more than 50 percent of all growth in the U. S. in the next decade. By 2050, the U. S. Hispanic population is projected to reach 132.8 million, comprising about 30 percent of the nation's total (Westlund 2009).

Although the Hispanic market has been largely underserved, equating to only slightly over two percent of the total, the Hispanic advertising industry is outpacing all other advertising sectors, growing four times faster and exceeding $5.8 billion annually (*Fast Facts* 2009). Marketers are looking to offset sales declines in the general market due to the recession by increasing their share of the Hispanic market. This strategy makes sense long-term, since the general population is getting older as the baby-boomers age, yet the Hispanic market is a much more youthful one, with 40.9 percent being 21 years old and younger (U. S. Census 2010).

In general, marketing campaigns addressing the Hispanic audience reflect a lack of sophistication, with many firms mistakenly lumping all Hispanics together and targeting them as one segment (Venice 2006), rather than realizing that "Hispanics are a diverse group with a myriad of ethnicities, voices and economic groups" (DeLafuente 2008). Not only is the Hispanic market made up of many different groups, with Mexican-Americans constituting the lion's share at about 66 percent, but within each of these subsegments, different levels of acculturation also exist. Firms deciding to target the Hispanic market have traditionally used Spanish-language advertising, when, in fact, 75 percent of U. S. Hispanics are bilingual and consume media in both Spanish and English (Poder Hispanic Magazine, 2011)

When one looks at where increased dollars to target the Hispanic market might best be spent, television commercials rise to the top of the list. According to Nielsen Media Research data, Hispanic households spend 56.9 hrs. per week watching television, as compared to 51.2 hours as a national average, and Nielsen's new universe estimates for the 2009-2010 television season show the growth of Hispanic TV homes continues to outpace the general market (Westlund 2009). Thus, it is not surprising that 64 percent of all dollars spent on Hispanic advertising in 2009 in the U. S. was spent on

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television commercials (2009 Entertainment Media Handbook). Hence, this study focuses on television commercials and the impact of ethnic identification on media preferences among Mexican-American consumers, since they are not only the largest group, but also the fastest growing.

ETHNICITY AND CONSUMER BEHAVIOR

In an age where globalization and its impact are seen everywhere, there is an opposing force to this homogenous identity. Groups are becoming more aware of their own identity on the basis of their ethnic background (Lee, Fernandez and Martin 2002). Ethnic groups can be considered as subcultures within a country; they preserve the main characteristics of the national culture from which they originate, but they also develop their own unique norms and beliefs. Ethnicity then is broadly defined as groupings of people on the basis of countries or regions of origin (Pearlman and Waters 2002). Ethnicity refers to the aspects of relationships between groups that consider themselves culturally distinct and are regarded by others in that same way (Hirshman 2001). However, Hui et al. (1997) contend that ethnicity goes beyond just speaking the language or residing in an ethnic neighborhood; it must include commitment to the pride in one's own cultural group. Ethnicity then is intended to capture a more cultural dimension of human groupings (Hitlin, Brown and Elder 2007). The term "Hispanic" in the U. S. is an identity that depends on context, influenced significantly by self-understandings of one's place in the United States and in relation to one's country of origin (Rodriguez 2000).

Although ethnicity is a multidimensional concept including language, customs, cultural values, etc., it quickly becomes evident that self -categorization and self-identification are requisites in the ethnic identification process, with self-identification being the accepted means of classifying respondents as to their ethnicity, as advocated by major researchers in the field (DiMofte, Forehand and Deshpandè 2004; Webster 1997; Hirschman 1981). It is how the person himself feels and who he or she identifies with as an ethnic group that determines behavior, not the classification system of an outside organization or an individual observer. The process of self-categorization forms the foundation for the social identity theory. Self-categorization (Turner 1987) looks at the ways in which individuals divide up the world into people like them and unlike them, with the individual being the reference point. Social identity theory (Tajfel 1981) involves aligning oneself in social space along societally-influenced dimensions of salient social groups. In the process, we define our sense of self along with similar others who hold many of the same beliefs and values as being important. Thus, a category system based on self-identification is the appropriate one to study ethnicity (Stephan and Stephan 2000) and the one which will be used in this study. As Villareal and Peterson (2008, p. 197) so aptly put it "being Hispanic is a binary demographic characteristic, one either self-identifies or does not identify as being Hispanic."

Cultural differences can influence consumer responses to various marketing stimuli, with the influence of ethnicity being first noted by Hirschman (1981) in her study of American Jewish consumers. In fact, researchers have concluded that ethnicity represents a consumption driver (Rosenbaum and Montoya 2007) and influences shopping behavior. It has been shown to influence attitudes toward global brands (Dimofte, Johansson and Bagozzi 2010), impact purchase decision making (Kim and Kang 2001a), website preferences (Singh et al. 2008), customer satisfaction (Ueltschy, Krampf and Yannopoulos, 2004a), perceived risk toward online purchasing (Ueltschy et al. 2004b), sales (Torres and Gelb 2002), store loyalty and brand preference (Berkowitz and Bao 2005), and advertising response (Dimofte, Forehand and Deshpandè 2004). Thus, ethnicity can be expected to influence advertising responses to the television

commercials presented to respondents in this study.

The concept of self-identification and the phenomenon that people like to feel a congruency between their self-identify and those around them (Rosenbaum and Montoya 2007) lead to the first hypothesis:

H_1: Hispanics will have more positive feelings toward television commercials which include a member of their own ethnic group than towards television commercials which do not portray any Hispanics.

This is supported by the work of Whittler and DiMeo (1991) who found that respondents felt empathy with ads which used models of their own ethnic group. Additionally, Ryu, Park and Feick (2006) found that for hedonic products, participants preferred ads that featured an endorser whose ethnicity matched their own.

The importance of family in Latin America, especially in Mexico, is widely accepted and cited in interdisciplinary studies, such as the work of McGoldrick, Pearce and Giordano (1982). In a study by Singh and Bartikowski (2009), a content analysis of ads targeting the U. S. Hispanic market found that familialism predominated the Hispanic advertisements, which leads to the following two hypotheses:

H_2: Hispanics will have more positive feelings toward commercials portraying a family situation than toward non-family ads.

H_3: Hispanics will have more positive feelings toward television commercials portraying a family situation than will non-Hispanics.

Further supports for the importance of family to Hispanics comes from the work of Carlo-Casellas (2002) who found that marketing promotions were more effective when the entire family was featured. Landale and Oropesa (2007) in their work on families concur that the importance of the family to Hispanics remains paramount in their lives and influences their decisions and perceptions on a daily basis.

The last two hypotheses relate to the idea that an individual may identify strongly with a particular ethnic group, or barely at all, and that this differential strength of ethnic identification influences consumer responses. Valencia (1985) speaks of the "Hispanicness," or strength of ethnic identification, of Hispanic consumers and its influence on consumer behavior. Similarly, Harmon (2005) finds that the strength of ethnic identification does indeed impact consumption practices. Barbosa and Villareal (2008) found that strength of ethnic identification influenced shopping behaviors such as use of coupons, brand loyalty and preferences for shopping in person. Torres and Briggs (2005) found that advertising to Hispanics who strongly identified with their own ethnic group was particularly effective for low involvement products. This was true because in these situations, ethnicity can easily influence choice, since few attributes are considered. When investigating the strength of ethnic identification, it can idealistically be viewed as varying along a continuum with an infinite number of points, with those strongly identifying at one end and those weakly identifying at the other end. However, as a means of analytical simplification, Deshpandè, Hoyer and Donthu (1986) suggested that the differences in strength of ethnic identification be investigated in terms of two groups: Strong Hispanic identifiers and Weak Hispanic identifiers, which leads to the final two hypotheses:

H_4: Strong Hispanics will have more positive feelings toward television commercials portraying a family situation than will Weak Hispanics.

H_5: Strong Hispanics will have more positive feelings toward television commercials portraying at least one member of their own ethnic group than will Weak Hispanics.

METHODOLOGY

Sample

The sample (N=176) was collected from 2009-2010 in Michigan and Ohio, where settled out migrants of Mexican-American descent are in the minority, yet make up a significant percentage of the residents. Although not a true random sample, respondents were of varying ages, income levels, education levels and both male and female. To achieve diversity in terms of age, income, and education, respondents were solicited from three different church groups and from one community college. Each of the church groups received a donation based on number of useable questionnaires, and the students at the community college were enticed to participate by receiving extra credit from their instructors and a chance to win a color television by having their names put in a raffle. (See Table 1) Of the total sample, 108 respondents identified themselves as Hispanics and 68 as non-Hispanics.

Procedure

In this study, each respondent viewed four different television commercials, completing a questionnaire after each. Television commercials were selected as the stimuli, since television is the form of mass media most preferred by Hispanics (Hoffman 2006). These television commercials were taped off national television stations in Chicago and El Paso in order to match the target audience of the television commercials (Mexican-Americans) with the Hispanic subjects of this project, Mexican-Americans. Television commercials featuring dramas were used, because they are thought to be processed empathetically and to influence beliefs by a path that evokes more expression of feelings (Deighton, Romer and McQueen 1989). All television commercials chosen were in English to eliminate language as a confounding factor. The study was conducted with four different groups of subjects and the order of presentation of the television commercials was varied each time to control for any possible ordering effects (Nunally 1967).

Questionnaire

An English version of the questionnaire was constructed, which included ethnicity measures, demographic questions and attitude toward the ad questions. The bilingual researcher then translated the questionnaire into Spanish and had it backtranslated by a native Hispanic graduate student who was also fluent in English and familiar with the subject matter. Finally, both versions of the questionnaire were pretested using 29 Hispanic subjects, with minor changes made to the final version.

Measures

Ethnicity was operationalized using self-identification questions, as advocated by major researchers in the Hispanic market (Donthu and Cherian 1992; Webster 1997). First, respondents were asked to indicate the ethnic or racial group to which they belonged. They were then asked to identify how strongly they identified with this racial/ethnic group on a five -point Likert scale ranging from 1-very weakly to 5-very strongly (Deshpandè, Hoyer and Donthu 1986; Hirschman 1981). Hispanic respondents were then classified as Strong Hispanics or Weak Hispanics based on their self-identification strength of ethnicity. The sample was comprised of 68 Non-Hispanics, 28 Weak Hispanics and 80 Strong Hispanics.

The positive feelings toward each ad in this study were measured using the warm and upbeat adjectives developed by Burke and Edell (1989). Specifically, the upbeat and warm adjectives used were alive, amused, delighted, happy, light hearted, playful, joyous, cheerful, proud, hopeful, kind and sentimental, in statements such as, “the commercial made me feel delighted.” The subjects responded on a seven point Likert-like scale, with 1 representing strong disagreement and 7 representing strong agreement. The positive feelings toward each ad were operationalized as

TABLE 1:
Respondent Profiles

Age	Non-Hispanics (N=68)	Weak Hispanics (N=28)	Strong Hispanics (N=80)
18-24	17 (25%)	13 (46.4%)	23 (28.8%)
25-34	32 (47%)	6 (21.5%)	29 (36.2%)
Over 35	19 (28%)	9 (32.1%)	28 (35%)
Gender			
Male	35 (48.5%)	13 (46.4%)	44 (55%)
Female	33 (51.5%)	15 (53.6%)	36 (45%)
Income			
Lower	16 (23.5%)	6 (21.4%)	23 (28.8%)
Middle	34 (50%)	17 (60.7%)	47 (58.7%)
Upper	18 (26.5%)	5 (17.9%)	10 (12.5%)
Education			
Less than H.S.	4 (5.9%)	0	5 (6.3%)
High School	37 (54.4%)	12 (42.9%)	55 (68.7%)
Some College	17 (25%)	9 (32.1%)	16 (20%)
College Degree	10 (14.7)	7 (25%)	4 (5%)

the mean of the summated responses for the warm and upbeat adjectives and these means were then used in the analysis. The positive feelings toward each ad were the criterion or dependent variable for all five hypotheses.

ANALYSIS AND RESULTS

To test the hypotheses set forth, the following analytical procedures were performed. The first hypothesis states that Hispanics will have more positive feelings toward television commercials that include a Hispanic than those that do not. A repeated measures analysis of variance (ANOVA) using univariate tests of hypotheses for within subjects effects was utilized, with the first hypothesis strongly supported ($p < .0001$) (See Table 2). Using ANOVA, the second hypothesis, which states that Hispanics will have more positive feelings toward television commercials portraying a family situation than toward non-family ads, was strongly supported ($p < .001$) (See Table 2); Hispanics do prefer ads portraying a family. The third hypothesis states that Hispanics will have more positive feelings toward television commercials portraying a family situation than will non-Hispanics. Using a repeated measures ANOVA, the third hypothesis was not supported (see Table 3). The importance of the family in Hispanic culture was in evidence, but the comparative importance of the family in TV commercials to Hispanics versus non-Hispanics was not statistically significant at the .05 level.

The fourth hypothesis states that strongly identifying Hispanics will have more positive feelings toward television commercials portraying a family situation than will those Hispanics who weakly identify with their ethnic group. Using a repeated measures ANOVA, this hypothesis was strongly supported ($p < .05$) in the direction hypothesized (see Table 3). Finally, the fifth hypothesis which states that those Hispanics strongly identifying with their

TABLE 2:
ANOVA
Family/Ethnic Ads

Family Ads	**F Value**	**Pr>F**
Vs. Non-Family Ads	864.93	.0001 *
Ethnic Ads	F Value	Pr>F
Vs. Non-Ethnic Ads	983.95	.0001 *

*Significant at .05 level

TABLE 3:
T Tests
Family/Ethnic Actors

Variable: Family	**T**	**Prob> |T|**
Non-Hispanics	-1.75	.085
Hispanics	-1.80	.076
Variable: Family	**T**	**Prob> |T|**
Weak Hispanics	-2.36	.030 *
Strong Hispanics	-2.89	.006 *
Variable: Ethnic	**T**	**Prob> |T|**
Weak Hispanics	-3.61	.002 *
Strong Hispanics	-4.23	.000 *

* significant at $p < .05$

ethnic group will have more positive feelings toward TV commercials portraying a Hispanic than will weakly identifying Hispanics, was supported ($p < .01$); having a Hispanic in the TV commercial was significantly more important to strongly identifying Hispanics than to those weakly identifying with their own ethnic group (see Table 3).

Additional data collected on the advertisements relating to identification, empathetic linkage, involvement and inferences drawn from the ads was analyzed to see how all of these variables relate to positive feelings toward the ad. A correlation analysis of these variables was done for each of the four ads for all 176 subjects and it was found that all of these variables are significantly correlated with each other at $p< .001$. These preliminary results suggest that if a subject identifies with an ad, he or she will feel involved with the ad, have empathetic feelings for the people in the ad, will then draw inferences from the ad and have ultimately positive feelings toward the ad.

A mean involvement variable and a mean identification variable were then calculated for each group: non-Hispanics, Weak Hispanics and Strong Hispanics. The groups were set by using high involvement to be above the mean

involvement and low involvement to be equal to or less than mean involvement, and similarly with identification. ANOVA was then run to see if different levels of involvement and identification were significant in explaining differences among the groups. Results indicate that differences in involvement and identification are significant at $p<.001$ in explaining differences among the groups. Here we look at the F values which are all significant at the .0001 level for each of the ads. Thus, the main effects were found to be significant at the .001 level for each of the ads. A separate ANOVA was then run which included the interaction effects between involvement and identification. The interaction effects were not found to be significant for any of the ads, which is desirable from a researcher's point of view when interpreting the results.

A multiple regression was then run using positive feelings toward the ad as the dependent variable and identification, involvement, empathy and inferences as the independent variables. Here, we find that the F value of 12.99 is significant at the .001 level and the R squared tells us that the model explains 59.7 percent of the variance in positive feelings toward the ad. We then look at the individual betas and find that all are significant at $p<.05$ except the beta attached to empathy. This says that identification, involvement and inferences all are significant in explaining the variance in positive feelings toward an ad. Also, as expected, when mean involvement and mean identification are considered, Strong Hispanics identify more and are more involved with ethnic ads than with non-ethnic ads.

DISCUSSION AND MANAGERIAL IMPLICATIONS

Using theory as a foundation, the present study hypothesized and found empirical support for the contention that ethnicity does influence consumer behavior, specifically advertising response to television commercials. Hispanic respondents' positive feelings toward ads portraying a family situation were significantly greater than those expressed by non-Hispanic respondents. This is not surprising since the importance of family to Hispanics has been noted for several decades (Rizkallah and Truong 2010, Guernica 1980; Kluckholn and Strodtbeck 1961). However, marketers must research the demographics of the particular Hispanic market in which they wish to advertise, and portray the family in a manner to which the Hispanic viewers can identify. For example, more than sixty percent of U. S. Hispanics are now part of the middle class (Westlund 2009), so a commercial showing a Hispanic family struggling in the "barrio" will not draw them into the message of the advertisement near as effectively as one portraying a middle class Hispanic family in its typical lifestyle. For example, a 2008 Pew Internet study found that U. S. Hispanics lead the general population in cell phone usage (DePalma 2008) so a commercial which might resonate with this segment might be a middle class Hispanic family eating dinner when the teenager's cell phone rings telling her about a great sale on the item being advertised. Additionally, much more humor is being used today in these commercials portraying the family with good rating results (Kiley 2006). Lastly, Dale (2008) suggests that commercials portraying the family combined with their passion for soccer have been particularly effective in targeting the Hispanic market.

Hispanic respondents were also found to express significantly more positive feelings toward those commercials portraying at least one Hispanic member. This supports the results of a study conducted by New California Media in 2001 which found that Hispanics were more likely to pay attention to media that portrays their ethnic group (Fetto 2002). This also confirms the work of Wong, Muderissglu and Zinkhan (1987) who concluded that if viewers can find similarity between themselves and the characters in the advertisements, the message of the commercial is more readily accepted. This phenomenon can be explained by the identification theory (Kelman 1961) which maintains that people automatically assess their level of similarity with a source during an interaction and make similarity judgments; this

process drives individuals to prefer models based on perceived similarities to themselves. Pires and Stanton (2005, 68) refer to this same phenomenon by saying that "similar others" are more trusted than "dissimilar others," because in minorities, "similar others may have experienced the same consumption situation whilst subject to similar handicaps." In terms of advertising, the judgments that consumers make when exposed to ads regarding similarities and dissimilarities and the ability to picture oneself relative to the ad portrayal are forms of self-referencing (Debevec and Iyer 1998). Martin, Lee and Yang (2004) found that self-referencing as a psychological mechanism was a powerful tool in explaining ethnicity effects and, in particular, the preference of consumers to view ads containing models of similar ethnicity. Some might say that the results of this study are more pronounced due to the distinctiveness theory (McGuire 1984); the Hispanics in this study are definitely in the minority in their communities, but this cannot be concluded until future research replicates this study in communities where Hispanics are not in the minority.

For marketing managers who are trying to maximize the effectiveness of their ads to the Hispanic market, they certainly would want to include at least one Hispanic actor, but they would also want to take into account the context in which the commercial takes place. To optimize the chance of generating positive feeling toward the ad, marketers should include ethnic primes or cues in the targeted advertising which will intensify the consumer reaction to actors of their own ethnic group (Forehand and Deshpandè 2001). Chattaraman, Lennon and Rudd (2010) found that the same cultural primes had differential effects among Hispanics who strongly and weakly identified with the Hispanic culture, so marketers will need to fine tune their advertisements.

The last important finding of this study is that strength of ethnic identification should be considered a powerful tool for targeting and segmenting the Hispanic market in the U. S. Strong Hispanics exhibited significantly more positive feelings toward both television commercials which portrayed a family and those that contained a Hispanic as a member of the commercial than did Weak Hispanics. This supports the work of Kim and Kang (2001b) who found that ethnicity affects personal influences and these personal influences differ depending on strength of ethnic identification. For marketing managers, strength of ethnic identification may also be used when deciding which language the commercial should be in, because Strong Hispanics tend to prefer advertisements in Spanish, while Weak Hispanics prefer ads in English, but as Villareal and Peterson (2008) point out both groups consume media in both Spanish and English, so studying the complex language and media behavior relationships is crucial to defining the appropriate target audience and using an appropriate platform. As with any targeting strategy, marketers would need to do market research to obtain the socio-demographic profiles of the targeted segments, then the marketer would be able to select the most effective message, the preferred language and the correct media outlet. As Callow and McDonald (2005) point out that advertisers who are targeting the Hispanic market should take into account the media vehicle before determining their communication campaign.

CONCLUSION

U. S. Hispanics represent an important consumer segment in the North American market. Given the size, projected growth and spending power of the U. S. Hispanic market, advertisers have been researching, creating and implementing strategies to market products and services effectively to this population (Kelly et al. 2010). Additionally, the Hispanic market is serving as a buffer for firms as they cope with the severe economic downturn in the general market (Edwards 2008). Procter & Gamble, Verizon, Johnson & Johnson, State Farm, General Mills and others are aggressively targeting the Hispanic market and are reaping double-digit sales gains. Hispanics have been hard hit by the recession also, but they tend to have less mortgage and credit card debt, two or

more earners in the household and like to buy products and services from brands advertised on television (Grover 2009), which makes studies such as this one particularly relevant for marketers.

Although this study could be considered exploratory due to its limited sample size, as firms target this growing market, the findings of this study demonstrate that it would be wise to consider not only ethnicity and its influence, but also the strength of ethnic identification to fine tune their marketing efforts. Singh and Bartikowski (2009) use the analogy that if we apply the standardization/localization debate to the Hispanic market, the conclusion is that if firms want to target this market, total localization must be used to connect linguistically and culturally with the subsegments. As Korzenny (2008 p. 176) observes: "As these culturally unique markets grow, they learn they have power. Marketers need to serve them in their style, language and value scheme." Because only if relevant promotions reach the appropriate markets, will investment dollars result in higher ROIs (Joffe 2008). Ultimately, to be successful, businesses not only need to provide quality products and services, they need to totally connect with their customer base (Medina 2010).

Although the results of this research are not generalizable to the population as a whole, or even to the entire Hispanic population, since the convenience sample in this study was limited to the Midwest and Mexican Americans, it is believed that its findings make a useful contribution to the field of advertising to the Hispanic market and can be considered a good starting point for future research on the Hispanic population. Future studies might explore generational differences, as well as extend the study to other Hispanic groups in the U. S., such as Cubans and Puerto Ricans. Additionally, interesting future research might replicate this study in U. S. cities where Mexican-Americans constitute the majority, or not the proportional minority, such as Brownsville, Texas or San Diego, to see if the distinctiveness theory holds true as found by Deshpandè and Stayman (1994).

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ASSESSING THE ROLE OF INTRAPERSONAL AGENTS IN CONSUMER DECISIONS

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The theory of intraperson games propounded by Ding (2007) holds promise for consumer behavior scholars and marketing practitioners. However, the next critical step in theory development is the creation of empirically validated scales for the theoretical constructs of intrapersonal games theory. In this research we operationalize the theoretical constructs of efficiency and equity agents and proceed to develop multi-item measures of these constructs. In creating such scales, this study translates complex mathematical game theoretic constructs to more managerially accessible and useful concepts. We empirically validate the scales using a national random sample of over seven hundred respondents. The validated scales are then used in an empirical analysis of the intrapersonal agents and their relationship to consumer decision making. We specifically apply the theory of intrapersonal games to variety seeking behavior in order to begin to connect the internal agents to actual consumer behavior outcomes and patterns. Our results are of interest to academic scholars and marketing practitioners that would like to use intraperson game theoretic constructs in their strategy formulations.

INTRODUCTION

Variety seeking behavior is a phenomenon that has been widely investigated in the field of marketing. The study of variety seeking behavior and brand switching has yielded various theories and constructs that attempt to capture these concepts in a way that is beneficial to marketers (Bass 1973, 1974; Kahn 1995; van Trijp 1996; Ding 2007). Most of the past research in the area has emphasized external variables such as demographics, branding, pricing, etc. to influence such behavior (Chen 2004; Raju 1980; Acosta 2010). However, very few studies have analyzed possible internal constructs and processes that could have an influence on variety seeking behavior and consumer decisions.

A study conducted by Hans Van Trijp (Van Trijp, Hoyer and Inman 1996) differentiates between internal and external motivations for variety seeking. This study blends internal factors such as need for variety with external factors such as product pricing. The study is successful in identifying some key variables that contribute to a variety seeking decision; however, once again these variables are driven by external factors.

In order to truly capture the dynamic of variety seeking behavior, our research proposes that, a deeper knowledge of the internal variables that drive consumer decisions is warranted. A recent research study by Min Ding (2007) proposes the theory of intraperson games (IPG) as a possible explanation for the factors within an individual's mind that compete to make a decision outcome possible. The theory of intraperson games derives its conceptual inspiration from existing theories of the human mind as well as game theory. Ding (2007) proposes a predictive quantitative model based on his theoretical constructs. Most relevant to the current study, IPG theory draws attention to the *internal* factors that impact consumer variety seeking purchase decisions.

This research develops empirical scales for measuring two opposing IPG constructs theorized by Ding (2007): efficiency agent and equity agent. The efficiency agent strives for

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instant gratification while the equity agent considers long term benefits. IPG theory posits that conflict resolution between these two internal agents results in a decision. We develop multi-item scales to measure the strength of these IPG constructs. The scales are then applied in the context of consumer variety seeking behavior. A survey based methodology with a random national sample of over seven-hundred respondents is used to examine the relevance, validity, and reliability of the empirical scales. Assessing the impact of these intrapersonal factors on consumer behavior would not be possible without first understanding the underlying theories and concepts. The following literature review highlights the extant research in variety seeking behavior and IPG theory, as well as where the current study will add to the knowledge. In subsequent sections we discuss the scale validity and reliability issues, the methodology employed, and the results and findings of this study. We conclude by describing our contributions, limitations of the current study, and possible future avenues of research.

PAST LITERATURE

Variety Seeking Behavior

Variety seeking is a desire that often manifests itself in the behavior of brand switching (Givon 1984). Consumer purchase decisions can be broken down into three outcomes: a repeat purchase, a derived switch, or a variety switch (Van Trijp, Hoyer and Inman 1996). Repeat purchases represent a continuation of an individual's previous buying pattern. Derived switching behavior is understood to be the product of extrinsic motivations. A particular store being closed for the night, a friend's product recommendation, impact of brand community, and an item being out of stock would all be considered extrinsic motivations for switching (Quinn and Devasagayam 2005). These externally imposed factors have been well researched and are understood by scholars and practitioners alike. True variety switching behavior differs from derived variety switching in that such actions are the result of *intrinsic* motivations from within an individual (Van Trijp 1995). This intrinsically motivated behavior is less commonly investigated in the realm of marketing research.

Past research suggests that true variety switching behavior generally occurs for one of three intrinsic reasons: satiation, stimulation, or hedging (Ding 2007). Satiation occurs as an individual experiences diminishing utility with each successive repeat of a behavior (Coombs and Avrunin 1977). Stimulation is when a consumer is excited about, and inexplicably drawn to, the novelty of a certain choice (Berlyne 1970; Faison 1977; Devasagayam and Buff 2008; Sidoti and Devasagayam 2010). Faison explains that consumers can be drawn to a brand simply for a change of pace. The final intrinsic motive for brand switching is hedging (Ding 2007). Hedging is a concept in which a consumer intentionally makes a choice that does not maximize utility in order to achieve balance. One set of researchers (Ratner, Kahn and Kahneman 1999) found that individuals often trade pleasure for variety. Their findings indicated that subjects enjoyed choices in an improving sequence (saving the best for last). It was also found that some of the subjects, after making a less preferred choice, often enjoyed their favorite choice more than ever. Existing literature struggles to capture buying outcomes through an intrapersonal lens. Occurrences such as stock outs, store hours, or referrals (to use the aforementioned examples of extrinsic switching motives) are all managed and monitored by marketers on a regular basis. Marketers display a sound understanding of how strategic decisions regarding such extrinsic stimuli impact their customers and what buying outcomes could be expected. In contrast, marketers have heretofore struggled with predicting buying outcomes that result from *intrinsic* motivations. They have an incomplete picture of intrinsically motivated demand and could therefore be blind to emergent lucrative opportunities or potentially damaging threats. We posit that intraperson games theory could provide the conceptual rationale necessary to correct this deficiency in the literature.

Theory of Intraperson Games

In the seminal work by Min Ding (2007), a theoretical model emerges through a combination of game theory with several famous theories of the human mind. Freud's structural theory is the basis for Ding's understanding of the conflicts that take place within one's mind. Freud (1923) believed that there are three interacting components of the mind. The Id is a self-centered, primitive drive guided by a constant pursuit of pleasure. Another drive, the Superego, counteracts the Id, acting as a cautious voice of reason that has been shaped by the morals of an individual's society. The Ego is an equity drive that attempts to give each drive a chance to show through at different times. IPG theory builds on these components of the mind proposed by Freud.

Ding's research is also shaped by an artificial intelligence theory originally published by Marvin Minsky. Minsky's "Society of Minds" theory (1986) proposed that the human mind is comprised of thousands of agents that execute specialized tasks. These agents are arranged in a hierarchy where the higher agents may choose a lower agent to utilize in a given situation. Ding (2007) took these concepts and integrated them into a model normally used for multi-person game theory.

The resultant IPG model incorporates two higher level agents, efficiency agent and equity agent. The efficiency agent strives for instant gratification, while the equity agent considers long term benefits of the choices made. The theory of IPG distills the idea that human decisions are a result of a battle between these two competing agents. An empirical study conducted by Ding verified the model's aptitude for predicting buying outcomes. The study also provided evidence that effectively measuring an individual's personality could better predict future behavior than a simple analysis of past purchases (Stark and Devasagayam 2010). An informed combination of both behavioral history and personality could actually produce more robust and useful insights. Ding's research does not provide a comprehensive scale for measuring a consumer's intrapersonal agents. The mathematical model simply shows how each agent would interact in the context of game theory.

The theory of IPG marries theories of marketing and psychology effectively into a mathematically comprehensive albeit complex model. Though elegant, this model largely remains inaccessible to managers and practitioners. The current study would like to make this connection more transparent and accessible to marketing practitioners. This research develops scales for the effective measurement of intrapersonal agents. Once established, we test various hypotheses using the newly created scales to draw new insights into internal decision making processes and the buying outcomes that result from the process.

HYPOTHESES

Based on past literature in IPG and variety seeking behavior as well as our conceptualization of their interrelationship, the following hypotheses were subjected to empirical investigation. As posited by prior research and supported by our own conceptualization, the intrapersonal agents are believed to engage in conflict as two distinct and opposing forces. We propose,

Hypothesis 1. The efficiency and equity agents will exhibit an inverse relationship.

Consistent with other constructs in consumer behavior, we hypothesize that intrapersonal agents are impacted by consumer characteristics and demographics. Intrapersonal agents are indeed internal constructs; however, the development of such agents must also be informed by the life circumstances of the individual. Based on the findings of previous research in the area significant consumer characteristics are identified and the following hypothesis emerges:

Hypothesis 2. Consumers' characteristics influence the intrapersonal agents

employed in consumer decision making. The following characteristics have an impact on intrapersonal agents:

A. Age
B. Gender
C. Level of Education
D. Religious Preference
E. Political Views
F. Number of Siblings
G. Household Income

As established in prior research (Van Trijp 1995), there are two distinct types of switching behavior. True variety switching behavior (intrinsically motivated) originates from within the consumer and is less influenced by external factors. IPG theory posits that the efficiency agent is driven by internal and impulsive factors. The efficiency agent, striving to maximize the current utility of the individual, would most likely follow the unknown personal urges that are believed to cause true variety seeking behavior. It is therefore hypothesized that:

Hypothesis 3. A consumer that switches for intrinsic reasons:

A. is more likely to possess a dominant efficiency agent.
B. is more likely to possess a weaker equity agent

Derived switching behavior (extrinsically motivated) occurs due to variables in the purchase environment. A pushy salesperson, a promotional price on a new brand, or a friend's recommendation can all be considered extrinsically motivated reasons for engaging in this form of variety seeking behavior (Van Trijp, Hoyer and Inman 1996). The intrapersonal equity agent is similar in that it strives for the equal consideration of *all* factors both short and long term. Given the equitable nature of this agent it should follow that:

Hypothesis 4. A consumer that switches for extrinsic reasons:

A. is more likely to possess a dominant equity agent.
B. is more likely to possess a weaker efficiency agent.

Following the logic of the alternative conceptualization of IPG theory we have built up to this point, possessing a stronger agent (whether it be efficiency or equity) will increase the likelihood of that particular agent making the decision in subsequent consumer decisions. Such a situation should yield a relationship and provide some predictive insights into any resultant consumer behaviors.

METHODOLOGY

In order to test the preceding hypotheses, our scales were introduced in a survey that was distributed to the students, faculty, and friends of a college in the Northeast USA during a preliminary phase of this study. Prior to the launch date, a pretest survey was conducted with ten respondents. The pretest was performed using an online survey tool so as to gain insight into the user experience each respondent would have with the survey. With the researchers in the room, the respondents provided immediate feedback which was then recorded and considered during final revisions. In an effort to increase the ease and limit the duration of the survey for respondents, redundant scale items were combined or deleted. Phrasing was corrected and revised to facilitate more accurate responses.

Once the survey passed another brief test round, it was distributed college-wide. The survey was approved by the institutional review board and then administered nationally via the web through an online survey service. The online survey format provided ease of use for the respondents and more convenient and accurate data collection for the researchers (Acosta 2010; Sidoti 2010; Devasagayam et al. 2010; Devasagayam and Buff 2008; Stark 2010). The subsequent analysis is based on a random sample of 755 individuals representing several college campuses scattered across the US.

Sample Profile

A summary of the demographic data is included in Table 1, as is expected in studies utilizing a survey many respondents did not disclose all

demographic information sought. Adjusting for the missing data, the following table refers to percentages of respondents who actually responded to each individual item.

Analyses and Findings

This study proposes that measuring Ding's two distinct and opposite agents in clear and concise terms is possible. By measuring a respondent's agreement with statements of equity and efficiency, conceptual scales were developed to classify consumers as "equity-strong" or "efficiency-strong". Based on this rationale preliminary statements were developed and examined for face validity. The emergent preliminary scale (see Table 2 below) contains ten items in which respondents indicated their level of agreement on a five-point scale from strongly disagree to strongly agree. These items were designed to bring forth the respondent's beliefs and decision criterion in hypothetical situations -- in this case a restaurant visit. The hypothetical scenario of decisions involving a restaurant visit was chosen with the overall sample frame in mind. It is a challenge to find a product that demands involvement, experience, and considered decisions that also applies to a large cross-section of the target population (Stark and Devasagayam 2010). Scale items include either statements that involve instant gratification, lack of compromise, and swift action, or statements that involve trade-offs, long-term consideration, and restraint.

In order to examine the IPG theory's effect on variety seeking behavior, it became necessary to find a scale that effectively measured the motives behind consumer variety seeking behavior. Arriving at a valid scale to measure variety seeking behavior was a relatively easier task. As van Trijp et al. (1996) posited in their research, a consumer can switch for either intrinsic or extrinsic reasons. Their original study included a large customer panel with actual purchase data. With each new purchase, the respondents were asked to enter a pre-coded motive for switching. We proceeded to adapt the motives for switching from the van Trijp et al. study into a scale that asked respondents to consider reasons why they normally switch. The resulting six-item scale is shown below in Table 3. Item 5 below indicates how likely a consumer is to switch for intrinsic reasons. Items 1-4 represent extrinsically motivated brand switching. Item 6 incorporates the repeat purchase consumer outcome.

Scale Validation

We began by testing the ten-item composite IPG scale which yielded a Cronbach's Alpha of 0.300. As we expected, we found this one-dimensional scale to be inadequate in measuring the multidimensional IPG constructs. Based on Ding's (2007) conceptualization of IPG being a two-dimensional construct, we proceeded to subject the ten-item scale to a confirmatory factor analysis. A principles component analysis based factor solution revealed patterns of both efficiency and equity agent measurement scales. The total variance explained by the factor analytic model is 44.1 percent, which is sufficient for a first time use scale. The principle extraction was restricted to Eigen values of 1 or higher and used item loadings of 0.60 or higher only. The model was further refined by using a Varimax rotation which yielded a three-item efficiency agent scale and a four-item equity agent scale. Three ` of our scale items did not load significantly on either of the components and were therefore excluded from further analysis.

The scale items that emerged from the factor analysis were analyzed for validity and reliability using a Cronbach's Alpha analysis. The three-item efficiency agent scale reported an Alpha value of .683, which is good for a first time use scale (Nunnaly 1978; Acosta and Devasagayam 2010). The equity agent scale is a four-item scale that also provided a sufficient Alpha value of .634, which is acceptable for a newly developed theoretical scale being used for the first time. Table 4 provides a breakdown of the items that comprise each scale. The three -item "Efficiency Scale" with a mean of 2.9 and the four-item "Equity Scale" with a mean of 3.4

TABLE 1:
Sample Profile (N=755)

Gender	**N**	**%**
Male	222	36%
Female	394	64%
Age	**N**	**%**
18-22 years old	443	72%
23-29 years old	27	4%
30-45 years old	54	9%
46 years and over	94	15%
Level of Education	**N**	**%**
Some high school/ High School Graduate	153	25%
Currently in College	306	49%
Undergraduate degree	61	10%
Currently in graduate school	13	2%
Postgraduate degree	86	14%
Household Income	**N**	**%**
$30,000 or less	27	5%
$31,000-$75,000	132	22%
$76,000-$100,000	152	26%
$101,000-$200,000	214	36%
$201,000-$300,000	41	7%
$301,000 or more	21	4%

TABLE 2:
Original Intrapersonal Agent Scale

During a typical visit to a restaurant…

After eating a high calorie entrée, I order dessert.

If I am hungry, I order appetizers before the entrée arrives.

I order as much alcohol as I desire with the meal.

After eating a high calorie entrée, I order a low calorie dessert.

I order what I desire the most, regardless of the calorie content.

If I am hungry, I do not order appetizers but wait for the entrée.

I order items I know I have enjoyed in the past.

After eating a high calorie entrée, I skip dessert.

I worry about the price of my meal.

If I have a working day the next morning, I do not drink at all.

TABLE 3:
Original Variety Seeking Behavior Scale

Overall…

1. I like to switch brands based on price.
2. I like to switch brands based on advertising.
3. I like to switch brands based on convenience.
4. I like to switch brands based on input from others.
5. I like to switch brands for variety.
6. I consider myself a brand loyal person.

were found to be fairly consistent (both Std Dev = 1.3).

We then subjected our variety seeking behavior scale to a confirmatory factor analysis and Cronbach's alpha reliability analysis. The six-item scale was adapted from an earlier study (Van Trijp, Hoyer and Inman 1996) in an effort to capture a respondent's motivations for brand switching. A three-factor solution was expected as according to theory: a consumer can either buy the same brand as before (repeat purchase), switch for intrinsic reasons (true variety switching), or switch for extrinsic reasons (derived variety switching). The factor analysis confirmed the theory yielding a one-item scale for both intrinsically motivated switching and repeat purchases as well as four-item scale for extrinsically motivated switching. Being a multi -item scale, the four-item scale warranted a reliability analysis. A Cronbach's alpha analysis yielded an alpha value of .649. The total variance explained by the model was 72.9 percent. Table 5 provides a summary of each scale including the means and standard deviations of each item. The one-item "Intrinsic Scale" has a mean of 2.8 and a standard deviation of 1.1. The four-item "Extrinsic Scale" is extremely consistent as further indicated by the descriptive statistics associated with the scale items and the overall scale (M = 3.2, St.Dev = 1). The item "I like to switch brands based on advertising" displayed some inconsistency with the rest of the scale, but we retained the item in the scale in order to maintain face validity.

To ensure congruence between proposed theory and actual results we subjected the Efficiency and Equity Scales to a bivariate correlation analysis. As hypothesized, the two agents exhibited an inverse relationship significant at the $p < .01$ level, displaying exceptional discriminant validity. This result reinforces the proposed theory that the IPG agents are opposite in nature. The inverse relationship reflects two entities that could conflict in a decision making process with one being more dominant than the other. Essentially, it can be inferred from the results that an individual with a strong equity agent will exhibit a weak efficiency agent and vice versa.

We then proceeded to use the above-mentioned validated scales to test our proposed hypothesis relating the impact of consumer characteristics upon efficiency and equity agents. A one-way analysis of variance (ANOVA) was employed to determine if the intrapersonal agents were impacted by consumer characteristics in a statistically significant manner. As hypothesized: age and level of education had a statistically significant impact on both the efficiency and equity agents (significance level of .01 or less). Religion can be included as a factor that impacts intrapersonal agents as well, however, the significance level relating religion to the equity agent is slightly higher than

TABLE 4:
Intrapersonal Agent Scale Validation

	Components			
	Efficiency	**Equity**	***m***	***sd***
Efficiency Scale (α = .683)			**2.9**	**1.3**
After eating a high calorie entrée, I order dessert.	.82		2.2	1.2
I order what I desire the most, regardless of the calorie content.	.62		3.8	1.3
After eating a high calorie entrée, I skip dessert.*	.81		2.6	1.5
Equity Scale (α = .634)			**3.4**	**1.3**
If I am hungry, I order appetizers before the entrée arrives. *		.62	3.0	1.2
I order as much alcohol as I desire with the meal.*		.69	4.1	1.2
If I am hungry, I do not order appetizers but wait for the entrée.		.68	3.1	1.2
If I have a working day the next morning, I do not drink at all.		.62	3.3	1.4

Note. Results from confirmatory principle components factor analysis with varimax rotation. Loadings less than .60 are suppressed. Cumulative explained variance is 44.1%; $N = 755$. * denotes items that have been reverse coded.

TABLE 5:
Variety Seeking Behavior Scale Validation

	Components				
	Intrinsic	**Extrinsic**	**Repeat Purchase**	***m***	***sd***
Intrinsic Scale				**2.8**	**1.1**
I like to switch brands for variety.	.75			2.8	1.1
Extrinsic Scale (α = .649)				**3.2**	**1.0**
I like to switch brands based on price.		.71		3.6	1.0
I like to switch brands based on advertising.		.57		2.4	1.0
I like to switch brands based on convenience.		.78		3.5	0.9
I like to switch brands based on input from others.		.65		3.4	0.9
Repeat Purchase Scale				**2.9**	**1.1**
I consider myself a brand loyal person.			.80	2.9	1.1

Note. Results from confirmatory principle components factor analysis. Loadings less than .50 are suppressed. Cumulative explained variance is 72.9%; $N = 755$.

desired (p = .126) but relating to the efficiency agent has a p-value of .000. Lastly, gender has an impact on the equity agent. Number of siblings, household income and political views were found to be statistically non-significant.

To further investigate the direction of the relationship between intrapersonal agents and consumer characteristics, bivariate correlation analysis was utilized. The analysis included Pearson correlation coefficients and a two-tailed test of significance. While several correlations were found to be significant from a statistical perspective, the correlations proved to be very weak, with the strongest being -.254. These findings further support the notion that the IPG agents of the internal decision making process are powerful entities that are not easily influenced by external circumstances. However, the factors that were found to have a significant impact warrant further attention and could be useful in future segmentation efforts based on intrapersonal agents. Table 6 below summarizes the consumer characteristics that have a significant impact on the intrapersonal agents.

In applying our interpretation of the theory of intraperson games to a real world consumer behavior we conducted a regression analysis to examine the relationship between the IPG agents and variety seeking behaviors. The resulting regression equations could be utilized for a comparison between the two agents and the two types of brand switching. Using the intrinsic and extrinsic scales as the dependent variables and the intrapersonal agents as the independent variables, we conducted regression analyses. A summary of the relevant results can be found in Table 7.

To test hypothesis 3 and hypothesis 4, a comparison of these regression equations is necessary. Based on the results, we were unable to validate hypothesis 4. Our data does not support the conclusion that the equity agent will dominate in an extrinsic switching decision. However, hypothesis 3 is supported by the regression models.

As hypothesized, a consumer that switches for intrinsic reasons will have a stronger efficiency agent (beta value 0.867) than equity agent (beta value 0.768). Our model supports the hypothesis by exhibiting the efficiency agent's dominance over the equity agent during an intrinsic switching decision. The model also shows great promise with about 78 percent of the variance being explained in the intrinsic switching- efficiency agent relationship and 80 percent in the intrinsic switching- equity agent relationship.

CONCLUSIONS, LIMITATIONS AND FUTURE STUDIES

Figure 1 succinctly summarizes the overall findings of this research. As one can see, this research contributes through the creation and validation of the intrapersonal agent scales which will allow marketers to measure (and perhaps classify) consumers based on their internal decision making agents. Further development of this concept should lead to strategic marketing applications. Our research has shown empirical evidence of two distinct intrapersonal agents, efficiency and equity, which ultimately sway a consumer's decision in one direction or another. The stronger agent is more likely to "win" the battle of internal agents more often. Marketers should be aware of the predictive powers that may arise from future research of these concepts. The scales created in this study are an important first step in drawing value from a deeper understanding of consumer decision making. Our findings emphatically support the validity and existence of Ding's (2007) proposed intrapersonal agents. Even more promising, the theoretically opposite constructs of efficiency and equity agents showed discriminant validity upon scrutiny.

Taking the proposed intrapersonal agents out of a mathematically complex game theory context has served two purposes. First, a previously underdeveloped area of consumer decision making theory can now contribute to a marketer's rich understanding of the consumer which should result in enhanced customer satisfaction. Secondly, marketers in the field

TABLE 6:
Consumer Characteristics that Impact Intrapersonal Agents

	Significance (p-values)
Efficiency Agent	
Age	0.001
Education	0.001
Religion	0.001
Equity Agent	
Age	0.001
Education	0.012
Religion*	0.126
Gender	0.002

**Religion is the only variable included in this table that is not significant at a p-value of .05 or lower. It is included as it is very close to the p <.10 threshold.*

TABLE 7:
Relevant Statistics from Regression Analysis

	B*	R Square
Intrinsic Switching		
Efficiency Agent	0.867	0.779
Equity Agent	0.768	0.801
Extrinsic Switching		
Efficiency Agent	1.010	0.857
Equity Agent	0.900	0.893

** B represents the unstandardized coefficient.*

can now readily validate their own hypothesized relationships concerning internal decision processes of their consumers using our scales. Such validation could offer profound insights and guidance for their marketing strategies, and consequently the influence such marketing strategies have on internal decision making processes of consumers. By utilizing the validated scales generated in this study, practitioners now have the power to expand on the knowledge we have about the intrapersonal agents and how they impact behavior in the consumer environment.

It is important to note that the influence of life's circumstances such as age, gender, level of income, etc. have on an individual's intrapersonal profile might be minimal but, as previously noted, some are indeed statistically significant and warrant further exploration. The

minimal impact seems to point to a relative independence of the IPG agents from external factors such as age, income, etc. Recognizing this independence is critical to understanding the nature of IPG agents. This finding supports our theoretical conclusions that consumers are born with an inherent set of intrapersonal agents that are extremely difficult to influence. The key for marketers then lies in identifying and aggregating consumers (segmenting) based on the relative strength of their IPG agents. As competition intensifies, product offerings and price points become seemingly homogeneous, and traditional advertising loses effectiveness, marketers may consider appealing more to a consumer's IPG driven internal agents. Considering that all decisions are the result of an individual's perception of and reaction to external stimuli, it would be useful to know which agent favors which optimal mix of value propositions.

Lastly, this study contributes to the marketing literature by beginning to connect the intrapersonal agents to specific consumer behaviors. We discovered that both intrapersonal constructs explain much of the variance that takes place during a variety seeking decision. It can also be hypothesized, for subsequent studies, that the combined interaction of both constructs will have a strong bearing on any decision making situation. It was also found that consumers who are more likely to variety switch for intrinsic reasons are more likely to have a dominant efficiency agent. This finding is one of the most valuable results of this study, as it highlights how the internal decision making process manifests itself in a real-world purchase situation.

The current study is, of course, not without limitations. Although, we believe intrapersonal agents to be a universal trait inherent in all people, our study was restricted to an American sample. An international sample would have added to the cross-cultural richness of our study. With limited resources and time, it was also impossible to conduct a longitudinal study for differences in intrapersonal agents over time.

The theory of IPG takes on a whole new level of relevance when it can be used by marketers in the field and applied to the actual marketplace. Our study has translated the theory into a more usable and accessible format. We have also shown that behaviors are significantly impacted by the intrapersonal conflict of the two agents. It is now necessary to move forward by determining ways of segmenting consumers based on these intrapersonal agents and then finding common patterns of behaviors and preferences. Does an equity-dominant consumer prefer paying cash rather than buying on credit? If a company's target market seems to be overwhelmingly efficiency-dominant, should their strategies include an impulse display near check-out/register areas? Future research is needed to explore the impact of these intrapersonal agents on consumer behaviors as they relate to various elements of the marketing mix. Intrapersonal agents seem to be minimally impacted by demographics but future studies aimed at isolating the effects of customer characteristics on internal agents will be of great value to marketing strategists. It will also be necessary to test intrapersonal agents across different product categories in order to see how the internal decision making process may change with buying situations. We believe that the extension of our research in the area of organizational buying behavior might be a natural offshoot. In summary, it is our belief that the application of the theory of intraperson games into marketing strategy formulation will yield beneficial results to marketers and improve the quality of value propositions to consumers.

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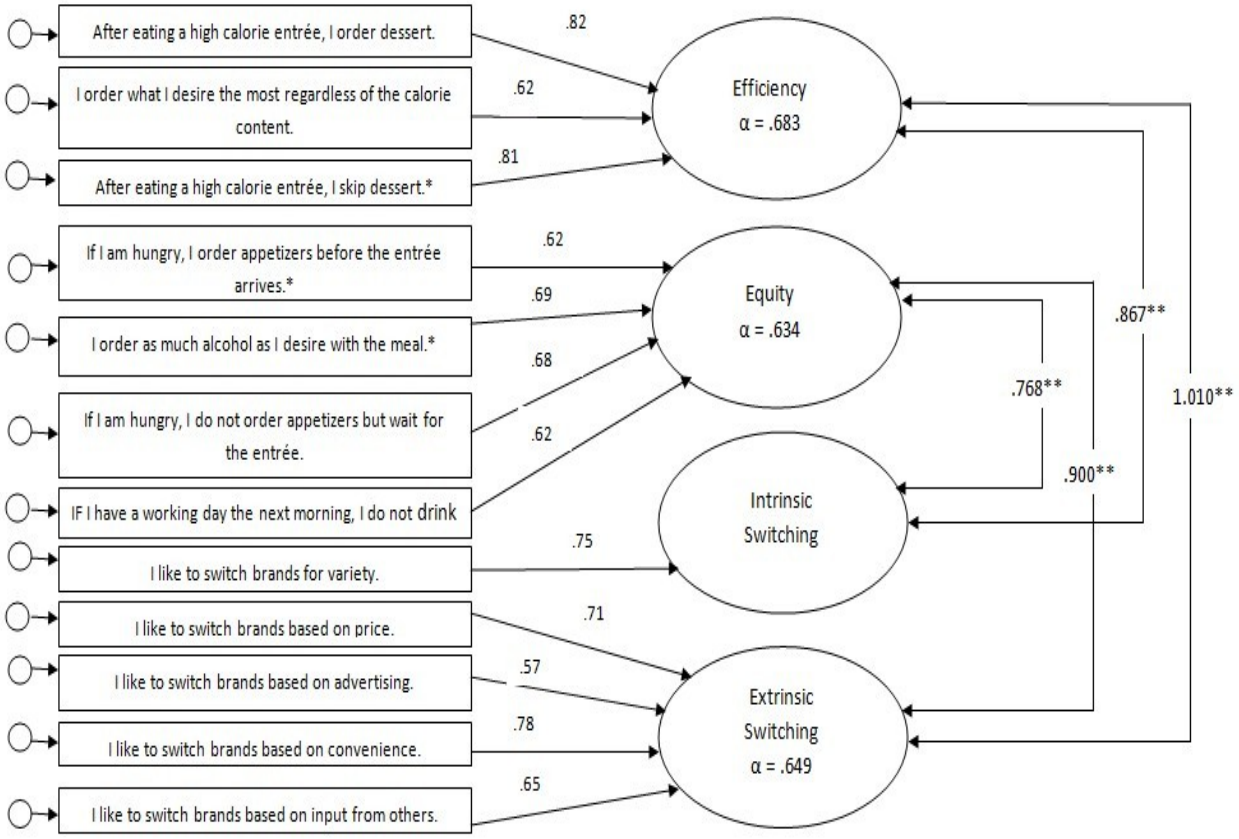
FIGURE 1



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DO GREEN LIFESTYLE CONSUMERS APPRECIATE LOW INVOLVEMENT GREEN PRODUCTS?

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Green products have become popular and have been targeted toward consumers who lead green lifestyles. Still, some green products are assumed to be more appealing to this group than others, sometimes based on level of involvement. This study tests a low involvement green product in terms of being appealing to consumers with green lifestyles. A theoretical model was developed and tested using a structural equation model. Results indicate that consumers with green lifestyles do value green attributes of low involvement products, in terms of consumer's attitudes and behavioral intentions. These results imply that companies with green low involvement products should target high-income females and stress the green attribute to motivate purchase intention.

INTRODUCTION

Environmentally friendly, or *green* products, have become very popular and it is estimated that consumers will spend $500 billion on green products this year (Weeks 2008). Thus, many manufacturers in various industries have adopted eco-friendly practices that affect not only the production process but also the resulting product (Kivimaa and Kautto 2010; Zhu et al. 2010). In most cases, green products target consumers who lead green lifestyles (Divine and Lepisto 2005; do Paço and Raposo 2010). However, not all green products might be valued equally by consumers. It is reasonable to assume that high involvement green products might be valued by consumers with green lifestyles. Will low involvement green products be of value to consumers with a green lifestyle as well? Will green attributes be important to consumers with green lifestyles when choosing a low involvement product?

Calendars are considered low involvement products. The calendar industry, which is partially related to the pulp and paper industry, is extremely competitive (Kivimaa and Kautto 2010) and as a result more companies are moving away from mass marketing of calendars to niche marketing. Consumer behavior regarding calendars changed significantly with the introduction of electronic calendars (e.g., on computers, PDAs, and cell phones). Though calendar purchases are considered impulse buys, recently consumers have looked more for calendars that reflect their personal preferences. Celebrity calendars, lifestyle calendars, and popular dog calendars are examples of calendars addressing consumers' personal preferences. Consumers, particularly those with families, typically use more than one calendar (average of 2.5 per person) to satisfy their diverse needs (Counting the Days 2005).

A framework is proposed to examine green lifestyle consumers' attitudes toward green calendars and whether these attitudes result in green behavior, that is, choosing a calendar with a green attribute. An empirical study was conducted to test the proposed framework.

PROPOSED FRAMEWORK

The proposed framework relates four concepts: demographics, green lifestyle, green attitude, and green behavioral intentions in the context of low involvement product category, a calendar (see Figure 1). Demographics such as income and gender have been found to be related to green lifestyle. Green lifestyle has been conceptualized in several ways, including

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health-related and environment-related activities, values, and perceptions (Divine and Lepisto 2005; Fraj and Martinez 2006; do Paço and Raposo 2010). Green lifestyle can be also viewed as everyday green activities (Divine and Lepisto 2005). Green lifestyles have been related to product specific attitudes and behavioral intentions (Laroche et al. 2001; Dembkowski and Hanmer-Lloyd 1994; Jansson et al. 2011). The research question we asked is "Is the relationship between green lifestyle and behavioral intention mediated by green attitude toward the product?" The proposed framework aims to establish that, for low involvement products, an attitude toward a green product should mediate the relationship between green lifestyle and green behavioral intention.

GENERATION OF HYPOTHESES

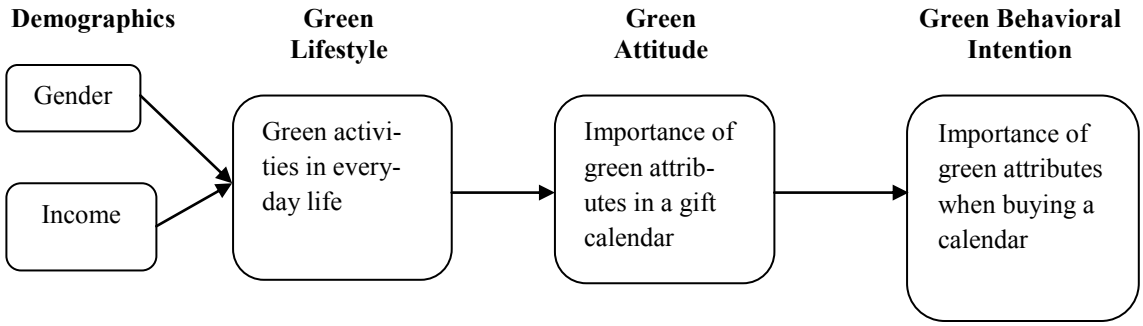
In terms of the demographic variables, studies show that women are more likely to consume healthier products, pay more attention to nutrition, and practice healthier diets (Divine and Lepisto 2005). We argue that women are also more prone to practice a general green lifestyle than men. Income is another demographic variable that has been shown to play a role in the green lifestyles of consumers. Consumption of healthier food (e.g., fruits and vegetables) has been positively associated with a higher income segment (Divine and Lepisto 2005). Thus, we argue that higher income consumers are more prone to lead green lifestyles than lower income consumers.

H_1: Women are more inclined to practice every day green activities than men.

H_2: Higher income consumers are more inclined to practice every day green activities than lower income consumers.

How does a green lifestyle relate to attitudes toward green attributes of products? Dembkowski and Hanmer-Lloyd (1994) suggest that attitudes toward green attributes are influenced by an individual's values specific to the environmental domain. Individuals who value environmentally friendly consumption and usage patterns are more likely to have positive attitudes regarding green product attributes. We extend that framework to suggest that attitudes toward green product attributes are also influenced by a green lifestyle. A green lifestyle involves environmentally friendly consumption and usage patterns (Fraj and Martinez 2007; Chan 1999). Thus, it is reasonable to assume that individuals who value general green behavior (consumption and usage) also tend to practice it. Dembkowski and Hanmer-Lloyd (1994) note that attitudes toward green attributes are positively influenced by consumers' environmentally relevant knowledge. Environmental knowledge, personal involvement, and perceived responsibility are important contributors to environmental general behavior (Chan 1999; Dembkowski and Hanmer-Lloyd 1994; Jansson et al. 2011), what we call green lifestyle. Positive attitudes toward

FIGURE 1:
Theoretical Framework



green attributes are also strengthened when individuals exhibit willingness for personal sacrifice and perceive an ecological relevance to their individual actions (Dembkowski and Hanmer-Lloyd 1994; Fraj and Martinez 2007). We suggest the willingness for sacrifice and perceived ecological relevance of actions are also aspects of a green lifestyle. Therefore we suggest that attitudes toward green product attributes are influenced by a green lifestyle. Specifically we argue that consumers who lead green lifestyles are more inclined to value and appreciate green attributes of low involvement gifts such as a calendar. This can be reflective of the personal involvement and perceived responsibility aspects of consumers' green lifestyles.

H_3: Consumers who practice every day green activities will value green attributes in a gift calendar.

Dembkowski and Hanmer-Lloyd (1994) also theorize that product specific green attitudes (e.g., attitudes toward products with attributes less harmful to the environment) will influence environmentally conscious purchases and consumptions. Although calendars are perceived as low involvement products (impulse purchase products), we argue that when consumers value the green attributes of gift calendars (green attitude) they will also perceive these attributes as important when considering making a purchase.

H_4: Consumers that value green attributes in a gift calendar will perceive green attributes as important when considering whether to buy a calendar.

METHODOLOGY

Data Collection and Sample Description

This study was part of a larger research project that investigated attitudes and behavioral intentions of college alumni with respect to green products. Fieldwork began with semi-structured interviews of college alumni, in order to become familiar with issues and factors surrounding green, attitudes, and behavioral intentions related to college alma maters. From these interviews a questionnaire was developed. Questionnaires were administered in-person via paper and pencil. Table 1 summarizes the descriptive characteristics of the sample. Survey data were collected from 101 college graduates from both private (33 percent) and public (67 percent) universities. In order to understand the relative size of their universities, respondents were asked to report the largest class size they attended while in undergraduate school. Sixty percent reported that their largest class size was above 100 students. This indicates that two-thirds of the respondents attended midsize or large public universities. About half of the respondents had graduated within the last five years, are married, and live in a two person household. The household income of the respondents is medium to high as only 24 percent earn annually $60,000 or less. This implies that about half of the sample represents young professionals who have been recently married and probably have no children at home. The sample represents almost equally males (53 percent) and females (47 percent).

With respect to purchase and usage of calendars, almost 80 percent of the sample owns one to three wall calendars. Most frequently, calendars are received at work, as a gift, and/or are purchased in a retail store. On-line purchases are more infrequent, as is receiving calendars from social groups or charities. On average, calendars are more frequently used for functional purposes (events and to-do-list) than as a decoration.

Measures

The measurement items for the variables used in this study are listed in Table 2. To operationalize *Green Lifestyle* we used the 'actual commitment' dimension of Maloney and Ward's (1973) ecological scale. This is an established scale used in many studies to assess ecological/green lifestyle and the scale has been used in conjunction with structural equation analysis (Chan 1999; Fraj and Martinez 2006). The Green Lifestyle statements were formatted in a 5-point Likert-style with a scale ranging from "1" (strongly disagree) to "5" (strongly

TABLE 1:
Descriptive Characteristics of Participants (N = 101)

Characteristic	Frequency (%) or Mean (S.D.)
Type of college attended as an undergraduate	Frequency (%)
Private	33
Public	67
Largest class attended in college (# of students)	Frequency (%)
39 or less	18
40-100	22
101-300	32
301 or higher	28
Years since an undergraduate degree was received	Frequency (%)
5 or less	51
6-10	34
11 or more	15
Gender:	Frequency (%)
Males	53
Females	47
Marital status	Frequency (%)
Married	50
Single	46
Divorced/Separated	4
Number of family members in the household	Frequency (%)
1	24
2	48
3	14
4 or more	14
Annual household income:	Frequency (%)
$60,000 or less	24
$60,001-$90,000	32
$90,001-$120,000	19
More than $120,000	25
Number of wall calendars household owns:	Frequency (%)
None	14
1-3	79
4 or more	7
Channels used to acquire calendars (scale: 1-never; 5-very often):	Mean (S.D.)
Purchased from a retail store	2.6 (1.35)
Purchased on-line	1.9 (1.33)
Received as a promotion	2.3 (1.23)
Received as a gift	2.7 (1.31)
Received from a social group or a charity	2.1 (1.33)
Received at work	2.9 (1.47)
Usage of calendars (scale: 1-never; 5-very often):	Mean (S.D.)
For daily events	4.0 (1.36)
For weekly events	4.2 (1.17)
For monthly events	4.4 (.97)
As a decoration	2.6 (1.44)
As a to-do-list	3.4 (1.52)

agree). An individual's attitude toward receiving a gift calendar printed on environmentally friendly paper was captured with a single question, shown in Table 1, and labeled as *Green Attitude*. The values for Green Attitude ranged on a 5-point scale from "1", "Not important at all", to "5", "Very important". An individual's behavioral intention in choosing a calendar with green or environmentally friendly features was captured with a single question, shown in Table 2, and labeled as *Green Behavioral Intention*. The values for Green Behavioral Intention ranged on a 5-point scale from "1", "Unimportant" to "5", "Important". Consistent with other studies on consumer lifestyles (Divine and Lepisto

TABLE 2:
Measurement Items and Statistics

Latent Variables	Measured Variable	Measurement Item	Standardized Loading	Composite Reliability	AVE
Green Lifestyle	GL1	I guess I've never actually bought a product because it had lower polluting effect (reversed coded)	0.73***	0.89	0.56
	GL2	I make a special effort to buy products in recyclable containers	0.86***		
	GL3	I have switched products for ecological reasons	0.99***		
	GL4	I have attended a meeting of an organization specifically concerned with bettering the environment	0.81***		
	GL5	I subscribe to ecological publications	0.55***		
	GL6	I recycle at home or work	0.62***		
	GL7	I keep track of my congressman and senator's voting records on environment issues	0.48***		
Green Attitude	Green Attitude	If your University/College were to send you a high quality wall calendar, how important is it to you that the calendar be printed on "environmentally friendly" paper?	1.00		
Green Behavioral Intention	Green Behavioral Intention	Please rate the following features on how much they are important or unimportant to you when choosing a calendar: Green/environmental	1.00		
Gender	Gender	Male or female (Coded 1 or 2)	1.00		
Income	Income	What is your annual household income? (Coded 1 through 7) Less than $30,000 $20,000-$60,000 $60,001- $90,000 $90,001- $120,000 $120,001- $150,000 $150,001- $180-000 More than $180,000	1.00		

TABLE 3:
Correlations, Means, Standard Deviations, Minimum, Maximum

	Variable	1	2	3	4	5	6	7	8	9	10	11
1	**GL1**											
2	**GL2**	-0.35**										
3	**GL3**	-0.47**	0.68**									
4	**GL4**	-0.39**	0.43**	0.40**								
5	**GL5**	-0.22*	0.26**	0.36**	0.62**							
6	**GL6**	-0.23*	0.39**	0.36**	0.15	0.17						
7	**GL7**	-0.22*	0.34**	0.26**	0.33**	0.41**	0.29**					
8	**Green Behavior**	-0.24*	0.57**	0.55**	0.41**	0.40**	0.36**	0.43**				
9	**Green Attitude**	-0.31*	0.56**	0.55**	0.44**	0.28**	0.27**	0.35**	0.74**			
10	**Gender**	0.07	-0.03	0.03	0.03	0.01	0.04	-0.14	0.10	0.17		
11	**Income**	-0.06	0.26*	0.12	0.12	0.12	0.03	0.16	0.08	-0.02	-0.22*	
	Mean	2.74	2.92	2.85	2.15	1.60	3.77	1.89	2.73	2.52	1.47	3.61
	S.D.	1.37	1.11	1.24	1.36	1.10	1.41	1.08	1.29	1.18	0.50	1.53
	Min.	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Max.	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.00	7.00

**$p \leq .01$; *$p \leq .05$; two tailed tests

2005), two control variables were also used: *Gender* and *Income*. Gender was coded as "1" for male, and "2" for female. Income was coded on a scale from "1" to "7", using the ranges listed in Table 1, with "1" representing the lowest income category and "7" representing the highest. The correlations, means, standard deviations, minimums and maximums for all variables are shown in Table 3.

Analysis

The hypothesized structural equation model was tested using LISREL 8 (Jöreskog and Sörbom 2006). We used a two step approach to model testing as recommended by Anderson and Gerbing (1988). The first step includes the construction and validation of a measurement model, which specifies the relationships among the observed variables and latent variables. The second step involves testing the structural model which specifies the relationships among the latent variables. The measurement model allows assessment of convergent and discriminant validity, while the structural model provides an assessment of nomological validity (Schumacker and Lomax 2004). We assumed no error on the single item variables.

In testing the structural model we used nested model tests to assess the fit of the hypothesized model and alternative models (Maruyama 1997). Nested models help validate the hypothesized model by comparing the chi-square of reasonable alternative models. Three models were constructed. Model 1 was a saturated model, with all paths between variables specified, including control variables. Model 2 was the hypothesized model. LISREL model results from Model 2 suggested that a slightly modified model would improve the fit. Therefore we ran a final model, Model 3, with two additional paths: from Green Lifestyle to Green Behavioral Intention and from Gender to Green Attitude.

RESULTS

Measurement Model

The first step in our analysis was to test the fit of the measurement model. Model fit is assessed in terms of three indices: comparative fit index (CFI), goodness-of-fit index (GFI) and root mean square of approximation (RMSEA). A model is considered to be satisfactory if CFI > 0.95, GFI > 0.90 and RMSEA < 0.06 (Hu and Bentler 1999; Bearden et al. 1993). The first measurement model tested did not fit the data well [χ^2 (38)=71.27, CFI=0.94, GFI=0.89, RMSEA=0.09). A closer look at the LISREL output revealed that several of the measurement items for Green Lifestyle were correlated with each other. The measurement model was therefore refined to allow these measures to correlate. The resulting model exhibited satisfactory fit ([χ^2 (35)=32.80, CFI=1.00, GFI=0.94, RMSEA=0.00).

In addition to model fit, we examined the convergent and discriminant validity of the measurement items for each latent variable. Table 2 summarizes the results of this analysis. Convergent validity refers to the extent to which multiple items measuring the same construct are in agreement (Nunnally 1978), and was assessed three ways. First, the standardized loading factors, which indicate the level of agreement between measurement items and a latent variable, are all significant ($p \leq 0.001$) for the one multi-measured latent variable, Green Lifestyle. Second, the internal consistency for the measurement items was calculated using the composite reliability score developed by Werts and colleagues (1973). Composite reliability should be interpreted like a Cronbach's alpha coefficient and should exceed 0.70 (Fornell and Larcker 1981). Finally, the average variance extracted (AVE) is the ratio of the construct variance to the total variance among the indicators, and should be greater than 0.50 (Fornell and Larcker 1981). The composite reliability and AVE values in Table 2 exceed recommended levels and thus the latent variable of Green Lifestyle demonstrates good convergent validity. Discriminant validity refers to the extent to which a construct is different from other constructs. Constructs demonstrate discriminant validity if the AVE is higher than the squared correlation between the constructs (Fornell and Larcker 1981). The square root of the AVE of the Green Lifestyle construct (0.75) is higher than the correlations between the other constructs, demonstrating discriminant validity.

Nested Structural Model Tests

Table 4 contains the goodness-of-fit statistics for the nested model tests. The first criterion for model fit is the non-statistical significance of the chi-square test, which indicates that the sample covariance matrix and the model-implied covariance matrix are similar (Schumacker and Lomax 2004). The chi-square for model 1 is not statistically significant (p=0.57) and the goodness-of-fit statistics are good (RMSEA = 0.00, GFI = 0.94, AGFI = 0.89, NFI = 0.91).

The next step is to test the saturated model against reasonable alternative models. When testing a parsimonious model against a fully saturated structural model, a non-statistically significant change in chi-squared is desired, indicating that the more parsimonious model fits as well as the saturated structural model, but the former has more degrees of freedom (Maruyama 1997). The second model, which was the hypothesized model, had a better fit than the saturated model (change in chi-square = 6.81, p>0.10). The third model was the hypothesized model with two additional paths, one from Green Lifestyle to Green Behavioral Intentions and another from Gender to Green Attitude Intention. The third model was a better fit than the saturated model (change in chi-square = 1.6, p>0.10). The third model also had better fit statistics than the second model (RMSEA = 0.00, GFI = 0.94, AGFI = 0.90, NFI = 0.90). Therefore we will discuss the results of the third model.

TABLE 4:
Nested Structural Model Statistics

Model	χ^2	*df*	*p*	RMSEA	GFI	AGFI	NFI
1. Saturated, baseline	32.80	35	0.57	0.00	0.94	0.89	0.91
2. Hypothesized, no control variable paths to endogenous variables	39.61	39	0.44	0.01	0.93	0.89	0.89
3. Hypothesized, with Gender path to Green Attitude and Income Path to Green Lifestyle	34.40	39	0.70	0.00	0.94	0.90	0.90

Model Relationship Results

Figure 2 shows the standardized parameter estimates and t-values of the final model, Model 3. Table 5 summarizes the hypotheses testing results. The proposed framework suggested that green lifestyle varies for different demographic segments. However, H_1 was not supported. Females were not found to lead greener lifestyles than males. The second hypothesis was supported, higher income was related to green lifestyle. Hypotheses 3 and 4 were both supported. Practicing everyday green activities positively influenced valuing green attributes in a gift calendar (H_3). The standardized path coefficient between these two variables suggests that Green Attitude increased 6.7 percent with every 10 percent increase in Green Lifestyle. In addition, valuing green attributes positively influenced the perception that green attributes were important when buying a calendar (H_4). Based on the path coefficients, Green Behavioral Intention increased 4.8 percent with every 10 percent increase in Green Attitude.

In addition to the hypothesized relationships, two additional statistically significant relationships were found. Gender was found to be directly related to Green Attitude. Females, more so than males, found green attributes important. In addition Green Lifestyle was found to be directly related to Green Behavioral Intention. Green Behavioral Intention increased 3.6 percent for every 10 percent increase in everyday green lifestyle activities. Finally, the squared multiple correlation (SMC) of Green Attitude (0.48), suggests that variation in that construct is well-explained by Green Lifestyle and Gender. Green Attitude and Green Lifestyle also explained much of the variation in Green Behavioral Intention, with an SMC of 0.60.

DISCUSSION

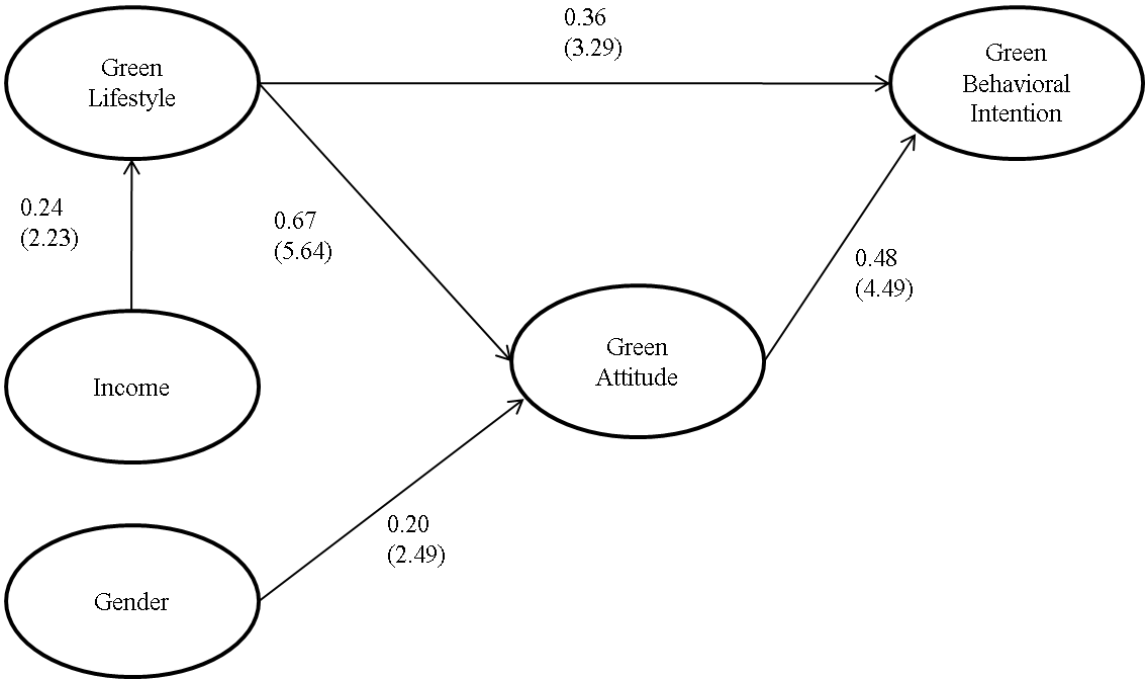
The proposed framework suggested that green lifestyle varies for different demographic segments. The results support this assumption for income but not for gender. Higher income was related to greener lifestyle (H_2) while females were not found to lead greener lifestyles than males (H_1). This is in contrast with previous studies that have found that women maintain a healthier lifestyle than men (Divine and Lepisto 2005). The measure used in this study did not focus only on the health aspect of green lifestyle and therefore could have produced different results from previous studies. Green attitude however varied by gender. Females were more prone to care about green attributes of a gift calendar than males. This relationship needs further investigation. This result might indicate that green attitude varies by gender based on the product category.

The framework also argued that green lifestyle influences green attitude which in turn influences green behavioral intention (H_3 and H_4). This was supported by the SEM. However green attitude only partially mediated the relationship between green lifestyle and green

TABLE 5:
Summary of Hypotheses Testing

Relationship	Argument	Hypothesis	Results
Demographics and Green Lifestyle	Women are more inclined to practice every day green activities than men.	H_1	Not Supported
	Higher income consumers are more inclined to practice every day green activities than lower income consumers.	H_2	Supported
Green Lifestyle and Green Attitude	Consumers who practice every day green activities will value green attributes in a gift calendar.	H_3	Supported
Green Attitude and Green Behavioral Intention	Consumers that value green attributes in a gift calendar will perceive green attributes as important when buying a calendar.	H_4	Supported

FIGURE 2:
Structural Equation Model 3



Notes: This is a simplified version of the model. It does not show error terms or the indicator variables of the latent constructs. All paths are statistically significant at the level of $p<0.05$. Text alongside arrows indicates standardized path coefficients and t-values.

behavioral intention. Green lifestyle also had a direct association with product-specific green behavioral intention. The partially mediated relationship between green lifestyle and green behavioral intention could result from using a low involvement products domain, specifically calendars, which are known as impulse purchases.

Limitations. Using a non-probability sampling method can put in question the representativeness of our findings. However, in collecting the data a quota sampling method ensured almost equal representation of males and females as well as a proportionate representation of public and private school graduates. The sample is skewed toward upper-middle class young professionals. However, research indicates that this Gen Y segment is more prone to purchase and use green products. Another limitation is measurement development process. Except for one measure, one-item scales were used as measures. More comprehensive measures should be developed in future studies to strengthen the validity and reliability of our results. Finally, the small sample size could have caused the insignificant relationship between gender and green lifestyle of respondents. Still, most relationships came out significant indicating that the sample size was not a major hindrance to the structural equation analysis. A larger scale sample should be employed to validate our findings.

Managerial Implications. These results have important implications for companies that market low involvement products. Our results indicate that green consumers are prone to choose low involvement products with green attributes. Thus, demand for green low involvement products exists within the young professional segment that practices a green lifestyle. Developing promotions to strengthen attitudes of green lifestyle consumers toward these products will increase green purchases. In particular, stressing the green attributes of low involvement products is essential to catching the attention of and motivating green lifestyle consumers to purchase those products. In addition companies with low involvement products should identify and target the green lifestyle consumers in the higher income segment. Thus, green low involvement products should be placed in channels attracting the high income segment. Using Target instead of Wal-Mart might be one such strategy. Another strategy could be to target the high income segment based on geographic location. In high income areas the same channel might carry green low involvement products while in low income areas it might not. Such companies should also target their promotions more attentively toward the female segment in particular, with decorative low involvement products such as calendars. Decorative green low involvement products that are used as gifts might be more marketable as they are more attractive to women with a green lifestyle.

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SUPPLY CHAIN ALLIANCES: EXPLORING THE DRIVERS OF PERFORMANCE VALUE AND BUYER SATISFACTION

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

INTRODUCTION

Much has been discussed and conceptualized about managing collaborative buyer-supplier partnerships and alliances in the supply chain (Jap 1999; Jap and Ganesan 2000; Terpend, Tyler, Krause and Handfield 2008). Indeed, Terpend, et al. (2008) recently completed a review of the buyer-supplier relationship literature that spanned 20 years. Their review concluded that more needs to be done to understand the *value* that these types of relationships deliver. Anecdotal evidence suggests suppliers are invaluable in aiding customers with product and process innovations, costs savings projects, and even helping their customers overcome natural disasters. In the case of the latter situation, suppliers proved to be critical in Procter & Gamble's ability to get its New Orlean's coffee operations back on track after Hurricane Katrina pummeled the entire Mississippi River basin (Schildhouse 2006). From diverting raw materials away from the storm's path to helping access shelters for P&G employees who lost their own homes in the catastrophe, suppliers rose to the challenge on behalf of their customer.

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While the P&G example may be extreme, it showcases the importance of maintaining well-managed supplier collaborations and alliances and how tremendous their value can be to the buyer. Therefore, this paper proposes two key research questions to develop a greater understanding of how alliances contribute to performance value and how that value can lead to greater satisfaction for the buyer. As a consequence, the authors seek to: 1) determine which types of operating variables affect the performance of the firm; 2) measure the *relative* impact of these operating variables; and 3) learn whether supply chain alliances have a *differential* impact on buyers' satisfaction.

UNDERSTANDING SUPPLY CHAIN ALLIANCE VALUE

Supply Chain Management (SCM) has been defined in various ways by academic researchers (Mentzer, et al. 2000). A generally well-accepted definition from the Global Supply Chain Forum defines SCM as "the integration of business processes from end-user through original suppliers that provides products, services, and information that add value for customers" (Lambert, Stock and Ellram 1998, p. 504). Others such as Cavinato (1991) and Kotzab and Schnedlitz (1998) define SCM as a special form of strategic partnership between buyers and suppliers, with

positive effects on the overall performance of the channel.

Alliances are used to describe relationships that intertwine the needs of partners who come together for mutual interests and eventually, profitable market performance. The key element of supply chain alliances is activity integration between buyers and suppliers. In fact, Bechtel and Jayaram (1997) present an integration-continuum between "pure awareness" and "pure integration" of supply chain activities; they champion the view of a supply chain as a "seamless demand pipeline" with the end-user as the driving force in the entire system (Bechtel and Jayaram 1997, p. 18).

The *performance value* gained from integrating customers and suppliers takes on many forms. Flynn, Huo and Zhao (2010) catalogue a large number of performance measures from supply chain integration. In most of the buyer-supplier relationships discussed in their paper, there are some variables that suppliers can directly or indirectly affect and others which are inherent to the company's operations—more structural in nature—that can only be managed by the company itself. For example, OfficeMax®--an office supply firm--contends they can offer customers optimized purchasing and inventory management for their office supplies (www.OfficeMax.com) and they probably can have a direct impact on costs of the materials used in an office setting and may even have an indirect impact on the usage patterns of the supplies. However, it is very unlikely that OfficeMax® will have any effect on the wages earned by the office employees of the customer.

Factors of Performance Value

Therefore, the first research objective is to determine where suppliers can add the most value in a relationship (Anderson and Narus 1998). The factors that can be directly or indirectly impacted by the supplier are termed as "controllable" while those not directly affected by the supplier are discussed as "structural." *Structural* variables are defined as those that are company- or industry-specific and therefore suppliers would have very little, if any, effect on these variables. Flynn, et al. (2010) highlight studies that have investigated different types of performance measures to determine their impact on performance standards. However, very few studies have actually measured the extent to which controllable versus non-controllable variables are more or less impactful to operational performances of customers. The overarching research question to answer is: "do certain types of operating variables impact customer performance?" The second follow-up question is then, "among these variables, which ones are more impactful?"

Previous research has established that suppliers can have an impact on customer performance (Anderson and Narus 2004; Flynn, et al. 2010). However, this research has not uncovered the extent to which these variables can impact the value customers can gain from an alliance. In this paper, the authors suggest that *Structural*—or non-controllable—variables will have the most impact on operational performance of the customer; however, suppliers will have the least ability to affect these variables. Conversely, suppliers will have higher effects on *Controllable* variables; however, these variables will have less of an impact than structural variables. Moreover, it is expected that Directly-controllable variables will have greater effects on the operational performance of alliance customers than Indirectly-controlled variables. From the office supply company example offered earlier, the Structural variable is the average wage paid by customers to their employees; the Directly-controllable variable is the cost of the materials; and, the Indirectly-controllable variable is the usage pattern of the materials. Therefore, the authors expect the operating variables to have the following effects:

- *Structural* operating variables will have the most impact on performance value;
- *Directly-controlled* operating variables will have the second-most impact on performance value;

Indirectly-controlled operating variables will have the least impact on performance value.

Predicting Alliance Satisfaction

The final research question addressed in the paper is: *Are alliance customers (buyers) more satisfied than non-alliance customers?* Customer satisfaction has a long history of being the focus of marketing practitioners as well as scholars (Kotler, Kartajaya and Setiawan 2010). But, to really understand whether an alliance is viewed as valuable to customers, an assessment of the satisfaction level of both the alliance partners and non-partner customers is necessary. That is, a supplier must determine whether or not the act of having an alliance has an impact on satisfaction levels. If not, then simply maintaining a certain level of overall satisfaction should suffice since managing alliances is hard work and can take a great deal of resources from both the supplier and the customer (Thomas and Esper 2010). Therefore, the final research question to address in this exploratory study is: *"Will customer satisfaction be higher for alliance partners than for non-alliance customers?"*

METHODOLOGY

The authors determined that an in-depth exploratory study, along with examining archival data, would reveal much about the performance value derived from supply chain alliances. The data were gathered by the focal supplier for the purpose of providing more concrete evidence of the benefits partners could achieve by working more closely with said supplier. Therefore, the data were not gathered for purely research purposes; rather, the authors planned to gain deeper understanding of alliance relationships by objectively examining the data and seeing what the patterns revealed. This is one of the appeals of using archival data that were not gathered for the researchers' purposes only: the data provide a level of objectivity to the research process and also gives a quantifiable way to understand the research questions at hand.

The company that developed the database is a large US food services provider to various restaurants, hotels, and healthcare facilities. Its revenue at the time of the study was approximately $6.6 billion. In the Supplier's quest to quantify its own value to its customers, it undertook an exhaustive survey of its hospital/healthcare customers. The objective of this survey was primarily a benchmarking study. The company wanted to determine the average cost of providing food services to end customers across the US as well as identify the performance metrics that customers could then use to compare the Supplier's performance to other suppliers so as to identify the best service providers. Potential alliance partners were identified from the pool of customers. In the process of indentifying partners, the Supplier was able to develop a representative sample of the company's customers. Indeed, the Supplier strongly felt that the potential partners must be a fairly representative group of all customers versus focusing on just one type of facility (e.g., size, volume, profit or not-for-profit, etc.). Over 300 facilities, out of the 1,204 approached, were willing to provide detailed data for the analysis. This resulted in approximately 25 percent participation rate.

Participating facilities were primarily non-profit (86 percent), community (74 percent) hospitals and healthcare centers located throughout the US. The facilities were mostly in the Southeast (32 percent) and Midwest (27 percent) while some were located in the Southwest (20 percent) and Northeast (15 percent). The remainder could be found in the Northwest (six percent). Approximately 25 percent were considered to be "large" (>202 beds) facilities; 37 percent were "small" (<90 beds); and, the remaining 38 percent were classified as "medium". Facilities were somewhat evenly distributed among Rural (29 percent), Urban (27 percent), and Suburban (34 percent) locations with ten percent not identified.

These potential partners (buyers) had to agree to 'open their books' to the Supplier for a thorough account audit. In return, hospitals/ facilities received a detailed report comparing their performance with that of the industry (reported as averages) as well as what the Supplier considered to be a 'stretch goal' of performing at the level of top hospitals in the dataset. The plan was that this benchmarking study would alert customers to their performance levels and if customers so chose, they could then decide to work more closely with the Supplier to gain the value that the Supplier was proposing to offer in an alliance.

Measuring Performance

Contributors to overall food facility costs are summarized in Table 1. Importantly, Table 1 shows the average costs per operational component for the entire set of respondents along with the average costs for the top ten percent and top 25 percent of the best performers. However, costs are not the entire story. Based on discussion with the focal Supplier, it was determined that *Cost Net of Cash* "…is the single most important comparative standard between hospitals" in attempting to manage their cafeteria operations. The metric calculates the amount of a hospital's daily costs that are covered by the cash earned from their cafeteria operations. In an analysis of the data, only nine percent of the total hospitals analyzed had sufficient cafeteria cash revenue to cover costs of operating. Therefore, opportunities for the Supplier to assist hospitals with managing costs and increasing revenues for greater value and better performance definitely existed. The primary concern was to determine which of the independent variables would be most impactful in improving hospitals' *Cost Net of Cash,* the study's dependent variable.

Performance Predictors

In reviewing the literature on supply chain management (Monczka, Handfield, Giunipero and Patterson 2009) and in conjunction with marketing and operating employees from the Supplier firm, a list of variables were developed to operationalize the focal predictors that were potentially the most impactful to customer performance (*Cost Net of Cash*). The authors were then able to classify the variables as being either Non-controllable (*Structural*) by the

TABLE 1:
Participating Customer Facility Costs ($US)*

Expected Direction	Variable and Type	Definition
-	Facility Size (S)	The total number of patient beds in the facility.
+	Subsidy (S)	Discount provided to employees, others for eating meals at café.
+	Average Wage (S)	Average wage rate for the labor force.
+	Patient Meal Costs (C-D)	The average cost of patient meals (excludes cafeteria meals).
-	Café Meals (C-I)	The total number of cafeteria meals (excludes in-patient meals)
-	Labor Productivity (C-I)	Number of productive labor hours divided by total labor hours.

*Dependent Variable is *Cost Net of Cash,* defined as the daily total cafeteria costs minus the revenue from the cafeteria operations.
S = Structural/Not-controllable by the Supplier
C-D = Directly-controllable by the Supplier
C-I = Indirectly-controllable by the Supplier

supplier and Controllable (*Directly* and *Indirectly*). Table 2 lists and defines each of the variables. Also included in the table is the expected impact (positive or negative) on the dependent variable (*Cost Net of Cash*) and the classification (Structural, Directly-controllable, Indirectly-controllable) of each of the variables used in the analysis.

Performance Findings

Table 3 shows the results of the regression analysis, including the standardized betas which tell which of the significant variables are the most critical to determining performance. As originally surmised, one of the Structural measures (*Subsidy*) was indeed the most impactful to performance. Significance level was high ($p < .001$) and it had the highest standardized beta (0.366). However, one of the Directly-controllable variables (*Patient Meal Costs*) was significant and it was ranked higher than the other Structural variables (*Average Wage* and *Facility Size*). Indeed, *Facility Size* was not even significant in the analysis. The two Indirectly-Controllable variables' standardized betas were ranked as 4th (*Labor Productivity*) and 5th (*Café Meals*) out of the six variables tested. Therefore, somewhat contrary to what was expected, variables that are directly controlled by the supplier can have as much of an impact, if not more, than structural or non-controllable variables.

Measuring Alliance Satisfaction

Having learned more about the extent to which a supplier can impact a customer's performance, the next question was to determine whether having an alliance with a customer leads to greater satisfaction on behalf of the customer. On an annual basis, the Supplier had fielded a satisfaction survey to all customers. After one year of completing the Performance Value Audits (from which the performance measures were tested), a simplified version of the annual survey was sent out to the 1,204 customers who were originally asked to participate in the study. Of this total, 406 (33 percent) replied and 356 (30 percent) had usable responses. The surveys were examined for positive signs of some of the changes instituted from the alliances developed.

The comparison is made between those buyers who were involved in the audit and agreed to be Alliance Partners (124 of the usable responses, or 35 percent) versus those buyers who were Non-alliance customers (232 of the usable responses, or 65 percent). There were five areas measured to test the satisfaction level of each participating client. The five variables are

TABLE 2:
Performance Predictors*

Expected Direction	Variable and Type	Definition
-	Facility Size (S)	The total number of patient beds in the facility.
+	Subsidy (S)	Discount provided to employees, others for eating meals at café.
+	Average Wage (S)	Average wage rate for the labor force.
+	Patient Meal Costs (C-D)	The average cost of patient meals (excludes cafeteria meals).
-	Café Meals (C-I)	The total number of cafeteria meals (excludes in-patient meals)
-	Labor Productivity (C-I)	Number of productive labor hours divided by total labor hours.

*Dependent Variable is *Cost Net of Cash*, defined as the daily total cafeteria costs minus the revenue from the cafeteria operations.
S = Structural/Not-controllable by the Supplier
C-D = Directly-controllable by the Supplier
C-I = Indirectly-controllable by the Supplier

TABLE 3:
Performance Results

Expected Direction	Variable	Estimate (SE)	T-value	STB	Variable Rank
N/A	Intercept	5.298*** (1.25)	4.26		
-	Facility Size (S)	-0.001 (.001)	-0.93	-0.076	NS
+	Subsidy (S)	2.34*** (0.362)	6.48	0.366	1st
+	Average Wage (S)	0.186*** (0.036)	5.10	0.301	3rd
+	Patient Meal Costs (C-D)	0.167*** (0.029)	5.71	0.343	2nd
-	Café Meals (C-I)	-000* (5.77E-7)	-1.75	-0.137	5th
-	Labor Productivity (C-I)	-6.170*** (1.268)	-4.87	-0.278	4th

F-value: 41.31***; *Adj-R^2*: 0.6575; 127 observations
* = p<.10; ** = p<.05; ***=p<.01
*Dependent Variable is *Cost Net of Cash*, defined as the daily total cafeteria costs minus the revenue from the cafeteria operations.
S = Structural/Not-controllable by the Supplier
C-D = Directly-controllable by the Supplier
C-I = Indirectly-controllable by the Supplier

listed in Table 4 along with the means of each item. The mean differences were tested to compare satisfaction levels of each type of customer (Alliance Partner and Non-alliance Customer) and a regression was run to understand which variables were able to predict overall satisfaction level in the relationships. Results are listed in Table 4.

Alliance Satisfaction Findings

Overall results suggest that Alliance Partners are significantly more satisfied with the Supplier than are Non-alliance customers. In particular, the *Account Manager* seems to be the driving force of that satisfaction level. This is not surprising, given that the *Account Manager* is very likely to be the one suggesting and implementing projects that may lead to generating the value expected by the Alliance Partners. *Customer Service* was also a contributor of *Overall Satisfaction*, suggesting that the Supplier was carrying through with its promise of delivering value to its Partners.

MANAGERIAL IMPLICATIONS, STUDY LIMITATIONS, AND DIRECTIONS FOR FUTURE RESEARCH

One of the primary implications from the results is that suppliers can have a definite effect on customers' performance. Based on these exploratory results, the Supplier will add the most value where they can *directly* impact (lower) the costs of meals. Some ideas for doing so with the Alliance Partner would be for the hospital facility to use more local and seasonal ingredients; to decrease waste and obsolete food items; and to develop other cost management projects to improve their cost position.

The Supplier could also help *indirectly* by assisting the Partner with improving labor productivity through Supplier Managed Inventories, thereby alleviating some of the work by hospital staff. In addition, labor productivity might be improved through an increase in Supplier's order fulfillment

TABLE 4:
Customer Satisfaction: Mean Difference Tests and Regression Results

Satisfaction Item†	Means Alliance Partner (n=124)	Means Non-Alliance Customer (n=232)
Delivery	3.29	3.31
Customer Service (*)	3.89	3.73
Driver	3.87	3.89
Account Manager (**)	4.09	3.69
Overall Satisfaction (**)	3.69	3.51

† Measured on a five-point scale with 1=Not at all Satisfied to 5=Extremely Satisfied
The mean difference is statistically significant for Customer Service, Account Manager, and Overall Satisfaction.
F-value: 195.68***; R^2= 0.71 for the regression of Delivery, Customer Service, Driver, and Account Manager leading to Overall Satisfaction.
* = p<.10; ** = p<.05; ***=p<.01

accuracy (e.g., items, quantities, billing). Improved accuracy would free customer employees from working through billing and shipment errors caused by suppliers. Another way for the Supplier to assist partners indirectly would be through helping alliance customers increase the number of cafeteria meals sold. Some ideas for doing so would be to provide fresher ingredients so meals taste better and to provide appealing recipes and presentation ideas to attract more cafeteria customers. Importantly, size *doesn't* matter in this study; all customers are seeking value from suppliers.

Finally, from the satisfaction results, there is value in developing alliances with customers. Overall satisfaction was higher for Alliances Partners than it was for Non-alliance Customers. Not surprisingly, the critical role of account managers in developing and supporting relationships should not be underestimated as level of satisfaction with the Account Manager generated the most difference between satisfaction levels of Alliance Partners and Non -alliance Customers.

There are several study limitations. First, the results, while encouraging, are not generalizable since only one supplier from one industry is analyzed. Indeed, the data were actually gathered by the Supplier for its own interests. Nevertheless, having this kind of secondary data, while unique, gives much greater insight into the dynamics of buyer-supplier relationships. Gathering similar data from suppliers in other industries would help make the findings more appealing to a larger audience.

Second, the data are cross-sectional in nature. While the performance data are quite detailed, having additional years of data to actually measure performance longitudinally would be ideal. Another idea would be to take a more qualitative and process-oriented approach. Heide's recommendation for understanding the lifespan of an alliance partnership from initiation to termination would be much more revealing about the value a supplier provides to a partner (Heide 1994).

Based upon the findings in this study, a subsequent analysis of similar data for companies in other industries is important to do. A follow-up study would help to definitively establish the extent to which suppliers can impact their own customers' performance. Knowing the type of operating variables most affected by suppliers would assist customers and suppliers in developing projects with the greatest return on investment for both parties. Another study that has potential for helping suppliers and customers would be to isolate the characteristics of

alliance pairs most likely to gain from in-depth data gathering projects. These kinds of projects take many resources (e.g, time, knowledge, money, etc.) to develop and implement. For reluctant customers and suppliers, knowing *a priori* which characteristics would be important to have in place would go a long way in alleviating many concerns.

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UNCORKING THE MYSTERY OF MARKETING WINE TO GENERATION Y: LESSONS FROM CONSUMER PSYCHOLOGY

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The current research demonstrates how Generation Y, "the next generation of wine consumers" (Holter 2009, p. 26), is different from other older generations in psychological and behavioral reaction to wine products. Seven hypothesized relationships are investigated using primary data (n=239). Generation Y consumes and purchases less wine than their older counterparts. Additionally, this younger generation has less wine expertise, is more likely to make price-quality inferences and be hedonically oriented. Contrary to expectations, this group is not more price conscious or prestige sensitive. These differences tied to the consumer psyche suggest potential strategies for effectively marketing wine and other related products and services to Generation Y.

INTRODUCTION

Consumer psychology, as a discipline, is focused on understanding how and why consumers make decisions. Key psychological processes such as motivation, perception, learning, and memory are studied to understand the mind of the consumer and ultimately, explain what can appear at first glance to be complex, irrational and/or unpredictable behaviors (Goulding 1999; Kotler 2009). Certainly, how a consumer makes a wine choice can seem mysterious. Many wine industry researchers already have begun to shed light on this mystery by examining related consumer influences such as product specific attributes (e.g., Aqueveque 2008; Barber, Ismail and Dodd 2007; Barrena and Sanchez 2009; Olsen, Thach and Nowak 2007; Romaniuk and Dawes 2005; Scarpa, Thiene and Galletto 2009; Veale 2008) and non-attribute issues including the impact of prior knowledge, involvement, word of mouth, purchase occasion, in-store atmospherics, and demographics (e.g., Aqueveque 2006; Barber, Dodd and Ghiselli 2008; Benjamin and Podolny 1999; Dodd and Gustafson 1997; Keown and Casey 1995; Martinez et al. 2006; North, Hargreaves and McKendrick 1999; Pompelli and Heien 1990; Quester and Smart 1998; Xue 2008). However, few have started to delve into the true psychological aspects of the wine purchase and consumption decision.

For a wine marketer, this insight into the consumer psyche is critical to effectively target any group of current or potential wine consumers. In recent years, the focus of the wine industry has been drawn to Generation Y which has been hailed as the "next generation of wine drinkers" (Holter 2009, p. 26) and was identified as an emerging market by the Wine Market Council as early as 2003. This generation has been characterized as distinct in attitudes, values and lifestyles resulting in unique challenges for the wine marketer (c.f., Harpers 2009; McCallum 2010; Tasker 2008; Wright 2006). By applying lessons from consumer psychology, this lucrative market should become less elusive.

THE FACTS ABOUT GENERATION Y

Generation Y, also referred to as the Millennial Generation or echo boomers, is not clearly defined. For instance, some researchers

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characterize this group as anyone born after 1977 (Bainbridge 1999; Freestone and Mitchell 2004), but others include those born after 1980 (Jimenez 2009). Still, HarrisInteractive, in its 2004 Millennium Generation Study, uses the year 1978 to delineate this group. Generation Y is estimated at over 41 percent of the population or approximately 76 million members (Thach and Olsen 2006). The one thing that is universally agreed upon is that Generation Y has the spending power and sheer numbers to transform markets for years to come.

According to Generation Y researcher Neil Howe, "every generation turns a corner, and in some critical respect, changes fundamentally the direction of whatever trends they inherit from the last generation" (Mello 2006). When compared to previous generations (i.e., Generation X, Baby Boomers, and Traditionalists), Generation Y has been characterized as technology and social network savvy (Harpers 2009; Holter 2009). Further, they are labeled as being cynical and responsive only to sincere and authentic messages (Holter 2009; McCallum 2010). Family, friends, and a balance between work and home life are valued (HarrisInteractive 2004).

Generation Y is becoming more interesting to wine marketers as they age and have the potential to equal or exceed their parents' generation in wine consumption. The Wine Market Council's 2009 Consumer Tracking Study shows that Generation Y wine consumption continues to rise accounting for 32 percent of off-premise sales in the wine industry while only representing 19 percent of the individuals comprising the market. This same study highlights that Generation Y eats out more, is more likely to belong to wine clubs, and is more optimistic about and least affected by current economic conditions. When asked if they were drinking more wine, 38 percent answered "yes", outpacing other generations. Even more appealing is that the Council estimates 20 million Generation Yers have yet to reach legal drinking age and enter the market.

This generation is taking to wine sooner than previous generations (McCallum 2010), but seem to be less knowledgeable and secure in their wine choices (Harpers 2009; Holter 2009). Generation Y wine consumers view wine as a drink that helps them relax and is appropriate for formal celebrations, but not a beverage to party with (Olsen et al. 2007). Olsen et al. (2007) also found that Generation Y perceives wine as sensual, sexy and sophisticated. Further, they are looking for value in their wine purchases (Wolf, Carpenter and Qenani-Petrela 2005) and identify price as the main purchase barrier (Treloar, Hall and Mitchell 2004). Of critical concern to marketers is that they seem to exhibit less brand loyalty with respect to wine (Tasker 2008).

As more and more of this generation reaches legal drinking age and is socialized into the larger alcohol industry, it is crucial to increase the understanding of the consumption influences, motivations and resulting behaviors of Generation Y consumers to secure a market for the future. While many researchers have focused on the behavioral issues, there is a need for more investigation into what is driving these measurable outcomes. Specifically, utilizing primary data collected from wine consumers (n = 239), this research focuses on behavioral and consumer psychological differences between Generation Y and previous generations such as Generation X, Baby Boomers, and Traditionalists. The goal of the current research is to demonstrate how and why Generation Y wine drinkers are different from other older wine drinkers. In the sections to follow, the hypothesized relationships and methodology are presented. This is followed by the results and discussion of the implications for wine marketers and marketers of other related products and services who are attempting to more effectively tap into this attractive market of consumers. Lastly, limitations and future research opportunities are discussed.

HYPOTHESIZED RELATIONSHIPS

Based on relevant consumer psychology literature, seven hypothesized relationships of

interest to wine marketers are investigated. This conceptual framework is illustrated in Figure 1. Each hypothesis explores a key difference, either behavioral or psychological, between Generation Y and previous generations of wine consumers. The relationship between behavioral responses and psychological influences is conceptualized as bi-directional due to the complex nature of consumer behavior (Banaji and Heiphetz 2010; Howard and Sheth 1969). As well-documented in consistency literature such as balance theory (Heider 1958), cognitive dissonance theory (Festinger 1957), and impression management theory (Tedeschi, Schlenker and Bonoma 1971), consumers are often motivated to maintain the consistency between their thoughts and behaviors. While it is generally believed that people's mental states influence their behaviors, they are also willing to change their mental states if they experience inconsistencies between their beliefs and behaviors.

Behavioral Responses

As previously documented, Generation Y wine consumption is on the rise. Despite exhibiting the highest growth rate (Wine Market Council 2009), these echo boomers have not outpaced other generations, particularly Baby Boomers who continue to represent the largest segment of the wine industry (Heeger 2007). Indeed, Generation Y is estimated to represent only 21 percent of the core wine market and 17 percent of the marginal market, compared to 37 percent and 39 percent for Baby Boomers, 21 percent and 20 percent for Generation X, and 21 percent and 24 percent for Traditionalists, respectively (Wine Market Council 2010). In a replication of generational wine consumption research and to verify the quality of the study sample, H_1 and H_2 are proposed. Further, in line with behavioral response research in marketing, consumption and purchase are treated as separate constructs (e.g., Foxall 1992).

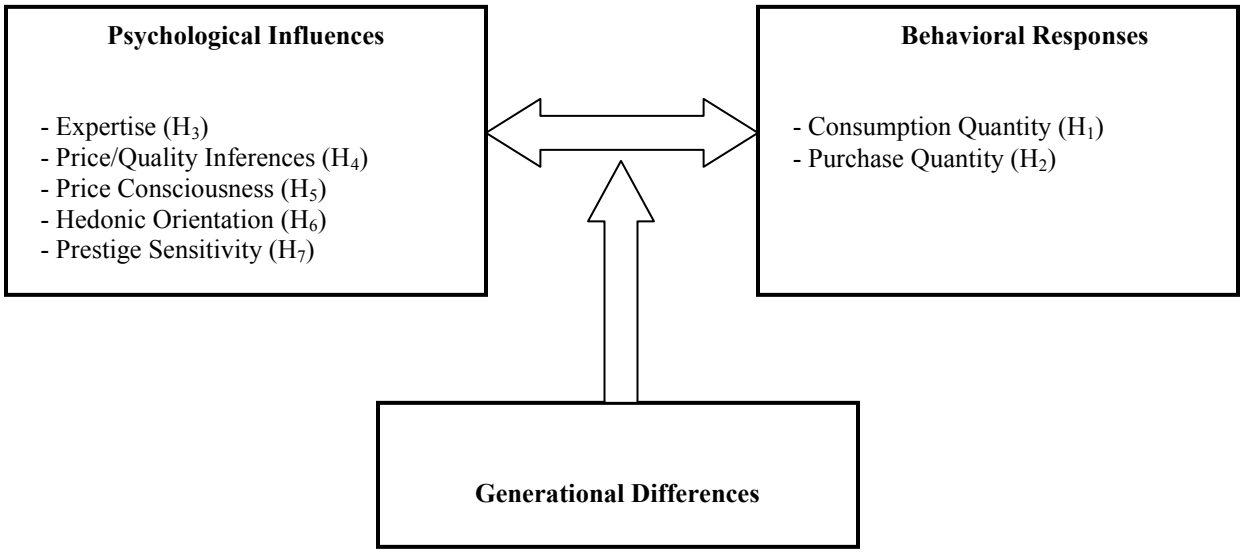
H_1: Generation Y consumes less wine than previous generations.

H_2: Generation Y purchases less wine than previous generations.

Psychological Influences

Researchers identified five key psychological influences that have been linked to wine purchase and consumption. Based on literature examining generational characteristics, the current research hypothesizes that Generation Y

FIGURE 1:
A Conceptual Framework of Generational Difference in Behavioral Responses and Psychological Influences



will diverge from previous generations as it relates to these influences.

When it comes to wine, Generation Y seems to be less knowledgeable than other generations (Holter 2009). Consumers' knowledge is generally positively associated with their wine consumption level (Hussain, Cholette and Castaldi 2007). The correlation between age and knowledge is also well documented in the marketing literature (e.g., Moschis and Churchill 1972; Ratchford 2001). Quite simply, as one ages, one has more experiences, and experiences provide the opportunity for knowledge acquisition (Gregan-Paxton and John 1997; Perrouty, d'Hauteville and Lockshin 2006). Park, Mothersbaugh and Feick (1994) suggest that self-assessed knowledge is determined by not only experience, but confidence. This same generation has reported less confidence in its ability to make the "right" wine choice (Harpers 2009). Consequently, the following hypothesis is proposed:

H_3: Generation Y has less wine expertise than previous generations.

Price and value are important issues to Generation Y when making a wine decision (Treloar et al. 2004; Wolf et al. 2005). Reliance on external cues such as price is more prevalent among consumers with less expertise (Espejel, Fandos and Flavián 2009; Olsen, Thompson and Clarke 2003). Internal cue reliance, which for the wine industry would encompass taste, smell and color, becomes more common among expert consumers (Lockshin and Rhodus 1993; Schiefer and Fischer 2008). Generation Y lacks this expertise and should naturally gravitate towards price as a marketplace signal. Hence, the following hypothesis is proposed:

H_4: Generation Y is more likely to make price/quality inferences than previous generations.

Price consciousness, as defined by Lichenstein, Ridgway and Netemeyer (1993), relates to the degree that consumers focus on paying a low price. While it is believed that Generation Y will gravitate to the price/quality relationship when evaluating wine, it is also believed that their lesser financial resources when compared to older generations will make them more price -conscious. Further, as stated by Goldstein et al. (2008), "non-expert wine consumers should not anticipate greater enjoyment of the intrinsic qualities of a wine simply because it is expensive" (p. 1). Given their lack of expertise, Generation Y wine drinkers may understand that a more expensive wine is judged to be of better quality, but may also recognize that they will not appreciate it at this point.

H_5: Generation Y is more price conscious than previous generations.

Products such as wine are often consumed for the experience as much as for any true utilitarian purpose (Combris, Lecocq and Visser 1997; Hirschman and Holbrook 1982). Hedonic orientation, an individual level construct, plays a critical role in the wine decision process and sheds light on the motivation for consuming wine (Neeley, Min and Kennett-Hensel 2010). Previous research provides evidence that in a wine tasting setting, quality of wine is more important to older guests, while a relaxing environment including a more social experience is preferred by Generation X and Generation Y consumers (Fountain and Charters 2004; Hall, Binney and O'Mahony 2004). Experience tends to be more important for younger consumers and the wine itself is more important for older consumers. Not surprisingly, younger consumers tend to be interested more in the hedonistic and social experiences of wine (Brown, Havitz and Getz 2007; Getz and Carlsen 2008).

H_6: Generation Y is more hedonically oriented than previous generations.

Prestige sensitivity examines price as a social cue to others (Lichenstein et al. 1993). This is a particularly relevant construct for the wine industry since wine is often purchased for public consumption (e.g., in a restaurant or at a party) or as a gift, and individuals might be concerned that choosing a cheap bottle of wine would reflect negatively on them. Generation Y, in particular, has been characterized as being brand conscious (e.g., Nowak, Thach and Olsen

2006; Reisenwitz and Iyer 2009; Syrett and Lamminman 2006; Thach and Olsen 2006), a trait that also encompasses signaling to others and underscores the importance of what others think. Accordingly, it is hypothesized that:

H_7: Generation Y is more prestige sensitive than previous generations.

METHODOLOGY

Data Collection and Sample

A 95-item survey instrument was developed and distributed to a convenience sample of wine consumers located in the Southwestern United States. Two hundred and thirty-nine (n=239) usable responses were received. All respondents were at least 21 years of age. Table 1 provides a key demographic profile of the respondents. In terms of gender distribution, 52.5 percent of the respondents were male and 47.5 percent were female. Respondents had high levels of education with 92.9 percent of the sample having completed or in progress of completing at least an undergraduate degree. That is, the sample contained college students (47.5 percent), undergraduate degree holders (29.8 percent), graduate degree holders (8.8 percent), and post-graduate degree holders (6.7 percent). Yet, income levels were not relatively high. Only 28.6 percent of the sample had annual household income of $75,000 or higher. Finally, with regard to marital status, 54.6 percent of the respondents were single while 45.4 percent were married, divorced, or widowed.

In addition, as described in Table 2, Generation Y, Generation X, and Baby Boomers/ Traditionalists accounted for 43.1 percent, 33.5 percent, and 23.4 percent of the survey respondents, respectively. A stronger representation of younger wine drinkers in this study is consistent with the current trend in the U.S. (Hochstein 2009). Only 15.0 percent of Generation Y respondents reported household income of $75,000 or higher versus 21.1 percent for Generation X and 60.8 percent for Baby Boomers/Traditionalists. Additionally, 54 percent of Generation Y respondents indicated household income lower than $25,000 versus 23.6 percent for Generation X and 6.0 percent for Baby Boomers/Traditionalists. In terms of education, only 32.4 percent of Generation Y respondents reported holding an undergraduate, graduate, or post-graduate degree, compared to 57.6 percent and 51.7 percent for Generation X and Baby Boomers/Traditionalists respondents, respectively. Accordingly, and as expected, this sample indicates that Generation Y respondents in this study were less educated and reported less household income than other generational groups.

Measurement

Consumption Quantity. Participants' wine consumption quantity was measured on a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree) similar to Beatty and Kahle (1988). The one item (e.g., "I normally drink several glasses of wine in a week") was modified toward wine as a product.

Purchase Quantity. Participants' wine purchase quantity was measured based on two questions: how many bottles of wine they typically purchase at a time and how often they purchase wine. Their responses were combined and categorized into five groups: 1 (one bottle or less per six month), 2 (two to five bottles per six month), 3 (one bottle per month), 4 (two to three bottles per month), 5 (one bottle or more per week).

Expertise. As described in Table 3, participants' wine expertise was measured on a multi-dimensional, 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree) with fifteen items. While the scale originally consisted of five dimensions, in this study, a three factor solution was obtained: cognitive effort and automaticity (e.g., "At the place of purchase, I can visually detect my preferred brand(s) without much effort"), analysis and elaboration (e.g., "I will search for the latest information on wine before I purchase a brand"), and memory (e.g., "I can recognize almost all brand names of wine") (Kleiser and Mantel 1994). The Cronbach's α's for these

TABLE 1:
Key Descriptive Statistics of Respondents in the Study

Characteristic	Frequency	Percentage
Gender		
Female	112	47.5
Male	124	52.5
Missing	3	-
Total	239	
Education (highest level completed)		
High school	17	7.9
Some college	113	47.5
Undergraduate degree	71	29.8
Graduate degree	21	8.8
Post-graduate degree	16	6.7
Missing	1	-
Total	239	
Household Income		
$24,999 or lower	77	34.1
$25,000 – $74,999	84	37.2
$75,000 or higher	65	28.6
Missing	13	-
Total	239	
Marital Status		
Single	130	54.6
Married	92	38.7
Divorced	12	5.0
Widowed	4	1.7
Missing	1	-
Total	239	

TABLE 2:
Generational Breakout of Respondents

Generation	Respondents' birth year range	Number of respondents	Percentage
Generation Y	1980 – 1984*	103	43.1
Generation X	1965 – 1979	80	33.5
Baby Boomers or Traditional	1964 or older	56	23.4

Note: The sample included only participants who were of legal drinking age (21 or older) at the time of data collection. Baby Boomers and Traditionalists were collapsed into one category to enhance the statistical analysis of this study.

dimensions were .856, .895, and .894, respectively. To form a composite expertise measure, scores were aggregated for the 15 items (Cronbach's α = .915).

Price/Quality Inferences. Participants' price/ quality inferences were measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree) with two items (e.g., "I consider price as an indicator of quality when purchasing wine"). The Cronbach's α coefficient was .832.

Price Consciousness. Participants' price consciousness was measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree). Following Lichtenstein, Block and Black (1988), the three items (e.g., "I usually buy wine when it is on sale") were modified toward wine as a product. The Cronbach's α coefficient was .723.

Hedonic Orientation. Participants' hedonic orientation was measured on a multi-dimensional, 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Hedonic orientation, an individual level trait and not domain-specific, consisted of three different dimensions: newness (e.g., "I usually purchase brands of products that I have tried before" (reverse), feeling (e.g., "Drinking wine allows me to transcend into a more peaceful place"), and entertainment (e.g., "I enjoy going to the theater") (Neeley et al. 2010). The Cronbach's α's for these three dimensions were .711, .691, and .664, respectively. A composite measure averaging the 10 hedonic orientation items (Cronbach's α = .708) was used in the analysis.

Prestige Sensitivity. Participants' prestige sensitivity was measured on a 7-point Likert-type scale (1 = strongly disagree; 7 = strongly agree) with eight items (e.g., "People notice when you buy the most expensive brand of a product") (Lichtenstein et al. 1993). The Cronbach's α coefficient was .917.

RESULTS

Wine Consumption Quantity (H_1)

As predicted, the test showed a significant difference in wine consumption quantity between Generation Y and previous generations. Generation Y (M = 2.19, SD = 1.64) consumed less wine than previous generations consisting of Generation X, Baby Boomers, and Traditionalists (M = 2.79, SD = 2.02, $F(1, 236) = 5.10$, $p < .03$). Thus H_1 was supported. In post-hoc comparison tests, Generation Y reported consuming significantly less wine than the Baby Boomers/ Traditionalists (M = 3.16, SD = 2.53, $F(1, 156) = 9.35$, $p < .003$) but not significantly less than Generation X (M = 2.53, SD = 1.87, $F(1, 180) < 1$, $p > .3$).

Wine Purchase Quantity (H_2)

Consistent with H_2, the test showed a significant association between generations and wine purchase quantity. Generation Y purchased less wine than previous generations ($X^2 = 17.18$, $p < .002$). While 44.4 percent of Generation Y typically purchased one bottle or less per six month, 21.4 percent of previous generations reported that they purchase the same number per six month period. In addition, compared to 65.6 percent of previous generations, only 41.4 percent of Generation Y purchased at least one bottle of wine per month, Thus H_2 was supported. As shown in Table 4, post-hoc tests indicated that Generation Y purchased a smaller number of wine in a given period than Generation X ($X^2 = 10.84$, $p < .03$) and Baby Boomers/Traditionalists ($X^2 = 13.72$, $p < .008$).

Wine Expertise (H_3)

As predicted, the test showed a significant difference in wine expertise between Generation Y and previous generations. Generation Y (M = 2.73, SD = 1.11) reported to have less wine expertise than previous generations consisting of Generation X, Baby Boomers, and Traditionalists (M = 3.10, SD

TABLE 3:
Measures Used in the Study

Constructs	Measures	Item loadings
Expertise (Cronbach's α = .915)	*Cognitive effort and automaticity* (Cronbach's α = .856) • At the place of purchase, I can visually detect my preferred brand(s) without much effort. • I can immediately identify my preferred brand(s) even if it is located with other brands of wine. • When I purchase my preferred brand, I do not pay attention to the other brands of wine. • I am loyal to one brand of wine. • I automatically know which brands of wine to buy.	.856 .854 .755 .679 .636
	Analysis and elaboration (Cronbach's α = .895) • I will search for the latest information on wine before I purchase a brand. • I keep current on the most recent developments in wine. • I use my knowledge of wine to verify that advertising claims are in fact true. • My knowledge of wine helps me to understand very technical information about this product. • I consider myself knowledgeable about wine. • I enjoy learning about wine.	.854 .792 .762 .657 .635 .610
	Memory (Cronbach's α = .894) • I can recognize almost all brand names of wine. • I can recall product-specific attributes of wines. • I can recall brand-specific attributes of the various brands of wine. • I can recall almost all existing brands of wine from memory.	.822 .817 .817 .629
Price/Quality Inferences (Cronbach's α = .832)	• I consider price as an indicator of quality when purchasing wine. • I feel that more expensive wines are typically of better quality.	- -
Price Consciousness (Cronbach's α = .723)	• I usually buy wine when it is on sale. • I buy the lowest priced wine that will suit my needs. • When it comes to choosing wine for me, I rely heavily on price.	- - -

TABLE 3:
Continued

Constructs	Measures	Item loadings
Hedonic Orientation (Cronbach's α = .708)	*Newness* (Cronbach's α = .711) • I usually purchase brands of products that I have tried before. (reverse coded) • I generally buy products for the functions they provide. (reverse coded) • I buy brands that I am familiar with to avoid disappointment. (reverse coded) • Buying products that don't perform certain functions is a waste of money. (reverse coded)	.793 .751 .750 .589
	Feeling (Cronbach's α = .691) • Drinking wine allows me to transcend into a more peaceful place. • I like the way I feel when I drink wine. • I often buy products for the way they make me feel. *Entertainment* (Cronbach's α = .664) • Going to the movies is a good way to spend an afternoon. • I enjoy going to the theater. • I like listening to music as a way to escape everyday life.	.887 .850 .550 .851 .832 .502
Prestige Sensitivity (Cronbach's α = .917)	• People notice when you buy the most expensive brand of a product. • Buying a high price brand makes me feel good about myself. • Buying the most expensive brand of a product makes me feel classy. • I enjoy the prestige of buying a high priced product. • It says something to people when you buy the high priced version of a product. • Your friends will think you are cheap if you consistently buy the lowest priced version of a product. • I think others make judgments about me by the kinds of products and brands I buy. • Even for a relatively inexpensive product, I think that buying a costly brand is impressive.	- - - - - - - -

Notes: Unless otherwise indicated, all items were assessed on 7-point Likert type scales anchored by 1 (strongly disagree) and 7 (strongly agree).

TABLE 4:
Purchase Quantity by Generation

Purchase Quantity	Generation Y (n = 99)	Generation X (n = 77)	Baby Boomers or Traditional (n = 54)
One bottle or less per six month	44.4%	23.4%	18.5%
Two to five bottles per six month	14.1%	13.0%	13.0%
One bottle per month	17.2%	19.5%	20.4%
Two to three bottles per month	12.1%	22.1%	18.5%
one bottle or more per week	12.1%	22.1%	29.6%
Total	100.0%	100.0%	100.0%

= .1.10, $F(1, 236) = 5.34$, $p < .03$). Thus H_3 was supported. In particular, post-hoc tests reported that Generation Y perceived to have significantly less wine expertise than Generation X ($M = 3.12$, $SD = 1.13$, ($F(1, 180) = 3.96$, $p < .05$) and marginally less wine expertise than the Baby Boomers/ Traditionalists ($M = 3.06$, $SD = 1.04$, $F(1, 156) = 2.98$, $p < .09$).

Price/Quality Inferences (H_4)

As expected, the test showed a significant difference in price/quality inferences between Generation Y and previous generations. Generation Y ($M = 4.42$, $SD = 1.54$) was more likely to make price/quality inferences than previous generations ($M = 4.09$, $SD = 1.69$, $F(1, 233) = 6.06$, $p < .02$). Thus H_4 was supported. Specifically, according to post-hoc tests, Generation Y reported to use those inferences marginally more frequently than Generation X ($M = 4.18$, $SD = 1.72$, ($F(1, 180) = 2.76$, $p < .10$) and significantly more frequently than the Baby Boomers/Traditionalists ($M = 3.96$, $SD = 1.65$, $F(1, 153) = 6.11$, $p < .02$).

Price Consciousness (H_5)

H_5 predicted that Generation Y would be more price conscious than previous generations. However, inconsistent with this prediction, Generation Y ($M = 3.14$, $SD = 1.54$) was not more price conscious than previous generations ($M = 3.33$, $SD = 1.48$), $F(1,236) < 1$, $p > .7$). Thus H_5 was not supported. A potential reason for failing to find support for H_5 is explained in the discussion and implications section.

Hedonic Orientation (H_6)

As predicted, the test showed a significant difference in hedonic orientation between Generation Y and previous generations. Generation Y ($M = 3.97$, $SD = .66$) was more likely to be hedonically oriented than previous generations ($M = 3.74$, $SD = .65$, $F(1, 236) = 8.58$, $p < .004$); thus H_6 was supported. Post-hoc tests also showed that Generation Y was marginally more hedonically oriented than Generation X ($M = 3.82$, $SD = .65$, $F(1, 180) = 3.54$, $p < .07$) and significantly more hedonically oriented than the Baby Boomers/ Traditionalists ($M = 3.63$, $SD = .64$, $F(1, 156) = 11.10$, $p < .001$).

Prestige Sensitivity (H_7)

H_7 predicted that Generation Y would be more prestige sensitive than previous generations. Generation Y (M = 3.56, SD = 1.26) was directionally more prestige sensitive than previous generations (M = 3.39, SD = 1.39), but the difference did not reach statistical significance ($F(1,234) = 1.46$, $p > .2$). Thus H_7 was not supported. A potential reason for lack of support for H_7 is addressed in the discussion and implications section.

DISCUSSION AND IMPLICATIONS

The goal of the current research is to shed light on how and why Generation Y wine drinkers differ from older generations of wine drinkers. Using insights from consumer psychology, the research aims to achieve its overarching objective of assisting marketers in reaching the lucrative Generation Y wine consumer. Similarly, these findings should be of interest to marketers of related products and services (i.e., other alcoholic beverages, bars, nightclubs). Support was found for five out of seven hypothesized relationships. Findings indicate that Generation Y wine drinkers consume and purchase less wine than consumers from older generations. Additionally, these echo boomers report to have less wine expertise than Generation X, Baby Boomers and Traditionalists. Finally, Generation Y consumers are more likely to make price/ quality inferences when purchasing wine and are more likely to be hedonically oriented than older consumers.

Contrary to expectations, support was not found for the hypothesis predicting Generation Y to be more price sensitive than previous generations. The failed support may have occurred because Generation Y participants in this study were mostly light wine drinkers. In an additional analysis, it was found that over 60 percent of the Generation Y participants consumed less than one glass of wine per week, compared to 35 percent of previous generation participants who were light drinkers. The fact that light users are generally less likely to experience perceived risk (e.g., Lacey, Bruwer and Li 2009) and are less likely to be price sensitive than heavy users (e.g., Clancy and Shulman 1994; Kim, Shi and Srinivasan 2001) might have caused Generation Y consumers to be less price conscious. Even though generation (or age) and usage quantity are two different segmentation tools, future studies will need to simultaneously explore multiple segmentation bases that can influence consumers' wine purchase and consumption decision.

Second, support was not found for H_7 which predicted that Generation Y would be more prestige sensitive than previous generations. While the differences between generations were not statistically significant, they were directionally consistent with the hypothesized relationship. The current findings could be attributed to the scale that was employed in this study which was domain-general, rather than domain-specific (c.f., Saad 2007). Thus the current prestige sensitivity measure captured participants' general tendency, rather than their perceived prestige status that would be obtained from public wine consumption. It would be valuable to further test consumers' sensitivity to domain-general versus domain-specific individual difference scales.

Consistent with previous research, there are significant differences among generational groups that must be considered when targeting these segments of the market. These specific differences tied to the consumer psyche lead to potential strategies for more effectively marketing to Generation Y consumers. For instance, echo boomers tend to be more hedonically oriented, drinking wine for the experience and in social settings; however, previous literature says that this generation views wine as a drink that helps them relax and is appropriate for formal celebrations, but not a beverage to party with (e.g., Olsen et al. 2007). Changing this perception of wine as a more mainstream beverage for social occasions could potentially increase sales. The perception of wine being a more sophisticated beverage choice may lessen its appeal for consumption at

less formal social gatherings. Advertising and communication efforts targeted to this generation showing wine as a beverage to consume in various settings with the underlying theme being hedonically oriented benefits attained from wine consumption may lead to a more mass appeal and increased overall consumption.

Another implication of this research is that Generation Y consumers lack knowledge and expertise about wine. Consumers who lack knowledge tend to form ill-defined and less consistent preferences, and thus consume less of the product category (e.g., Hoeffler, Ariely and West 2006; West, Brown and Hoch 1996). Wine marketers should attempt to educate Generation Y consumers through communication efforts and event marketing. Organizing and promoting wine tastings targeted at the younger generation will allow wine producers to gain loyalty among this younger consumer for their specific brands. Retailers or collaborations among different wine regions would assist in building primary demand for wine in general as a beverage of choice.

Finally, because Generation Y consumers are more likely to infer quality of wine based on price, it is important to engage in pricing strategies that are consistent with the marketing communication efforts in promoting quality. Generation Y's perceived inexperience in evaluating wine should result in a gravitation towards price as a surrogate for quality. However, they may not be as attracted to lower priced wines as originally believed providing an opportunity for wine marketers to socialize them into higher wine price points.

LIMITATIONS AND FUTURE RESEARCH

As with any research, this study has limitations that result in potential areas for future exploration. The findings from the study are based on a convenience sample of U.S. consumers. While convenience samples are commonly used in reputable marketing journals (Fuchs and Sarstedt 2010), similar studies should be carried out among other groups of U.S. and international wine consumers to enhance generalizability and to determine if culture further influences these generational differences. Further, while it is believed that these results are generalizable to other related products and services, future researchers are encouraged to explore this assumption.

In the current study, consumer expertise is a self-report measure. Perception of expertise may not necessarily indicate actual expertise. Self-reported expertise may be based on familiarity with a product category and tied to a high level of consumption rather than actual knowledge. In addition to perceptions of one's expertise, it would be interesting to measure actual expertise to determine if there are any underlying generational differences that influence how people perceive themselves as experts.

Lastly, while there is evidence of generational differences, one may argue that other variables such as values and stage in lifecycle (i.e., single versus married with children) could be contributing factors to the differences rather than, or in addition to, the generation. As a true with any demographic segmentation approach, many within segment differences may still emerge. Generation Y as a market segment may require further segmentation to best understand its wine purchases, consumption and psychological influences. Future researchers are encouraged to explore these differences.

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MARKETING CREATIVITY: THE INFLUENCE OF PERSONAL AND PROXIMAL WORK FACTORS ON CREATIVE ACTIVITY

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Marketing strategy creativity is critical for product differentiation and positioning as meaningful differentiation can affect the profitability of a firm's offerings by offering something unique and useful to the consumer. Thus, examining the variables that impact creative decision-making by marketing managers is important. A greater understanding of these variables will clarify those conditions under which creative individuals are most likely to come up with creative ideas. However, the marketing literature reflects remarkably little effort in the domain of marketing creativity. The author draws on and synthesizes literature from the fields of psychology, management, and marketing to propose a model of managerial level creativity and its determinants. The proposed model suggests that creativity is directly related to personality characteristics and that this relationship is moderated by proximal work factors such as autonomy, time pressure, and job complexity. Also, it is suggested that the personality-creativity relationship is moderated by attribution for past performance. Theoretical and managerial implications of this research are discussed.

INTRODUCTION

Marketing strategy creativity is critical for product differentiation and positioning. Martindale (1989) defines creativity as a product or idea that is deemed by others in a particular field to be both original and useful. Therefore, marketing strategy creativity can be thought of as a strategy for marketing a product that is considered original and useful. Andrews and Smith (1996) suggest that creative marketing strategy is a special case of product innovation. Beyond creating innovative products, creative marketing strategies involve many other marketing issues including packaging, promotion, and positioning. The implementation of innovative solutions can enhance a firm's ability to adapt and grow with changes in its environment and the changing demands of its customers (Oldham and Cummings 1996).

In addition to enhancing a firm's ability to adapt to changes in its environment, creative marketing strategies can lead to meaningful product differentiation. Meaningful differentiation can affect the profitability of a firm's offerings by offering something unique and useful to the consumer. Without differentiation, products risk becoming little more than commodities in the eyes of consumers. Given the importance of product differentiation to firm profitability and growth, it is interesting to note that many established firms are lacking in the creativity of their marketing programs. This has led to criticism from senior management stating that marketing managers are unable to generate new methods for promoting products and rely on traditional methods for conducting business (Andrews and Smith 1996).

Interestingly, Amabile (1988) suggests that organizations tend to seek out and hire people with innate creative abilities; however, there is still variance in the creative performance of these firms. This variance is likely the result of the influence of contextual factors on creative personality characteristics. Research in psychology has shown that creativity is the result of a combination of both personal and situational factors (Amabile 1996; Andrews and

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Smith 1996). Understanding these personal and situational determinants and how they interact will enable managers to effectively create environments that are prone to innovative behavior, an important component in the profitability of the firm.

Traditionally research on creativity has primarily been confined to the disciplines of psychology and management. In marketing, most creativity research has borrowed from management and looked at organizational characteristics that may affect a firm's creative output and innovative behavior such as interdepartmental interaction and diversification of team members (Moorman and Miner 1997; Sethi, Smith and Park, 2001). Little research on creativity in marketing has been conducted at the individual level. Given the importance placed on the output of managers and their influence within the firm and the emergence of managerial decision making as an important stream of research in marketing, it is important that we understand creativity from the managerial perspective. In addition, since innovation is generally seen as a desirable firm activity, it is important to understand what characteristics are necessary in order to ensure an innovative organization (Andrews and Smith 1996). Thus, the purpose of this paper is to develop a model of creative marketing decision-making that incorporates the personal and contextual factors that may inhibit or promote its existence.

CONCEPTUAL BACKGROUND

Creativity

Although research in the domain of creativity is quite diverse, most theorists agree that creativity is more than simply an individual possessing creative traits. Vernon (1989) describes creativity as a person's capacity to produce new and original ideas or products that are accepted by experts in a particular field as being of some value. Mednick (1962) states that it is the forming of previously known associative elements into new combinations that are in some way useful. Martindale (1989) states that a creative idea is comprised of three components. First you must have a product or idea that is original. Second, this product or idea must be useful in some way or appropriate for the situation that it is intended. Finally, the product or idea must be put to use. Martindale (1989) further states that creativity in art and science is essentially the same thing as both domains involve the combination of existing elements in new and useful ways. The primary difference is the product of the creative process. For instance, in poetry a creative product involves the arrangement of currently existing words and concepts into a new story, while in business a creative product may involve the combination of currently existing product attributes into a new product.

What all of the above definitions of creativity share is the idea that creativity is not solely a quality that a person carries but that it is an outcome that is deemed original and useful by others. A person may have a novel idea but unless that idea has some relevance to a field, it remains simply a novel idea. This is an important point to make as it exemplifies the influence that environment and related social groups play in the generation of creative ideas. In the present study, creativity is defined along the lines of Andrews and Smith (1996), who describe marketing program creativity as the extent to which actions invoked to market a product are seen as significantly different from those generally used in the product category. Thus, this definition encompasses not only creative product design but also other aspects of marketing a product such as promotion, packaging, distribution, etc.

I now turn to identifying those factors that are expected to affect marketing creativity. These factors can be broken down into two primary categories. First, there are personal characteristics that are unique to the marketing manager such as innate personality traits. Second, there are factors associated with the work environment itself. Work environment factors can include those aspects that define the job (i.e., autonomy), as well those work-driven

factors that can impact performance (i.e., history of past success).

Creativity Components

Creative output depends on both personal and situational inputs (Amabile 1996; Andrews and Smith 1996). In an organizational setting this would include characteristics about the source of the creative product (i.e., the manager) and the dynamics of the work environment. In order for individuals to generate creative ideas, it is necessary that they possess some level of personal creative characteristics. Contextual factors, such as work environment and past performance, are expected to affect creativity by fostering an environment in which creative individuals feel compelled to use their innate creative skills.

Creativity-relevant Skills. With regard to the personal sources of creativity, many researchers tend to converge toward three general elements: task motivation, domain-relevant skills and abilities, and creativity-relevant skills (Martindale 1989; Shalley 1991; Amabile 1996; Csikszentmihalyi 1996). These components range on a continuum of specificity with task motivation being very task-specific while creativity-relevant skills are quite general in nature and tend to exist in an individual regardless of the task they are faced with (Amabile 1996).

Creativity-relevant skills are skills specific to an individual that enable the individual to generate responses surpassing previous responses in novelty and usefulness. Creativity-relevant skills are a necessary but insufficient component for creativity to exist. A high level of creativity is more likely to occur under the condition of high domain-relevant skill (i.e., domain knowledge), high task motivation, and high creativity-relevant skill. Amabile (1997) refers to this interaction of skills and motivation as the "creativity intersection."

Creativity-relevant skills have been discussed as consisting of two categories (Jones 1964; Montgomery, Bull and Baloche 1993; Amabile 1996; James and Asmus 2000). For instance, Jones (1964) analyzed 53 test variables used to describe creative individuals and found nine to be valid with four of these aptitudinal or cognitive in nature and five attitudinal in nature. The first category consists of cognitive skills and includes such things as an ability to understand complexities, use of divergent and critical thinking, and an ability to concentrate effort and attention for long periods of time (Jones 1964; Montgomery, Bull and Baloche 1993; Amabile 1996). Although cognitive skills are specific to the individual, it is thought that these skills can be enhanced through training and experience (Vernon 1989).

The second category is comprised of personality characteristics. Personality characteristics are qualities that the individual possesses, which are fairly predictive of behavior and tend to be enduring. As such, these characteristics distinguish those individuals that are more likely to generate creative output from those that are not. Some of the more consistent personal qualities identified in past research are persistence, independence, tolerance for ambiguity, confidence, reflection, egotism, willingness to take risk, self-discipline, openness to experience, imagination, insight, curiosity, and behavioral flexibility (Harrington 1975; Gough 1979; Barron and Harrington 1981; Martindale 1989; Montgomery, Bull and Baloche 1993; Amabile 1996; James and Asmus 2000).

Organizational Characteristics. Work environment has been shown to relate with creativity (Amabile et al. 1996). Woodman, Sawyer and Griffin (1993) categorised environmental aspects into two distinct groups: (1) Group characteristics, which include group norms, diversity, cohesiveness, roles, and group size. (2) Organizational characteristics, which include resources, organizational structure, and rewards. These characteristics can also be broken down according to their degree of proximity to the daily work of employees (Shalley, Gilson and Blum 2000). Proximal characteristics are those aspects of the work environment that affect an employee on a daily

basis such as autonomy, job complexity, and time pressure. On the other hand, distal characteristics are those aspects of the job that do not affect an employee on a daily basis, such as supervisor support, encouragement, and management-subordinate interaction.

In this study, I restrict my investigation of job characteristics to proximal job characteristics. The reason for this restriction is two-fold: (1) Proximal characteristics are more closely related to job design as opposed to providing a supportive environment in which to work; (2) Although both distal and proximal characteristics are expected to have an effect on creativity, proximal characteristics are likely to have a stronger effect since they are more apparent to the employee on an on-going basis (Shalley, Gilson and Blum 2000). There are many proximal aspects of a job that may affect creativity. However, autonomy, job complexity, and time pressure have been consistently shown to account for the majority of variance in individual creativity (Amabile et al. 1996; Oldham and Cummings 1996; Amabile 1997; Shalley, Gilson and Blum 2000).

Performance History. Past performance has been shown to affect decision-making within the firm through its impact on the risk-aversion held by decision-makers (Lant, Milliken and Batra 1992; Bolton 1993; Krueger and Dickson 1994; Miller 1994; Lee 1997). According to Kahneman and Tversky's (1979) prospect theory, decision makers simplify their decision making via the use of reference points. If past performance is below the reference point (i.e., failure), they are more likely to adopt risk-seeking behavior. If past performance is above the reference point (i.e., success), they are more likely to adopt risk-averse behavior. Prospect theory suggests that risk seeking is likely to be adopted under situations of past failure since losses loom larger than relative gains.

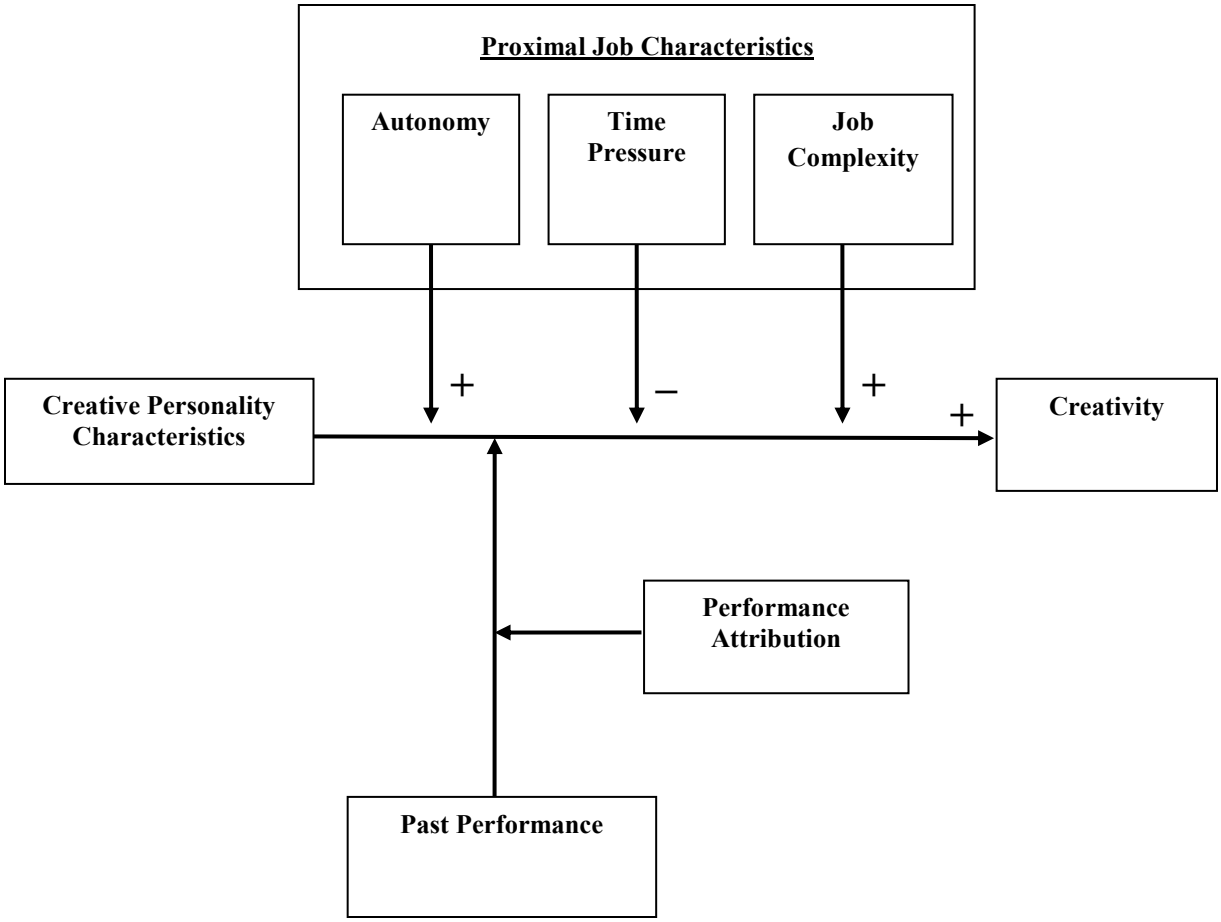
Alternatively, according to Thaler and Johnson's (1990) house money effect, the opposite process is expected. The house money effect suggests that under certain conditions, prior gains are likely to result in an increase in risky decision-making, while prior losses are likely to result in a decrease in risky decision-making. The notion behind this phenomenon is the idea of gambling with house money. As long as the possibility of failure does not return the firm below the position it held prior to past successful performance, individuals will be willing to gamble for possible gains.

In summary, knowledge of personality is important as personality traits are expected to have a direct impact on marketing creativity. Amabile (1988) suggests that organizations tend to seek out and hire people with these innate abilities; however, there is still variance in the creative performance of these firms. This variance is likely to be the result of the influence of contextual factors on personality characteristics. Some of the variance associated with the creative output of these firms can be explained by work environment characteristics and their impact on task motivation (Amabile 1988). It is my contention that past performance will also influence creative activity via its affect on risk-taking behavior.

THEORY AND PROPOSITIONS

Figure 1 is a conceptual framework for the following discussion. Briefly the model is comprised of four sets of factors: (1) Personal creativity characteristics, which can be measured via an individual's score on a personal creativity inventory, such as Gough's 30-item Creativity Personality Scale (Gough 1979); (2) Creativity; (3) Proximal job characteristics (autonomy, time pressure, and job complexity), which are expected to moderate the relationship between personality and creativity; (4) A past performance measure, which is also expected to moderate the relationship between personality and creativity. In addition, attribution for past performance is expected to moderate the effect of past performance on the personality-creativity relationship. The next section discusses each set of factors and develops propositions regarding their relationships in Figure 1.

FIGURE 1:
Work-Related Factors Affecting Creativity



Antecedent to Creativity

Extant literature considers individual personality characteristics important in predicting creativity. Individual personality characteristics have been studied using several scales such as Harrington's Composite Creative Personality Scale and Gough's Adjective Check List (Barron and Harrington 1981). One of the more popular personality scales is Gough's 30-item Creative Personality Scale (CPS), which was derived from Gough's Adjective Check List (Gough 1979). The Adjective Check List was administered to 1,701 subjects and the results were compared with individual creativity assessments conducted by experts, interviewers, and faculty members. The correlations between the Adjective Check List items and the assessed ratings were used to create a 30-item scale (See Table 1).

Composite CPS scores can be used as a measure of the innate personality characteristics that are typical of individuals that enable them to be creative. A high score on this scale indicates that a person possesses more of the qualities conducive to creative activity than is typical of individuals scoring low on this scale. Oldham and Cummings (1996) found the CPS to correlate positively with the number of patent disclosures written. Patents were used to measure creative activity as patent disclosures are often requested when an employee develops an idea or process that is considered original by superiors. Since creativity-relevant skills are considered a necessary but insufficient component for creativity it is expected that trait creativity will have a positive direct relationship on creative activity.

P_1: The greater the level of trait creativity, the higher the level of creative activity.

TABLE 1:
Gough's Creative Personality Scale

Positive items	*Negative items*
Capable	Affected
Clever	Cautious
Confident	Commonplace
Egotistical	Conservative
Humorous	Conventional
Individualistic	Dissatisfied
Informal	Honest
Insightful	Interests Narrow
Intelligent	Mannerly
Interests Wide	Sincere
Inventive	Submissive
Original	Suspicious
Reflective	
Resourceful	
Self-confident	
Sexy	
Snobbish	
Unconventional	

Proximal Work Environment Moderators

The work environment has been shown to have an effect on creativity (Oldham and Cummings 1996; Andrews and Smith 1996; Amabile 1997). Shalley, Gilson and Blum (2000) have found that characteristics of an individual's work environment moderate the relationship between job-required creativity and psychosocial outcomes. In addition, they found that proximal characteristics had a greater impact on this relationship than distal characteristics. As suggested previously, three proximal work environment factors that have been shown to consistently impact creativity are autonomy, time pressure, and job complexity (Amabile et al. 1996; Oldham and Cummings 1996; Amabile 1997; Shalley, Gilson and Blum 2000).

Autonomy. Autonomy involves the amount of freedom an individual has to perform a task. Hence, managers with high autonomy have less direct supervision and more discretion in how they conduct their daily routine. Shalley, Gilson and Blum (2000) found a positive relationship between autonomy and the creativity requirements of a job. When autonomy is high, an individual is less constrained by rigid rules and regulations. Thus, there is more opportunity for the individual to use divergent thinking when making decisions. Divergent thinking involves the application of great flexibility (variety) and fluency (amount) of information in solving a given problem and is characteristic of creative thought (Brown 1989; Haensly and Reynolds 1989; Titus 2000).

This effect is likely to hold only under moderate conditions. Oldham and Cummings (1996) found that noncontrolling supervision had a positive effect on creativity. This would indicate that a moderate amount of freedom is more conducive to creativity. High levels of autonomy provide managers with little feedback and guidance regarding their performance and the goals of the task. This limits the managers' ability to generate solutions that are relevant to the firm, which is a necessary condition for a decision to be considered creative. Moderate amounts of autonomy provide managers with enough freedom to explore various decision processes while providing guidance to ensure that the task is directed toward a productive end. Thus, ensuring that time is not wasted investigating the limitless paths to creative solutions that are characteristic of creative thought.

P_2: The effect of trait creativity on creative activity will be greater under conditions of moderate autonomy.

Job Complexity. Job complexity has been shown to have a positive effect on creativity (Amabile et al. 1996; Oldham and Cummings 1996; Shalley, Gilson and Blum 2000). Issues that cannot be resolved with simple, routine solutions characterise jobs that are high in complexity. These jobs require the use of heuristic task processing, as there are likely to be many possible solutions. As tasks become more complex, the number of solutions is likely to increase as is the uncertainty surrounding what solutions are available. This requires an individual to engage in more divergent thinking in generating possible ideas. Thus, an individual high in CPS is likely to generate more creative thoughts as a result of their innate insightfulness, inventiveness, and resourcefulness. Additionally, it has been suggested that people are creatures of habit and as such will rely on habitual practices whenever possible (Ford 1996). This is less likely to occur when the job is complex as there is less certainty that familiar procedures will accomplish the task.

P_3: The effect of trait creativity on creative activity will be greater as the job becomes more complex.

Time Pressure. Andrews and Smith (1996) found that time pressure can have a detrimental effect on creativity. Creative thought can be a time intensive process relative to non-creative thought. Thinking in heuristic terms involves considerable fluency and flexibility (Amabile 1996). Under time constraints, a manager is likely to engage in more algorithmic thinking in order to accomplish a task. In other words, a manager is likely to adopt solutions used in the past; therefore, creativity is likely to suffer.

P_4: The effect of trait creativity on creative activity will be weaker as time pressure increases.

Performance Moderator

Krueger and Dickson (1994) found that performance feedback was significantly positively related to perceived self-efficacy, which in turn was correlated with greater risk taking. The change in risk taking was related to perceived opportunities and threats. Subjects with greater perceived self-efficacy were more likely to view risky choices as opportunities and were more likely to take risks on these choices than those who had low perceived self-efficacy. Similarly, Martins and Kambil (1999) found that managers who had experienced greater benefits from the use of existing information technology were more likely to perceive new information technologies as opportunities and had greater confidence in their ability to respond to new technologies. This argument lends support to Thaler and Johnson's (1990) house money effect, which states that prior gains are likely to be met with greater risk-taking behavior. Creativity can be thought of as a risky process since it involves investing a considerable amount of time and energy in order to generate an outcome that may not be embraced by those relevant in the field. Under these conditions, it seems reasonable to assume that performance feedback should have a moderating effect on the personality-creativity relationship.

If prior creative output has been met with success, feedback should increase the individual's confidence in their creative abilities, which should, at the very least, maintain the prior level of creative activity. If prior creative output has been met with failure, feedback should have a detrimental effect on future creative output. In this case, the negative feedback should lower an individual's self-confidence, which in turn will increase their level of risk-aversion. Future creative activity will be seen as a threat and the employee will be more likely to adopt standard organizational operating procedures. Standard operating procedures are more in line with algorithmic decision processes as opposed to heuristics, which are more likely to be used in creative thought. Algorithmic tasks are those tasks for

which there is one clear path to the solution, while heuristic tasks involve uncertainty and an unknown number of paths to the solution (Amabile 1996).

Although this same process is expected to happen at lower levels of trait creativity, the relationship is not expected to be as strong. Since creative personality characteristics are a necessary but insufficient condition for creativity, individuals with lower levels of trait creativity are not expected to generate high levels of creative output. Therefore, individuals possessing low levels of trait creativity are expected to use standard operating procedures, both prior to and after performance feedback. In addition, there is likely to be little change in creative activity when past performance is attributed to external sources, as individuals will perceive no relationship between success or failure and their creative output.

- **P_{5a}:** The effect of trait creativity on creative activity will be greater under conditions of successful past performance.
- **P_{5b}:** The effect of trait creativity on creative activity will be moderated by attributions for past performance such that creative activity will be more positive when success is attributed to a manager's previous creative decision.
- **P_{5c}:** The effect of trait creativity on creative activity will be moderated by attributions for past performance such that creative activity will be more negative when failure is attributed to a manager's previous creative decision.

In summary, creative personality characteristics are expected to have a positive effect on an individual's creativity. This relationship is expected to be moderated by two sets of factors: (1) Proximal work characteristics are expected to have both positive and negative moderating effects. Both autonomy and job complexity are expected to have a positive impact while time pressure is expected to have a negative effect on the creative personality-creativity relationship. (2) Attributions for past performance are expected to moderate the relationship between personal creativity characteristics and creativity. The effect of perceived performance is further moderated by attributions for performance such that under conditions when past performance is attributed to an internal source, success will generate further creativity while failure will generate the adoption of standard operating procedures. Under conditions where past performance is attributed to an external source, the effect of past performance is expected to be non-existent.

DISCUSSION

Testing the Model

A test of the proposed model would involve a six-factor experiment. The factors to be tested include CPS, autonomy, time pressure, job complexity, attribution for past success, and attribution for past failure. Testing the model would prove difficult due to the large number of factors, thus a fractional factorial design would be required.

Personality would be measured using Gough's 30-item creative personality scale (CPS). The study would involve administering the CPS to a randomly selected sample of subjects. Based on the results of a median split, individuals would be placed in either a high or low CPS group. Manipulations of proximal work characteristics would include autonomy (high, moderate, low), time pressure (high, low), and job complexity (high, low). Past performance would consist of attribution for past success (external, internal) and attribution for past failure (external, internal). The dependent variable (creativity) would be a measure of the subject's performance on a creativity task. A typical creativity task used in past research involves the use of word associations to check for fluency and flexibility, as creativity involves the ability to generate a large amount of information with high variety (McCrae 1987). Independent observers would judge each subject's creativity.

Implications

From a managerial perspective, the proposed model suggests that work environment and performance are important factors that affect a creatively endowed manager's motivation to generate creative output. Having a creative personality will not lead to creativity on its own. This is important from the perspective of job design. For firms that desire creative decision making, it is important to provide managers with ideal levels of autonomy and job complexity that are free of limiting time constraints. This is necessary to ensure that managers have the intrinsic motivation to perform the tasks that are expected of them. Additionally, monitoring manager performance is necessary to ensure that managers are aware of the source of past performance. For firms that are pro-creativity, past success that can be attributed to a manager should be emphasised. At the same time past failure should be downplayed and attributed to more external sources, regardless of its cause, otherwise creativity may be stifled.

On a theoretical level, the proposed model opens up a new area in marketing. The marketing literature reflects remarkably little effort in the domain of marketing creativity, particularly as it applies to marketing strategy. Marketing strategy creativity is critical for product differentiation since the goal of differentiation is to offer the consumer something unique and useful. Thus, examining the variables that impact creative decision-making by marketing managers is important. The proposed model links three important areas that impact marketing strategy creativity, namely personality, work environment, and performance.

Future research directions for the proposed model of marketing strategy creativity at the managerial level should involve empirical testing of the model. In addition, further refinement of the moderating relationships in the model is warranted. In its current form, the model represents a general conceptualization of the process involved in creative decision-making. Given the dynamic environments of organizations, there are probably many more variables that may impact the relationship between personality and creativity. Also, the proposed model uses a composite CPS score to represent creative personality. This score is comprised of several personality characteristics that may play more or less dominant roles in the model. Determining which aspects of personality are more dominant and when they are likely to be so, would add greater sophistication to the model

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THE IMPACT OF VISUAL STRATEGY AND RACE AND GENDER CONGRUENCY ON SOURCE CREDIBILITY OF PRINT ADVERTISEMENTS

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Source credibility has been thought to have a significant impact on attitude toward the ad, attitude toward the brand and purchase intent. This paper expands on the traditional dimensions of source credibility (expertise, trustworthiness and attractiveness) to include similarity and likeability. It then uses these dimensions of credibility to determine how they influence a consumers' attitude toward the advertisement. Moreover, this paper examines the relationships between a consumers' attitude toward the ad, brand attitude and purchase behavior and proposes a model of these relationships. Results indicate that expertise, attractiveness and liking were all significant factors influencing a consumers' attitude toward the ad, as well as supporting the hypothesized relationships between attitude toward the ad, brand attitude and purchase intent. Taking this idea of credibility one step further, this paper hypothesizes that congruency between the model's race and that of the respondent will produce higher credibility. Results indicate that this is not entirely supported, but there does appear to be significant differences in attractiveness (i.e., respondents with the same race of the model in the ad rated the ad as more attractive). Gender was also tested, and it appears that regardless of gender, ads with female models are rated more attractive.

INTRODUCTION

The United States has been looked upon favorably for reinforcing the self-esteem of emerging minorities by utilizing a variety of different models and cultural cues in advertising. This infusion of diversity into advertising has also been said to strengthen a consumer's ethnic identification (Korzenny, 2008). In fact, many companies attempt to tailor not only their ads, but their products and sales strategies to appeal to different groups of consumers, in terms of race, gender, age and even sexual orientation (O'Heir, 2007; Parpis, 2010). In advertising, however, the practice of incorporating diversity is ahead of academic researchers who are just beginning to understand each of the factors that influence consumers' perceptions of advertising, in fact, most current research is looking at race and gender and their portrayal in advertising with regard to stereotypes and diversity issues as opposed to considering effectiveness (Briggs, et al., 2010; Eisend, 2010; Villegas et al., 2010; Banwart, 2010). In that vein, this paper explores credibility in advertising by incorporating similarity and likeability with traditional dimensions of source credibility (expertise, trustworthiness and attractiveness), to create a hypothetical model of advertising effectiveness. Beyond that, however, this paper looks at the degree to which visual strategy of the ad, race of the model and gender of the model affect these dimensions of source credibility. This paper contributes to the literature by expanding the concept of source credibility, more deeply exploring the relationships between source credibility and consumers' attitudes toward the ad, brand attitude and purchase intent, and understanding how specific features of an advertisement, such as visual strategy, race and gender of the model affect this credibility. Moreover, this paper includes a brief literature review of source credibility as well as the work done on specific features of an ad such as a model's race or

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gender, followed by a section dedicated to the development and testing of hypotheses. Lastly, this paper will conclude with a discussion of the results, the contribution, and the possibilities for further research.

SOURCE CREDIBILITY

Source credibility is defined as the credibility of the endorser, spokesperson, or individual in an advertisement. Meaning, that the spokesperson in the ad can be a customer, company employee, celebrity, or, as used in this study, a typical person model (Clow et al., 2006). Researchers have been studying source credibility because they believe that establishing credibility is critical to creating an effective advertisement. To this end, researchers have attempted to measure source credibility and better understand what factors influence it.

In measuring source credibility, several researchers utilize just three dimensions: expertise, trustworthiness and attractiveness (Ohanian, 1990; Lafferty et al., 2002). Other dimensions, such as believability, likability and attractiveness, have also been used as dimensions of credibility (Arora et al., 2006; Keller, 1998; Clow and Baack, 2004; Clow et al., 2006). For the purposes of this paper, credibility is comprised of expertise, trustworthiness, attractiveness, similarity and likability.

Researchers have found that increased source credibility positively impacts the business, or brand, in several ways. For example, credible spokespersons elicit a greater attitude change than less credible spokespersons (Sternthal et al., 1978). Moreover, people are likely to discount messages that they receive from sources with low credibility (Eagly and Chaiken, 1975). In addition, research has demonstrated that source credibility affects attitude toward the ad, attitude toward the brand, advertising effectiveness, and purchase intentions (Marks, 1984; Sanchez and Bonner, 1989; Cobb-Walgren and Dabholkar, 1992; Lafferty et al., 2002; Goldsmith et al., 2000; Clow et al., 2006). It is no wonder that the many advantages to high source credibility have researchers scrambling to find out what makes a credible source. Are there pieces of an advertisement that can be manipulated to improve source credibility? In studies geared toward this question, initial results point to the fact that consumers are more likely to believe non-profit organizations, government sources, and independent testing groups as being more credible than commercial sponsors (Lirtzman and Shuv-Ami, 1986; Haley and Wilkinson, 1994). Similarly, by providing additional information asserting professional qualifications, such as third party seals, a company is able to improve its perceived credibility (Tripp, 1997). This study will expand the literature base by also looking at factors influencing source credibility, such as the visual strategy of the ad, as well as the spokesperson's race and gender, in the hopes of uncovering other pieces of an ad that can be manipulated to improve source credibility.

HYPOTHESES

Brand attitude and purchase intentions are frequently used as indicators of advertising effectiveness (Till and Busler, 1998; Till and Busler, 2000; Lafferty and Goldsmith, 2004; Ohanian, 1990). In fact, many studies have looked at both of these constructs as measures of advertising effectiveness yet few have gone beyond a cursory explanation of the relationship between brand attitude and purchase intent. Hence, this paper proposes that the attitude that consumers' form about a particular brand directly affects their purchase intentions regarding that brand, thus we hypothesize:

H_1: Brand attitude has a direct impact on purchase intentions.

The question then becomes: what influences brand attitude? This research makes the assumption that attitude toward the ad is critical to a consumer's brand attitude formation. This is not a new concept and, in fact, previous research has demonstrated that there is a strong relationship between attitude toward the ad

(A_{ad}) and brand attitude (A_b), leading researchers to speculate about a causal relationship, $A_{ad} \rightarrow A_b$ (MacKenzie et al., 1986; Gardener, 1985; Mitchell and Olson, 1985; Park and Young, 1984). We look to add further credence to this relationship by hypothesizing the following:

H_2: Attitude towards the ad has a direct impact on attitude towards the brand.

In working backwards from purchase intentions, it then becomes important to understand what goes into to forming attitudes about the ad. Source credibility has been assumed to play a part in determining brand attitudes and purchase intentions (Clow et al., 2006; Ohaian, 1990). Instead, however, we have proposed that the attitude toward the ad (A_{ad}) directly affects the attitude toward the brand (A_b), which ultimately determines purchase intent. If these relationships hold true than the attitude toward the ad is more likely to be influenced by source credibility, which is similar to the ideas of previous researchers who believed source credibility influenced brand attitudes and purchase intent directly.

Of the source credibility dimensions, expertise has been shown to be one of the most significant factors in explaining a consumers' brand attitude as well as their intent to purchase (Till and Busler, 1998; Ohanian, 1990). Thus, we predict that it will also be an important factor in determining the attitude toward the ad:

H_3: The source's perceived expertise has a direct impact on attitude towards the ad.

Trustworthiness has also been used in previous research examining advertising effectiveness. Unlike the work done with expertise, however, the results of studies linking trustworthiness to purchase intent have been mixed (Pompitakpan, 2003; Ohanian, 1990). In an attempt to clarify the effect of trustworthiness on advertising effectiveness we propose the following:

H_4: The source's perceived trustworthiness has a direct impact on attitude towards the ad.

Attractiveness, another dimension of source credibility, has also been investigated as a way to increase advertising effectiveness, and like trustworthiness, research results have been mixed. In some studies, attractiveness has been shown to positively affect purchase intention and brand attitude (Till and Busler, 2000). In others, however, manipulating attractiveness did not produce significant results (Lafferty and Goldsmith, 2004). Unlike these previous studies, however, we will look at attractiveness and its effects on attitude toward the ad and attempt to define the relationship by hypothesizing the following:

H_5: The source's perceived attractiveness has a direct impact on attitude towards the ad.

In adding to the traditionally used dimensions of credibility, this paper includes similarity. The reason for including similarity is based on the work of social psychologists, who have long assumed that effective communication is enhanced by a perceived similarity between the two communicators (Swartz, 1984). Additionally, one study concluded that consumers were more likely to be persuaded by a source that was similar to them with regard to a particular item, than the source that was dissimilar but perceived to be more knowledgeable about the subject at hand (Brock, 1965). We hypothesize that this similarity, which increases effective two-way communication, will also aid in the formation of a consumer's attitude toward an ad, a one-way form of communication, thus:

H_6: The source's perceived similarity has a direct impact on attitude towards the ad.

Likeability, a recently included 'fourth dimension' of credibility also appears to influence advertising effectiveness (Clow et al., 2006). Moreover, likeability appears to improve brand attitude and purchase intent in addition to being a strong factor linked to persuasion and sales (Smit et al., 2006). Just as likeability has been a factor in so many other measures of advertising effectiveness, we

believe it affects a consumers' attitude toward the ad:

H_7: The source's perceived liking has a direct impact on attitude towards the ad.

Each of the above hypotheses is being presented in this paper to illustrate the hypothesized model of advertising effectiveness and its effects on purchase intent (Figure 1).

Elements of the visual in advertising have been researched in the past but much of what makes an effective advertising visual is still not understood. For instance, researchers have shown that while artistic renderings of scenes were more apt to draw a consumer's attention, a photograph of that same scene is better at creating positive attitudes toward the ad, attitudes toward the brand as well as stronger behavioral intentions (or likelihood of visiting the brand's website) (Miller and Stoica, 2003). Additionally, a consumer's personality may have a great deal to do with how they respond to an ad's imagery. Moreover, a study has shown that intuitive people are more likely to respond to 'big picture' visuals (e.g., a picture of moonlit night in a mattress ad) , while sensor personality types are more drawn to concrete visuals of the product being advertised (e.g., a picture of a mattress in a mattress ad) (LaBarbera et al., 1998). This paper goes a step further, by using three distinct visual strategies to better understand visual strategy's affect on credibility. We predict, however, that because all of these are photos (not renditions) of models there will no distinguishable effect on credibility, thus:

H_8: The visual strategy used in the ad does not have an impact on any of the five source characteristics.

In addition to visual strategy, this paper looks at the model's race as a predictor of credibility. Recently, many US advertising firms have begun using minority models to reinforce the self-esteem of emerging minority groups, enhance ethnic identification, and appeal to these growing consumer groups (Korzenny, 2008). Similarly, there is increasing diversity on our catwalks and runways during fashion week (Liu, 2008). While research has shown that including minorities in the visuals of recruitment advertisements may assist in recruiting minorities with little effect on non-minorities (Perkins et al., 2000), there is limited research to see if using minorities in consumer advertisements improves marketers' effectiveness, thus we predict that ads featuring models of the same race as the subject will be rated higher in each of the dimensions of credibility.

H_9: Consistency between the race of the model and the race of the respondent will result in an increase in the five source characteristics.

If consumer identification with the model in an ad is important, we propose that this phenomenon extends past race to affect gender. Thus, we predict that females will be more positively affected by ads featuring a female model and males are more likely to be influenced by a male model, thus:

H_{10}: Consistency between the gender of the model and the gender of the respondent will result in an increase in the five source characteristics.

METHODOLOGY

The objective of this research was to investigate visual strategy and race and gender congruency on source credibility and then source credibility's impact on attitude towards an ad. We used a service industry due to the marked growth of service providers in the US, and specifically, a credit card company was used for the study because of its relevance to our subjects (i.e., college students). Print advertisements were created using a fictitious brand to avoid bias or recall affects from respondents having been previously exposed to the ad. Additionally, to avoid any bias a total of 18 different ads were produced based on three visual strategies, three different races of models, and the two genders.

The surveys were administered in various classrooms at three different universities in the

Midwest. Each student received a fictitious ad with one of the 18 visuals. Students were then asked a series of questions about the ad to measure their attitude towards the ad, their attitude towards the brand, their purchase intentions, and the five source credibility subcomponents of expertise, trustworthiness, attractiveness, similarity, and liking,

A total of 560 surveys were completed. The demographic profile of the sample is provided in Table 1. In terms of school classification, the largest group was seniors, 41.6 percent. Another 30.7 percent were juniors. The sample was 52.9 percent female and in terms of age, 16 percent were 18 to 20, 51 percent were 21 to 23, and the remaining were 24 or older. For ethnicity, 15 percent were African Americans, 69.6 percent were Caucasians, and the remaining respondents were other races. Almost half, 47.1 percent, had incomes of less than $20,000.

Three different visual strategies were used: fantasy, emotional, and slice-of-life. The race and gender of the model was varied among the three visual strategies. Table 2 presents the breakdown of the sample in terms of visual strategy, race of model, and gender of model. The 3x3x2 experimental design resulted in 18 different visuals on the ads. The copy remained the same for each of the executions

The purchase intent construct was measured using a 3-item scale. The Cronbach alpha for the scale was .895 (see Table 3). Brand attitude was measured using 10 different items and had a Cronbach reliability score of .963. Attitude towards the ad was measured using 7 items with a Cronbach alpha score of .836. Expertise and trustworthiness were each measured using 5-item scales with reliability scores of .872 and .829, respectively. The attractiveness scale had 4 items and a Cronbach alpha of .849. Similarity and liking were 5-item scales with reliabilities of .832 and .801, respectively. As shown in Table 3, all scales had high reliability scores and were good measures of their respective constructs.

RESULTS

The theoretical model shown in Figure 1 and the hypothesis listed were tested using LISREL. The results of the analysis are shown in Table 4. The Chi-square for the model with 11 degrees of freedom was 67.72. The Root Mean Square Residual was 0.070, the Goodness-of-Fit index was 0.97, and the Adjusted Goodness-of-Fit was 0.91. These results show an adequate fit between the hypothesized model and the data obtained.

Attitude towards the brand had a significant direct impact on purchase intentions, supporting Hypothesis 1. Attitude towards the ad had a significant direct impact on attitude towards the brand, supporting Hypothesis 2. Intentions to obtain a credit card is directly affected by how the consumer views the brand and how the consumer views the brand is impacted by their attitude towards the advertising of that credit card.

The next part of the analysis examined the creditability components to see how they might impact a person's attitude towards the advertisement. Figure 2 graphically illustrates the results that were presented in Table 4. As can be seen, three of the five relationships were significant. Expertise, attractiveness, and liking all were significantly related to attitude towards the ad. Expertise and liking were in the direction hypothesized. Hypothesis 3 and 7 were supported. Attractiveness was in the opposite direction. Instead of direct impact, it was an inverse relationship. Thus, Hypothesis 5 was not supported because the direction of the impact was opposite of what was expected. Hypotheses 4 and 6 were not supported. Trustworthiness and similarity did not have any impact on attitude towards the ad.

Based on the Maximum Likelihood Estimates (MLE) values, liking had the greatest impact on attitude towards the ad with a value of 0.24. Expertise was the next most influential variable with a MLE of 0.17. Of the three significant variables, attractiveness was the least influential and was also negative, at -0.10.

TABLE 1:
Sample Characteristics

Variable	Category	No. of Items	Percent
Visual Strategy	Fantasy	187	33.4%
	Emotional (Negative)	187	33.4%
	Slice-of-life	186	33.2%
Race of Model	African-American	186	33.2%
	Asian-American	187	33.4%
	Caucasian	187	33.4%
Gender of Model	Male	280	50.0%
	Female	280	50.0%

TABLE 2:
Ad Composition

Demographic	Scale	Frequency	Percent
Classification	Freshman	41	7.3%
	Sophomore	72	12.9%
	Junior	172	30.7%
	Senior	233	41.6%
	Graduate	23	4.1%
Gender	Female	296	52.9%
	Male	245	43.8%
Age	18-20	89	16.0%
	21-23	286	51.0%
	24-26	91	16.3%
	27 and older	63	11.9%
Ethnicity	African American	84	15.0%
	Caucasian	390	69.6%
	Other	60	11.2%
Income	Less than $20,000	264	47.1%
	$20,000-$50,000	122	21.8%
	$50,001 and greater	143	25.5%

TABLE 3:
Reliability of Scales

Scale	No. of Items	Cronbach Alpha
Purchase Intentions	3	.895
Brand Attitude	10	.963
Attitude towards the Ad	7	.836
Expertise	5	.872
Trustworthiness	5	.829
Attractiveness	4	.849
Similarity	5	.832
Liking	5	.801

TABLE 4:
LISREL Results

Path		MLE Value	T-Value	P-Value
B_{12}	Brand Attitude à Purchase Intention	0.53	14.52	.04
B_{23}	Ad Attitude à Brand Attitude	0.61	18.31	.03
γ_{31}	Expertise à Ad Attitude	0.17	3.26	.05
γ_{32}	Trustworthiness à Ad Attitude	0.07	1.10	.06
γ_{33}	Attractiveness à Ad Attitude	-0.10	-2.03	.05
γ_{34}	Similarity à Ad Attitude	.010	1.76	.06
γ_{35}	Liking à Ad Attitude	0.24	3.86	.04
Goodness of Fit Statistics	Chi-Square with 11 degrees of freedom = 67.72 (p=0.00) Root Mean Square Residual = 0.070 Goodness of Fit Index = 0.97 Adjusted Goodness of Fit Index = 0.91			

It should be noted that the constructs "trustworthiness" and "similarity" had p-values of .06 and were not significant at the 95 percent confidence level. Had a higher level of confidence at 90 percent or even 94 percent been used, they would also have been significant. In other words, these two variables were barely out of the acceptable range.

Anova and t-tests were used to determine if there were any significant differences in the five source characteristics based on the visual strategy used in the ad, the race of the model, and the gender of the model. Table 5 provides the results by visual strategy. Expertise, trust, and liking were significantly different. The slice-of-life visual was viewed as having a higher level of expertise than either the fantasy or emotional visuals. The same was true for the source characteristic of trust. For liking, slice-of-life and fantasy scored the highest. The emotional visual scored the lowest. Hypothesis 8 was not supported.

The sample was divided into two groups, Caucasian (N=386) and African American (N=84) to test the hypothesis 9. Table 6 provides the results of the ANOVA test for the

FIGURE 1:
Hypothesized Model

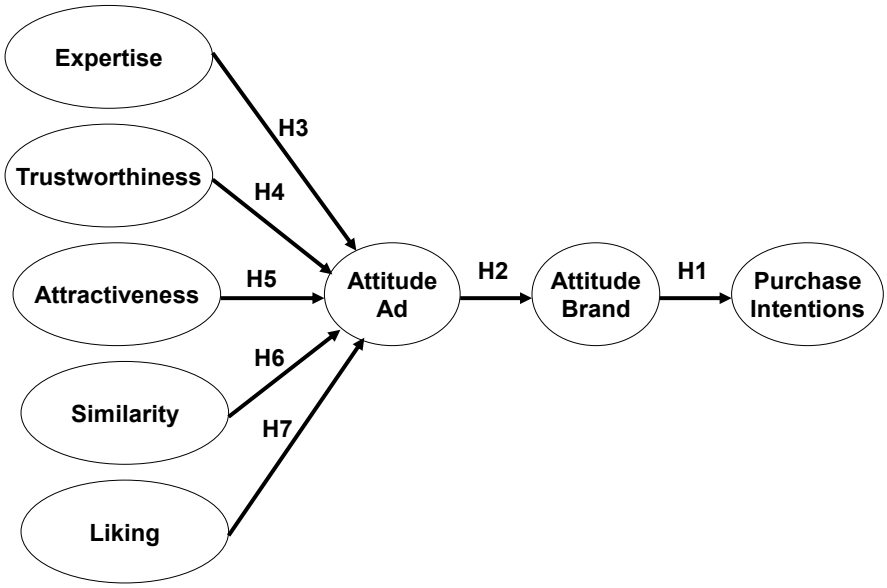

FIGURE 2:
Results of Lisrel Model

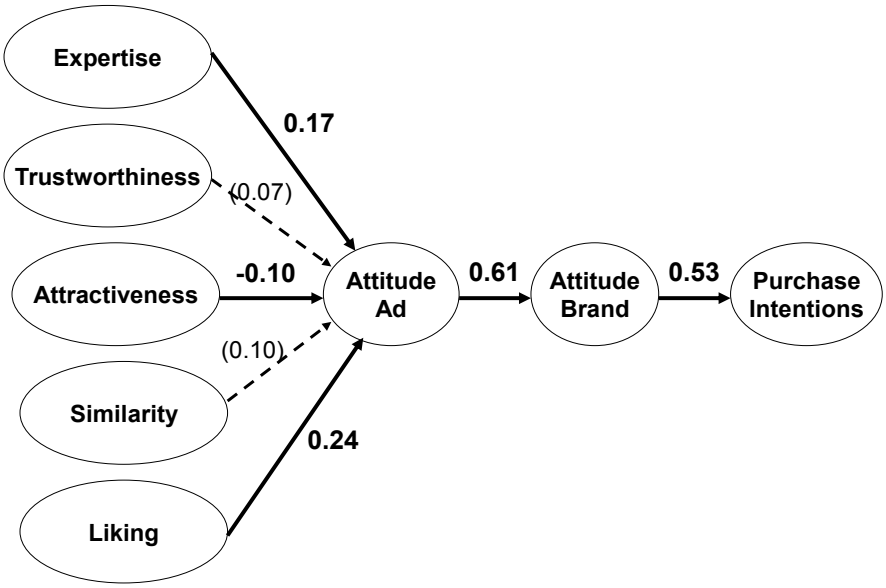

TABLE 5:
Source Characteristics by Visual Strategy

Source Character-istic	Visual Strategy			F-Value	Sign.
	Fantasy	Emotional	Slice-of-life		
Expertise	3.41	3.30	4.21	37.654	.000
Trust	4.85	4.80	5.39	14.247	.000
Attractiveness	3.45	3.29	3.53	2.234	.108
Similarity	3.73	3.68	3.88	1.594	.204
Liking	4.23	3.97	4.42	10.142	.000

Caucasian respondents while Table 7 provides results for the African American respondents. For the Caucasian group, significance differences were found for expertise, attractiveness, similarity and liking. For the African American group, however, the only significant difference was found in attractiveness. In almost every case, when the dimension was significant, the credibility component rated higher when there was consistency between the race of the respondent and model. The only exception was expertise, because although there was a significant difference among Caucasian respondents, they rated ads featuring Asian-American models as highest in expertise. Because we did not find support for each dimension, we can only state that we have limited support for Hypothesis 9.

The last analysis examined the gender of the model. Results are shown in Tables 8 and 9. Just as was done to test Hypothesis 9, the sample was split into two groups: Females (N=296) and Males (N=245). Although we predicted each gender to be more inclined to rate credibility higher when viewing ads featuring models of their own gender, this was not the case. For females, the only significant difference was found in attractiveness (Table 8), while for males, significant differences were found for attractiveness and liking (Table 9). In each case a significant difference was found, however, the respondent, regardless of gender, rated ads with female models higher. Thus, Hypothesis 10 was not supported.

DISCUSSION

As would be expected, attitude towards the brand has been shown to significantly impact purchase intentions. While this study featured the financial services industry, specifically a credit card company, we would expect this to be the case with most industries. Additionally, this work has shown that, as with other products, attitude towards advertising will impact individuals' attitude toward the brand. Furthermore, because these two linkages were strongly supported, we went on to establish what type of source credibility factors influence a customer's attitude toward a financial service advertisement.

The most important factor is "liking." If the respondent likes the model or person depicted in the ad, then a more positive attitude towards the ad will be developed. The adjectives and phrases that measured liking were: likable, pleasing, friendly, approachable, and agreeable. In choosing a spokesperson for a credit card, these types of characteristics are important. Thus, it is also important to stage the scene in the ad to maximize likability.

Similarly, "expertise" also had a positive impact on attitude toward the ad. Adjectives used in the study that measure expertise were: experienced, qualified, expert, skilled, and knowledgeable. For credit cards, measuring expertise is a bit more tricky. Since the target audience was college students, college-age

TABLE 6:
Source Factors Based on Ethnicity of Model by Caucasian Respondents

Variable	Ethnicity of Model in Ad			F-Value	P-Value
	African-American	Asian-American	Caucasian		
Expertise	3.63	3.78	3.32	5.724	.004
Trust	5.02	5.04	4.93	0.332	.718
Attractiveness	3.49	3.15	3.55	4.845	.008
Similarity	3.67	3.55	3.89	3.555	.030
Liking	4.10	4.11	4.35	3.137	.045

N= 386

TABLE 7:
Source Factors Based on Ethnicity of Model by African-American Respondents

Variable	Ethnicity of Model in Ad			F-Value	P-Value
	African-American	Asian-American	Caucasian		
Expertise	4.17	4.05	3.64	1.653	.198
Trust	5.37	5.40	4.73	2.982	.056
Attractiveness	3.90	3.30	3.37	3.282	.043
Similarity	4.40	4.05	3.80	2.303	.107
Liking	4.54	4.64	4.25	1.686	.192

N= 84

students were used in the ads. It would appear that the college students who were part of this study viewed the models in the ads as experts on credit card usage. Most college students today have credit cards. Many have large debts from credit cards. Thus, seeing a fellow college student as an expert in credit card usage is reasonable to expect.

An unexpected result was the inverse relationship between "attractiveness" and attitude toward the ad. Although we had initially assumed that the more attractive a model was perceived to be, the higher the credibility. But, the reverse was found in the study. The less attractive the model appeared to be, the more credible they were seen and the more positive the attitude towards the advertisement. The measures to capture attractiveness included: sexy, beautiful, elegant, and attractive. This result lends support to work done by Koernig and Page which found that in attractiveness related services (i.e., a haircut) the attractiveness of the service provider increased perceived trust, expertise, and quality, while in a service industry that was not related to attractiveness (i.e., a dental checkup) the 'moderately attractive' service provider was perceived to be the most effective (Koernig and Page, 2002). Our use of a credit card service is arguably unrelated to attractiveness of the user and therefore, the attractiveness of the source may not be paramount. Other explanations include the possibility that the model may not be viewed as a regular college student, but a paid model instead. Thus, the person in the ad is no longer a fellow student if they are perceived to be

TABLE 8:
Source Factors Based on Gender of Model by Females

Variable	Gender of Model in Ad		T-Value	P-Value
	Male	Female		
Expertise	3.73	3.76	0.286	.775
Trust	5.07	5.18	0.809	.419
Attractiveness	3.13	3.58	3.983	.000
Similarity	3.76	3.88	1.008	.314
Liking	4.25	4.25	0.000	1.000

N= 296

TABLE 9:
Source Factors Based on Gender of Model by Males

Variable	Gender of Model in Ad		T-Value	P-Value
	Male	Female		
Expertise	3.42	3.60	1.160	.247
Trust	4.77	4.95	1.129	.260
Attractiveness	2.92	4.10	8.367	.000
Similarity	3.56	3.78	1.584	.115
Liking	4.00	4.34	2.823	.005

N= 245

highly attractive. Although we cannot determine from this research the exact reason for this inverse relationship, we can conclude that in choosing a model for the ad for a credit card, it is important to choose someone who looks like an ordinary person, not someone who appears to be a model paid to be in the ad.

When examining the importance of visual strategy, the slice-of-life scored the highest on all five source characteristics. The emotional visual strategy scored the lowest, although it was only slightly lower than the scores for the fantasy approach. The only exception was on "liking" where the fantasy visual was very close to the slice-of-life. Thus, it would appear in designing credit card ads for college students that using a slice-of-life visual is the best. A fantasy approach would also be feasible since it scored high on "liking," which was the most important source characteristic in terms of impact on attitude towards the ad.

In examining the race of the mode in the ad, we hypothesized that congruency between the model and the respondent would increase perceived credibility. In terms of attractiveness of the ad, this does appear to be true for both Caucasians and African Americans. Furthermore, for Caucasians, the hypothesized relationship also holds true for similarity and liking. Contrary to the hypothesized relationship, however, Caucasians rated Asian Americans higher in terms of perceived expertise. It is unclear whether this would be true across multiple industries, or if this is an artifact of the industry we chose to examine (i.e., credit cards). Thus, this study found limited support for this hypothesis and would strongly encourage other researchers to examine this relationship in other industries for a clearer picture of the phenomenon.

For gender, both male and female respondents clearly believed ads featuring female models

were more attractive. Furthermore, males significantly rated ads featuring female models as more likeable. Thus, it does not appear to matter if a model is the same gender as the consumer viewing the ad, as in both cases significant factors of credibility were a result of the ads featuring female models being rated superior to males. The implication of this to marketers is to use female models when possible as they appear to appeal to both genders.

In conclusion, in developing advertisements, ad creatives need to pay particular attention to developing ads that score high on liking and expertise. It is also important that the model be viewed as a regular person and not as a model. Thus, attractiveness is important, but it can damage attitude towards the ad if the person appears to be too attractive.

In terms of ad design, the slice-of-life appears to be the best visual strategy. Fantasy approaches can be used, but may not yield quite as good results. Using a model whose race is consistent with that of your target market may be more important if your target market is largely Caucasian, as more factors of credibility were significantly affected by race in this group. Lastly, using a female in the ad appears to be superior to using a male, at least for financial services.

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RELATIONSHIP SELLING: A SUPERIOR WAY OF CONDUCTING BUSINESS ON B2B MARKET. AN EMPIRICAL ANALYSIS OF AN INTERNATIONAL FAST TRANSPORTATION SERVICES PROVIDER ON THE ROMANIAN MARKET

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Positive relationships with customers are the expectation in today's business world, therefore the initiation and development of relationship metrics is not an exception within successful sales organizations. Relationship selling norms and practices are effectively implemented across industries generating superior outcomes, at a B2B level within emerging markets. This article conveys an effective relationship selling approach on an emerging market for an US express international carrier, entailing its aims, constructs and superior outcomes.

INTRODUCTION

Various scholars (Wotruba 1991) assert that the nature of personal selling, alike the one of marketing has evolved through the four different stages, namely: production, sales, marketing, and partnering. Each of these eras of sales has different objectives, orientation, and functions for their sales force. These can range from short term focus on closing transactions and reaching volumes corresponding to the production stage, towards relationships and long-term orientation in the partnership era. Corresponding to each of these stages, sales forces fulfill different roles and pursue different aims and activities, requiring different skills, knowledge and abilities. The focus of this paper is the analysis of the relationship selling approach, practices and ways of implementation within a shipping services multinational provider in its incipient development phase on emerging context such as Romania, where total projected volume for the international shipped volumes amounts to 160 million Euro for 2010 (INSEE 2010). Engagement in partnerships with key customers via relationship selling lays the foundation for profitable businesses and competitive advantage attaining. Such advantages are advocating for effective adoption and enhancement of relationship selling within the corporate industrial market.

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THEORETICAL UNDERPINNINGS

In today's highly competitive market, personal selling is a critical element in the effort of companies to achieve organizational success based on customer satisfaction, loyalty and profitable sales volume (Guenzi and Paparoidamis 2009).

Present changes in the buyer-seller relationship pose a significant influence on the way personal selling and sales management is conducted, as a result of the emergence of partnership era (Weitz and Bradford 1999). These major changes result in the new relationship sales paradigm in which sales professionals become partners and value creators for the customers (Wotruba 1991), market analysts and planners. The primary objective of relationship orientation is the establishment of a long term reciprocal and profitable relationship founded

on trust. The subsequent paradigm shift for sales moves from one that is influenced by short term transactions to long term relational development over the entire customer life cycle. Relationship sales forces are going through a major shift from "hard selling" to "soft selling" (Sujan et al. 1994) attempting to manage conflicts inherent in buyer-seller relationships rather than short term buyer behavior. This change in emphasis dictates the way firms select, train, evaluate and compensate salespeople and their sales teams. Although relationship selling is an emerging discipline without vast empirical research being conducted on the topic, there are two main directions which can be emphasized when it comes to relationship sales force management: (1) increased importance of key account and ad hoc selling teams relative to "lone wolf" salespeople and (2) the focus on building and maintaining profitable long term key customer relationships relative to short-term revenue goals (Jones et al. 2005).

Literature emphasizes a relationship selling model (Johnston and Marshall 2010) that consists of four main factors: customer, information, customer value, and ethics. Centrally, there is the customer which is the main preoccupation of customer centric companies (Bosworth et al. 2010). One of the main practices in customer centric companies is learning adequate and inadequate sets of behaviors within the relationship.

Secondly, information is taken into account as a relationship selling component and is perceived as the driver that facilitates sales force accomplishments in initiating and maintaining long term relationships with profitable customers. Current relationship sales and marketing processes are implemented through utilization of effective databases and reliable information data access that further permit modeling demand patterns among customers and even prospects (Khalil and Harcar 1999).

A third factor of this model is customer value, which is not perceived as a source of revenue on single transactions, but over the entire life cycle. The goal of business partners nowadays in a service context is mutual value creation, while the service itself represents a mediating variable (Grönroos 2010) for accomplishing this and enhancing the overall quality of interactions and relationship between partners. Value for customers, means "that they (customers), after having been assisted by the provision of resources or interactive processes, are or feel better off than before" (Grönroos 2008). Implementation of value creation and delivery value is accomplished through consultative and organizational sales depending on the situation (Reckhman and DeVincentis 1999).

As it has been previously noticed relationship selling scholars have emphasized importance of gaining customer trust and reciprocal development mode among partners. Sales professionals will exert a high level of trust through competence, availability, honesty and having ethical conduct and practice (Ferrel et al. 2002). Ethical norms are those principles and moral standards that shape and guide organizational behavior (Johnston and Marshall 2010) at corporate and individual levels. High ethics have proved oftentimes the pinnacle of the sales organization long-term success factors.

THE RELATIONSHIP SELLING PROCESS

The primordial objective of relationship selling is to initiate, consolidate and effectively manage long term profitable business relationships, (Johnston and Marshall 2010). Traditionally sales process consists of 7 steps, (Moncrief and Marshall 2005): (1) *prospecting*, (2) *pre-approach*, (3) *approach*, (4) *presentation*, (5) *overcoming objections*, (6) *close*, and (7) *follow-up*. However in the last decades traditional steps evolved under influence of transformative factors as changes in nature of selling activities, market and environment pressures, and type of relationship among organizations. Recent literature (Tanner et al. 2009) records an evolved 8 steps model, consisting of: (1) *prospecting,* (2) *pre-*

approach, (3) *approach,* (4) *needs identification,*(5) *presentation-demonstration,* (6) *overcoming objections,* (7) *closing,* (8) *implementation/follow-up*. The evolved selling process assumes that the salesperson and the team are performing steps in the selling process having the customer as the center of execution of each step (Moncrief and Marshall 2005).
Figure 1 shows various facets of the selling process and modern characteristics, each of them placing at the core of its aims and actions, the customer.

Pertinent to the focus of our paper is the third step of nurturing the relationship (relationship selling) as part of the whole process. This step has emerged as opposed to the approach stage in the traditional sales process, where the focus was to identify best ways to open the dialogue with the customer or prospect, whereas relationship selling has an aim of providing the best customer service on the long term, after a solid relationship was established. This new paradigm dramatically affects the way companies plan and execute their sales activities, and how they compensate and motivate their sales professionals (Leigh and Marshall 2001). Modern practice companies implement this through customer relationship management, or sales force automation (Park et al. 2009), thereby enabling an entire arsenal of application and technological advancements. The role of the sales force however is crucial because the conduct, activities and behavior of its representatives personify how the organization regards its customer base (Moncrief and Marshall 2005).

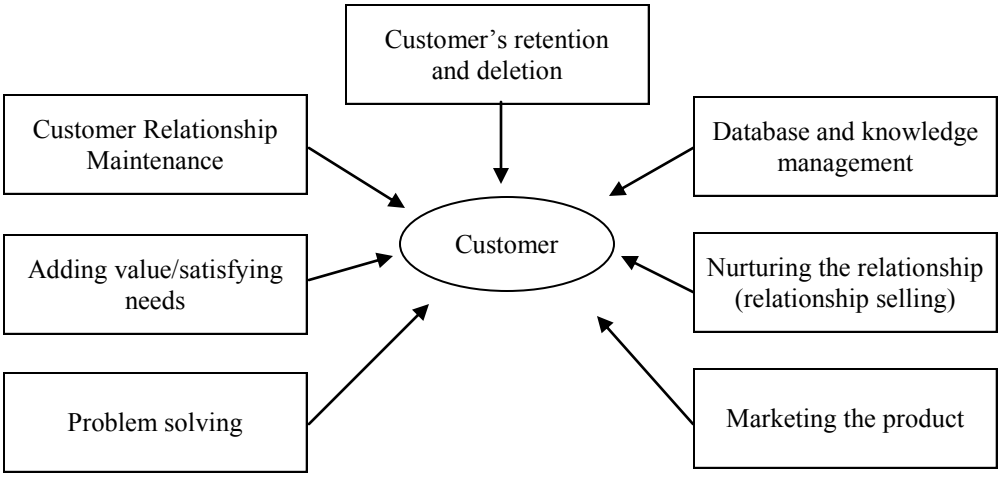
This 21st century approach relies on the premise that organizations as a whole will focus on securing, developing and maintaining long-term profitable relationships with profitable partners, as noted earlier.

PARTNERSHIP. AN EVOLVED FORM OF RELATIONSHIP SELLING

Literature (Manning et al. 2010) notes different stages of development for the personal selling function ranging from marketing era to partnership era, representing the current stage, as follows:

- *Marketing era begins* (early 1950s): product orientation is replaced by a market orientation. In this scenario the salesperson is in a position to collect information regarding buyer's needs;
- *Consultative selling era* (late 1960s to early 1970s): salespeople evolve into becoming diagnosticians of customer's needs as well as consultants. During this stage mass markets are breaking into target markets and two-ways communication is initiated, providing

FIGURE 1:
Characteristics of Modern Sales (Montcrief and Marshall 2005)



information and as such negotiation replaces manipulation;

- *Strategic selling era* (early 1980s): a more complex selling environment emerges with emphasis on market needs and thus on planning. Strategy, selling and product positioning are gaining attention at corporate level. The emphasis for this stage is on account management and team selling (Weitz and Bradford 1999).
- *Partnering era* (1990 to present): during this stage salespeople are encouraged to think all their measures in the context of long-term, high-quality partnership with individual customers; sales force automation provides customer information. Customer supplants the product as the driving force in sales while emphasis is placed on strategies that create customer value and adaptive selling techniques.

A partnership can be defined as a high quality, strategically developed relationship, on the long haul that focuses on solving matters related to customer's acquisitions (Manning et al. 2010). There are three major differences between partnering roles of sales people versus other roles (Weitz and Bradford 1999), as follows: (1) the focus on interpersonal communications-managing conflict versus influencing purchase decisions; (2) the salesperson's objective-building and maintaining the relationship with the customer versus maximizing short-term sales; and (3) the unit of analysis - the sales team versus the individual salesperson. Conflict is inherent to market interactions due to different objectives of the two actors, however the partner sales rep aims to manage the conflict so as to accrue benefits to the overall relationship and value it in order to strengthen overall relationship and increase commitment for both sides. Secondly, generating long-term profits for both partners rather than pursuing one time transactions has direct implications on sales management (way how sales agents and sales teams are recruited, evaluated and compensated). Lastly, it is important to emphasize the need for implementing sales teams as these complex partnerships cannot be managed by individuals. Mostly the need is for cross-functional sales teams within their selling centers as corresponding to the cross-functional buying-teams in the buying centers of partner's company across different levels of management. As such, *relationship managers* (Davies et al. 2010) are responsible for the end-to-end relationship with a business-to-business customer, including communication, sales, and after sales service and they will act as the primary point of contact for a customer over the long term.

Salespeople more than in any other stage are engaging in relational exchanges on a day to day basis, channeling additional consulting, support and information among partners.

RESEARCH METHODOLOGY

At this stage of the research endeavor encompassing the developing national market for the express carrier, two main objectives were considered: the overall assessment of the relative importance of factors that influence satisfaction for key corporate clients; and to identify perception vis-à-vis relationship selling by using empirical analysis.

The research was carried out online during the months of January – March 2010 in Romania, at a national level for corporate clients of the service provider. The targeted corporate clients were those companies that purchased express services from the provider of more than 100.000 EUR in 2009. Out of the 60 companies that comprise the entire population of key accounts, a number of 53 companies have responded. Such a high response rate of 88 percent was possible due to excellent relationships built over time.

The questionnaire is comprised of three main sections. The first one is designed to collect firmographic data. The next section adresses 37 important aspects of corporate customer satisfaction using a 5 point Likert scale. The questionnaire ends with a section that is designed to measure the importance of several

factors that influence the overall satisfaction of the client vis-à-vis service offering, overall experience and interaction with the provider's team. The vast majority of the questions are closed questions, while the final three ones aimed at encouraging and asking for suggestions to improve the service and client-service provider encounter.

RESEARCH FINDINGS

Valuing a consecrated international research model (Li et al. 2006), the 5 elements considered to have an impact for the overall satisfaction on the international courier market are: *availability* (the degree to which the company can be accessed), *responsiveness* (the degree to which company staff reacts promptly and appropriately), *reliability* (the degree to which parcels are delivered without damage and on time), *completeness* (the degree to which all components of the service are finished) and *professionalism* (the degree to which carrier company uses suitable, professional behaviors, while working with me such as politeness, respect, consideration, truthfulness and friendliness).

TABLE 1:
Overall Appreciation of the Five Factors

Factor	% of respondents who marked it as being "very important"
Reliability	73.6
Responsiveness	64.2
Professionalism	63.5
Completeness	56.4
Availability	50.9

As per Table 1, the most appreciated factor is *reliability*, while the least appreciated one is *availability*. At the same time these two are also the factors that have the widest range of responses, as depicted in Table 2. This shows that when it comes to evaluating those two particular factors, respondents have a greater divergence of attitude and shared opinion as to their importance.

As the empirical research was performed using a Likert scale registering degrees of agreement that produced ordinal variables, the hypothesis testing for correlation could not be done using a Pearson test. Moreover, even though the rate of response was relatively high for the entire population, the absolute number of responses was insufficient to satisfy one of the conditions of interpretation for the Chi-Square statistic (less than 20 percent of the cells must have an expected count of less than 5). Therefore, the remaining option for testing correlations was using Spearman test (Andrews and Standridge 2010). The hypotheses tested was that each of the five factors analyzed is independent of any of the 37 variables.

In order to better understand the correlation between those five factors and the other indicators analyzed within the research, the level of correlation was tested using the Spearman test. The results are presented in Table 3. There were a total number of 37 variables analyzed, out of which 5 were considered as directly reflecting the relational aspect underpinned in the present article.

Although, *reliability* was the indicator with highest score as importance, when tested with the other factors it turned to have no correlation. On the other hand, *responsiveness* is the indicator with the highest overall level of correlation with factors that involve personal interaction.

The value of the Spearman test for the correlations found was positive but less than .5, which shows quite a poor but positive relationship between the variables.

These findings show that the customer's interaction with the company staff is related to the perceived level of importance of the analyzed factors. Also, the factor that has the highest level of correlation with the relational aspect of the company, in the customer's perception, is *responsiveness*. The fact that

TABLE 2:
Descriptive Statistics on the Five Factors

		Availability	Responsiveness	Reliability	Completeness	Professionalism
N	Valid	53	53	53	53	52
	Missing	0	0	0	0	1
	Median	5.00	5.00	5.00	5.00	5.00
	Mode	5	5	5	5	5
	Range	3	2	3	2	2

responsibility and professionalism follow reliability, as next two important factors in customer's perception further supports the thesis that partnership with the client is fundamental to overall business relationship, on the industrial service market. This evidence becomes even more meaningful in the light of service performance level findings which show that only a quarter (24 percent) of respondents view the service offering very high, very few of them considered it very low (4 percent), while most of them considered the service rather average and/or superior, further indicating a large potential pool for expanding relationships and mutual gains in the future (Pop et al. 2010).

A future study would explore more in-depth ways to enhabce present factors and formulate effective sales strategies, based on a qualitative approach.

CONCLUSIONS AND IMPLICATIONS

Satisfaction related findings enable the company to better manage its sales activities towards strengthening partnership with key accounts through superb sales force design, high level of commitment, responsiveness and professionalism in all phases of the sales process. On this basis, a service providing company can develop new solutions, and ways to effectively communicate with partners on the basis on its extended service offering, ensuring a higher retention rate (Hnatiuc and Mihoc 2010).

Research provides adequate support for the thesis that relational pursuit is preferred by the partners and further emphasizes potential for relationship and thus business development and expansion with the existing large accounts. At the sales management level setting objectives is to consider qualitative dimensions (satisfaction degree, number of referral from existing accounts, image projected) not merely quantitative aspects. The recruitment phase also has to evaluate as crucial, the relational capacity factors (emotional intelligence, adaptability, credibility, initiative), complex IT competencies and personal creativity, empathy (Pop and Vladoi 2009); while motivation and compensation phases are to effectively tailor a personal and professional development plan, apart from monetary bonuses that promotes continual learning even for customer's market, specific needs and processes.

Existing team selling practice is a positive aspect; however a new key account management policy has to be implemented. Cross-functional teams are to be formed for top accounts, while the relationship manager is to be responsible and act as a single point of contact with the customer. When it comes to the sales process, a consultative approach is to be adopted, valuing research findings that states that responsiveness and professional conduct are highly viewed in customers' perceptions.

Today, sales forces play a dominant role both for present and future perspective because partnership relationships are more solid and last longer, provided these professionals promote their solutions and attempt to match their offering to future customer needs. This leads to

TABLE 3:
Overview of Significant Correlations

Indicator	Number of significant correlations (at 0.05 level)	% of total number of variables	Number of correlations that involve personal relationships.	% total number of relational factors
Reliability	0	0.00%	0	0%
Responsiveness	15	26.67%	4	80%
Professionalism	10	10.00%	1	20%
Completeness	3	33.33%	1	20%
Availability	26	11.54%	3	60%

a long-term superior overall experience with the customer. Nonetheless partnerships with key customers are vital because long term customers are loyal to the individual relationship manager, and to the team more often than to the provider company

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NEGOTIATION PREPARATION DIFFERENCES IN SELLING SITUATIONS: COLLABORATIVE VERSUS COMPETITIVE EXPECTATIONS

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Pre-negotiation planning is critical to a successful negotiation encounter, yet while vital, few studies have made it a focal point. In this exploratory study, scenario analysis was used to discern potential differences in the pre-negotiation process in highly collaborative and highly competitive selling situations. Results indicate a disparity in the planning processes between the groups; not only in terms of the amount of planning, but also in the behaviors that comprise the planning process. Five major planning differences between pre-negotiation for an anticipated collaborative encounter versus a competitive encounter were identified: 1) obtain information on alternatives the client may be pursuing, 2) understand the other side's decision making unit, 3) obtain information on the client's anticipated preparation activities, 4) contrive your best alternative to a negotiated agreement (BATNA), and 5) devise competitive attacking strategies. The findings are the first to empirically illustrate that the current theory of firm-to-firm negotiation should begin to incorporate an important element, that of preparation.

INTRODUCTION

Marketing theorist Wroe Alderson once described negotiation as the "crowning process of business effort" (1957, p. 11). Certainly, the ability to effectively negotiate gives the individual or organization a competitive advantage in the marketplace (Miller and Cardinal 1994). Over the past three decades, a significant stream of research has focused on the negotiation process. As a result, much is now known about the characteristics of the negotiators (for example, see Rubin and Brown 1975; Graham 1983), the negotiation process itself (Ganesan 1993; Graham 1984a), as well as potential negotiation outcomes (Ganesan 1993).

Others, however, have suggested that the manner and degree to which a negotiator prepares for the negotiation encounter may have a significant impact on the negotiation outcome. For example, Smith (2007) suggested that entering the negotiation encounter unprepared diminishes the negotiator's credibility while providing the other side a negotiating edge. Rognes (1995) and Lewicki, Saunders, and Minton (1997) have identified planning as an important pre-negotiation process and suggested that effective negotiators spend time planning for the upcoming negotiation session(s), thus enhancing their chances for success in the negotiating process.

Unfortunately, little research has focused on understanding what negotiators do to prepare for the negotiation encounter (Evans and Beltramini 1987), especially as it relates to the selling process. Pitz (1977) stated that if a theorist is truly interested in the processes used by an individual in arriving at decisions, it is essential to explore the predecisional behavior of the vested parties. Since planning is the process that links cognition with action (Sacerodoti 1977; Wilensky 1983), it is imperative to better understand what drives the behaviors performed at the negotiation table. Hence, exploratory studies can make contributions to theory development and practical use by investigating this "pre-negotiation" phase. Without a more robust comprehension of the factors and behaviors of

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the pre-negotiation phase, the consequence of ignorance most likely includes failed negotiations, extended and more costly negotiations than required, and the continuation with the fascination of "table exchanges" without understanding why they may have occurred.

While there are several conceptual models of negotiation involving commerce (Graham 1987; Brooks and Rose 2004), several years ago a framework that did not concentrate on individual personalities or other pure demographic information, but offered a pre-negotiation focal point. Peterson and Lucas (2001) proposed a broadened conceptualization of the pre-negotiation process in the sales arena that focused on the information gathering, planning, and rehearsal that a negotiator may conduct prior to a negotiation interaction. Recently, Peterson and Shepherd (2010) identified an inventory of 34 specific pre-negotiation activities that negotiators utilize as they prepare for a business-to-business negotiation situation. Exploratory studies can contribute to theory development and practical use by investigating this "pre-negotiation" phase. As a next step in this research process, this study begins to investigate the use of pre-negotiation activities in differing negotiation situations using empirical evidence. In short, the research intent is to better understand what people do when preparing for certain types of negotiation situations (competitive-collaborative), in broad terms, but also in the precise activities they would undertake to ready themselves.

LITERATURE REVIEW

Negotiation

Negotiation has been defined as "the process whereby people attempt to settle what each shall give and take or perform and receive in a transaction between them" (Rubin and Brown 1975, p. 2). The negotiation process ranges from a cooperative situation that may potentially lead to a positive outcome for both parties, often termed a win/win negotiation (Rapoport 1970), to a competitive "haggling" session in which one party gains at the other party's expense, often termed a win/loss negotiation (Druckman 1977). Either way, industrial purchases are best viewed as "negotiated settlements" (Bonoma and Johnston 1978, p. 218). Interorganizational negotiations are typically characterized as having professional individuals involved who are empowered to make buying and selling decisions. Interactions are most often performed face-to-face (Graham 1987), where the parties are expected to be prepared to ask and answer relevant questions that can reduce the potentially conflicting needs and demands that each holds. These actions are generally performed in groups while representing particular organizations (Lambert, Boughton, and Banville 1986; Zaltman and Bonoma 1977).

As noted earlier, considerable research attention has focused on the characteristics of the negotiators, the negotiation process itself, and potential negotiation outcomes. Conversely, little research has focused on what the negotiator does in preparation for the encounter. The Peterson and Lucas (2001) study was one of the first to address this pre-negotiation process. According to their conceptualization, the pre-negotiation process consists of the four components or phases in a sales environment, as shown in Table 1. Two of these four phases, formulation and strategy development, are directly related to planning activities, with the former focusing on the development of goals and objectives, and the latter focusing on strategies developed to help achieve these goals and objectives. The other two phases focus on collecting information to facilitate the planning process (the intelligence gathering phase) and practicing or rehearsing the application of the plan in anticipation of the negotiation encounter (the preparation phase). For simplicity, the four phases of this model will be referred to collectively as the "pre-negotiation process" throughout the remainder of this manuscript.

TABLE 1 :
Four-Phase Conceptualization of the Pre-Negotiation Process
Peterson and Lucas (2001)

Phase	Domain
Intelligence Gathering	The act of collecting, processing, analyzing, and evaluating available data concerning the other party and relevant environmental factors.
Formulation	Entails developing goals, specific objectives, and setting the parameters for each issue to be negotiated.
Strategy Development	Strategy is a plan that integrates a person's goals and action sequences into a cohesive whole.
Preparation	Involves rehearsing verbal communication, arranging/creating support materials, and attending to logistical concerns.

Peterson and Lucas (2001) did not attempt to develop a list of mental processes or behaviors that would typically be found in each phase of the pre-negotiation process. However, recently, Peterson and Shepherd (2010) developed and empirically tested an inventory of 34 pre-negotiation mental processes and behaviors. One logical outcome of that research is to identify variation in the pre-negotiation process across negotiation situations. In particular, they recommended contrasting the pre-negotiation process in a highly cooperative negotiation situation with the pre-negotiation process in a highly competitive situation.

Sales Planning

Foster (1993) has noted that business planning is generally done for two reasons: to reduce future uncertainty and to diminish the risk of failure. Numerous definitions of planning exist (Berger 1988; Hobbs and Evans 1980; Troub 1981). However, in general, most negotiation researchers agree that plans are:

> Cognitive structures that outline actions to be taken which help to achieve one or more stated goals (Berger and Bell 1988; Berger and diBattista 1993).

Planning in the business arena usually involves written objectives, strategies, and policies. Kotter (1982) noted planning often occurs in informal or implicit ways and therefore, managers develop loosely connected goals and plans. Normally included in planning processes are data collection, formulating, developing strategies, and preparation for planning. Phenomena such as the actual execution of the tactics at the negotiation table or verbal interaction would fall outside the domain of planning.

Planning is considered the process of devising a formula that aids in offering a course of action based on the contextual environment (Alterman 1988; Carbonell 1981). After a plan is devised, it is executed in hopes of attaining the desired outcome(s) (Hjelmquist 1990). Communication research notes that belief in the efficacy of planning (Kreitler and Kreitler 1987), goal setting, and goal specificity (Huber and Power 1985) promotes more planning in general, and the generating of more elaborate plans.

Given a much larger body of accumulated research briefly mentioned above that supports the value and efficacy of well-developed planning activities, one might believe that planning at several levels in the sales process would be an important factor leading to the success in the selling process. However, there is little evidence to support either the nature of planning or its linkage to sales success at either the level of the individual account or territory by the individual salesperson. Most planning discussions regarding the sales process concern

themselves with managers and their planning activities (Lidstone 1990).

THE STUDY

The purpose of this study is to identify variations that may arise in the inter-organizational pre-negotiation process that is dependent on the nature of the negotiation situation. Specifically, the research focuses on identifying variation in the pre-negotiation process when a highly collaborative negotiation process situation is compared with a highly competitive negotiation situation; however, the authors acknowledge there are certainly negotiations that are of mixed nature (Harwood 2002).

The study was conducted using a scenario format. Scenario methodology is widely accepted in negotiation research as it allows standardization of stimulus across respondents while, at the same time, providing an extremely realistic decision-making situation (Alexander and Becker 1978).The negotiation scenario used prescribed the general role the respondents were to play leading up to the intended negotiation. The scenario employed was a modified version of Graham's Bolter Simulation (1984b). The Bolter Simulation entails the buying or selling of capital equipment for the purposes of extracting natural gas (See Appendix A). Negotiators need to prepare to discuss a wide range of issues including purchase price, delivery terms, payments terms, and a service agreement-a very typical selling encounter. Other researchers have used the Bolter simulation and found it robust and complex enough to connote a real world experience (Alexander 1988; Alexander, Schul, and Babukus 1991; Westbrook 1997).

Data Collection

Business professionals seeking their MBA at a large southeastern U.S. university were chosen as the sample frame. MBA student populations are often used in exploratory negotiation research as they have been found to have adequate business experience and skill to effectively represent a more general business population without skewing results (Luthy 1995; Min, LaTour, and Jones 1995). In fact, Petty and Cacioppo (1996) note that student subjects are appropriate and even desirable when research objectives include theory development, as the current research does. Thus, each respondent was randomly assigned one of two negotiation scenarios, competitive or collaborative. Respondents saw only their version of the scenario, ensuring no cross-group contamination. Each person received an identical response questionnaire, coded to indicate which scenario he/she was given. Post-survey completion discussions with a sample of the respondents indicated they had responded to the manipulation.

The respondents were asked to decide how they would split their time between each of three negotiation categories: 1) pre-preparation, 2) active negotiation and 3) follow-up - prior to completing the remainder of the questionnaire to ensure they were not aware of the research question. The respondents were given a constant sum of 500 points to spread across the three categories. Pre-negotiation activities had a mean of 207 units with a standard deviation of 73 units. Negotiation had a mean of 177 units with a standard deviation of 72 units. Post-negotiation activities had a mean of 115 units with a standard deviation of 55 units.

Next, the respondents were asked, based upon the units of time they had allocated for pre-negotiation activities, to allocate that time over the 34 pre-negotiation activities. In addition, demographics were collected to help understand the nature of the respondents.

RESULTS

The final instrument was distributed to 178 MBA students, resulting in 173 usable responses. The respondents were predominantly male 110/63, mostly under 34 years old 140/33, and had an average of 5-6 years of professional experience. Of those useable responses, 86 responded to the collaborative scenario and 87 to the competitive scenario.

Validity and Reliability of the Measures

In their measurement development process Peterson and Shepherd (2010) established the face validity of their measure. As a first step in building upon that foundation, respondents were given the option of adding additional activities in each category. Only three respondents added a total of four activities, which the authors deduced were not different than the existing choices. This suggests that among the sample, the list appears to be thorough. Additionally, the measures of behaviors are formative versus reflective measures (Jarvis, Mackenzie, and Podsakoff 2003). Hence, techniques such as confirmatory factor analysis or the alpha reliability coefficient are not suitable in this situation.

Behavior Usage

Table 2 provides the responses to the behaviors. Remember that respondents were asked to apportion time units to the various pre-negotiation activities they might undertake. Also recall, in an initial question, they had allocated, on average, 207 time units to the pre-negotiation behaviors. This represents nearly 60 percent of the possible 350 units they could have allocated to pre-negotiation behaviors. The range of values respondents earmarked was from 50 units (14 percent of the total possible) to 350 units (or 100 percent of the total pre-negotiation units possible). Thus, a wide range of time units were allocated to pre-negotiation behaviors. Intelligence gathering had the largest average time allocation with 69.13 units, out of 110 possible, followed by formulation 49.34 units of 90, strategy 48.35 units of 85, and preparation 36.39 units of 65 possible. While formulation had slightly higher total units of time allocated, strategy had a slightly higher percentage of the total possible units.

The results offer several interesting insights. In terms of pure numbers, each category has some activities that were chosen more than others. For intelligence gathering, collecting primary and secondary data information were among the most chosen items. For formulation, trying to incorporate the action plans of the other and defining your role were most often mentioned, but establishing the BATNA (best alternative to a negotiated agreement-at what point to you agree to disagree and pursue your next best alternative) and defining your own interests were also frequently selected. For strategy, developing third party strategies and attack strategies were the most frequently selected. The third party strategy decision seems particularly interesting. For preparation, script opening, role-plays, and dealing with logistics were the most frequently chosen. Another notable trend was the fact that pre-negotiation activities had the highest allocation of points across the three elements (pre-negotiation, active bargaining, and implementation), suggesting that the respondents recognized the importance of planning in negotiation activities.

Differences Across Negotiation Expectations

In order to test for differences across negotiation expectations, one-way analysis of variance was utilized. The test was utilized across total pre-negotiation behaviors, intelligence gathering, formulation, strategy, and preparation behaviors. SPSS version 17.0 for Windows was utilized for the data analysis. Table 3 provides the results of that analysis.

The data indicates that both intelligence gathering and formulation activities were significantly greater for competitive situations as opposed to collaborative situations. However, this does not indicate which of the actual behaviors drives the differences. Chi-square analysis of the 34 behaviors was conducted to ascertain which behaviors were significantly more utilized by either the competitive or collaborative negotiation planners. The assumption was that each would be requested equally across the two situations. Table 4 provides that analysis for the five items that were significant at the .05 level or better in a two-tailed test, which is significantly more items then we would expect by chance. The results suggest that a small number of activities, five, drive the differences shown in Table 4.

TABLE 2:
Response Frequencies of Pre-Negotiation and Planning Activities

Negotiation Activity	Time/Value	Responses	Percentage
Intelligence Gathering			
Collect primary data	15	146/173	84.4%
Obtain client preparation info	5	122/173	70.5%
Collect secondary data	15	108/173	62.4%
Review previous strategies	5	93/173	53.8%
Review history of the relationship	10	78/173	45.1%
Understand other side decision making unit	20	70/173	40.5%
Obtain client's competitive alternatives	15	65/173	37.6%
Gather data on market conditions	15	52/173	30.1%
Understand other party (personality, etc.)	10	51/173	29.5%
Formulation			
Incorporate action plans of other	5	113/173	65.3%
Outline your personal role	5	107/173	61.8%
Contrive BATNA	20	94/173	54.3%
Define your interests	5	94/173	54.3%
Define the bargaining mix	5	82/173	47.4%
Consult with others on the plan	5	78/173	45.1%
Define issues to be deliberated	5	74/173	42.8%
Set limit levels on the issue	15	69/173	39.9%
Create agenda for negotiation	15	61/173	35.3%
Create negotiating team	5	52/173	30.1%
Set negotiation objectives	5	41/173	23.7%
Strategy			
Develop 3rd party influence strategies	15	140/173	80.9%
Devise competitive attack strategies	15	111/173	64.2%
Devise competitive defend strategies	15	88/173	50.9%
Devise concession strategies	10	80/173	46.2%
Develop trade-off strategy	10	67/173	38.7%
Devise collaborative strategies	10	54/173	31.2%
Develop team strategy	10	36/173	20.5%
Preparation			
Script opening ceremonies	5	118/173	68.2%
Perform role plays	20	112/173	64.7%
Address logistical concerns	5	102/173	59.3%
Prepare mutual interest topic	5	96/173	55.5%
Prepare visual and other aids	10	47/173	27.2%
Prepare questions for client	10	41/173	23.7%
Prepare for questions from client	10	25/173	14.5%

TABLE 3:
ANOVA Behaviors by Type of Expectation of the Negotiation

Behavior	Mean Compet (Std Dev)	Mean Collab (Std Dev)	F	Sig
Total	216.70 (71.89)	192.30 (63.91)	4.698	.032
Intelligence	73.55 (29.73)	64.77 (25.39)	4.364	.038
Formulation	50.81 (23.26)	44.94 (20.64)	5.211	.024
Strategy	51.34 (24.12)	45.40 (21.62)	3.086	.081
Preparation	37.38 (15.45)	35.35 (14.36)	.808	.370

DISCUSSION AND MANAGERIAL IMPLICATIONS

One of the contributions of this research is finding significant variation in the pre-negotiation process across negotiation situations. Specifically, on several items, the pre-negotiation process for a selling situation that is expected to be highly collaborative varied significantly from the pre-negotiation process for a selling encounter that was expected to be highly competitive. As noted in Table 4, the following five specific activities were found to statistically differ between the competitive and collaboration negotiation situations:

1) Obtain information on alternatives the client may be pursuing
2) Understand the other side's decision making unit (process and structure)
3) Obtain information on the client's anticipated preparation activities
4) Contrive your BATNA (detail what you will do if this deal does not close)
5) Devise competitive attacking strategies (options to put other party in a bind)

Theoretically, and pragmatically, collaborative negotiation approaches require more resources during the pre-negotiation phase. The salesperson must expend capital to understand the client's needs, as well as motivations, in order to formulate solutions that work to both parties' advantage. Further, it often takes considerable time and forethought to build the foundation of trust and respect generally required for a collaborative relationship. Thus, it may be speculated that collaborative negotiation approaches require more preparation than other negotiation approaches. However, at the same time arguing against this notion, one can suggest that perhaps those who expected a collaborative negotiation and hence less conflict, felt less of a need to prepare. Yet again, to be competitive, perhaps all the preparation you need is to practice saying "no" to all the other party's requests; which does not really requirie much preparation or forethought. Thus, finding significant differences between the groups, and the direction of the difference, is an important piece of information for negotiation theory development and practitioner use. By understanding the proclivities of negotiators who anticipate a competitive or collaborative encounter, one can make the necessary adjustments to planning and strategy development.

Intelligence Gathering, the collection, processing, and evaluation of information prior to the negotiation, was of significantly more importance to the competitive group, as compared to the collaborative group. Accumulating accurate data on market conditions, future trends, personnel, and previous behaviors performed by each party is undertaken with more vigor from the

TABLE 4:
Chi-Square Analysis of Individual Indicators

Variable	Competitive Count/Total	Collaborative Count/Total	Exact Sig. 2-sided
Obtain Alternatives	63/86	45/87	.005
Obtain Client Prep Information	32/86	19/87	.031
Understand other Sides' Decision Unit	62/86	41/87	.001
Contrive BATNA	46/86	33/87	.048
Devise Competitive Attack Strategies	39/86	23/87	.011

competitive group. The connection between preparation level and perceived risk of loss is quite evident. The desire to "not lose" seems to spark a need to gather any and all relevant information and outweighed a typical collaborative notion that you must know yourself, but also the client just as intimately.

Defining objectives, creating a negotiating team, and setting limit levels are important parts of the Formulation phase. To a negotiator anticipating a competitive encounter, this type of preparation is more important, as compared to those who believe a collaborative meeting will be convened. The psychological "room for error" is believed to have a narrow tolerance in a highly competitive engagement. Either the negotiator is fully equipped and prepared, or the other person/team will have a potential advantage in the negotiation encounter. For this latter reason, it seems that the competitive group is highly concerned with the Formulation stage.

Within the Intelligence Gathering phase, a gap exists between competitive and collaborative scenario respondents in their desire to "obtain information of the competitive alternatives the client may be pursuing." The lower frequency of the collaborative scenario respondents appears to signal a belief that they can work together, whatever differences they may have at the table, and do not see client alternatives as a true threat to completion of the agreement. Another disparity is found in an individual's desire to "understand the other side's decision making unit." Apparently, knowing precisely how the client's team will make its decision—who has what authority, who is involved in the process—is much more important to the competitive scenario negotiators. This is surprising since in a collaborative model the sale representative would strive for a win-win, which by definition he/she needs to comprehend how the client makes decisions. The last difference in the Intelligence Gathering phase was geared to "obtain(ing) information on the client's anticipated preparation activities." Again, the collaborative scenario respondents felt it a less important activity, as measured by the frequency of choice, possibly because the belief of working together to reach agreement does not require such knowledge.

Creating a BATNA in the Formulation phase seems to make sense no matter what the encounter might entail, so it is difficult to explain the statistical difference here. Even collaborative people cannot make all deals flow smoothly, so one should explore what they

might do if a permanent impasse should arise. Within the Strategy phase, a contrast in the desire to "develop competitive attacking strategies" comes as no surprise between the groups. One would expect such a finding if the competitive-collaborative treatment effect was genuine. The competitive scenario respondents should gravitate to this activity, whereas within the collaborative approach, this would appear to be counter-productive.

Thus, finding significant differences between the groups, and the direction of the difference, is an important piece of information for negotiation theory development and practitioner use. By understanding the proclivities of negotiators who anticipate a competitive or collaborative sales encounter, one can make the necessary adjustments to their own planning and strategy development. From a selling and planning perspective, thirty years ago Rackham and Carlisle (1978) concluded that "...planning was the foundation for any successful negotiation" (p.2), after conducting 153 extensive sessions of observing and conversing with negotiators. Based on the current study, we now have some of the first empirical data explaining what the salespeople might explicitly be thinking/doing during this negotiation planning phase. This is valuable for future theory development that moves beyond comparing demographic data by looking at actual preparation behaviors based on contextual circumstances, which may override personal attributes or individual orientations.

LIMITATIONS & FUTURE RESEARCH

This research has limitations, as any exploratory research does. The sample might be difficult to generalize to other populations. While simulations are good research tools, they are not the same as putting the respondent into an actual situation or perhaps having them recall specific situations. However, the advantage to this method is the elimination of the recall issue problem. Asking people to think back upon a negotiation and then attempt to articulate their planning behaviors is not overly practical. Being one of the first investigations in this domain, numerous future studies should test and re-test the findings gathered from this exploration, and further develop the understanding of the activities undertaken prior to a face-to-face negotiation meeting.

This research suggests a number of important future research directions. Given this pre-negotiation behavioral inventory, future research needs to link the quality of these behaviors, as well as their use or absence, to the nature and quality of negotiation behaviors, and then to outcomes such as the success of the negotiation. Within the context of buying and selling, a next step may be to establish the usage and perceived importance of these behaviors in negotiation situations similar to the buyer-seller interaction described in this study. Once this is ascertained and measures further developed, laboratory research could be done in buyer-seller negotiations to link pre-negotiation behaviors to negotiation patterns and, ultimately, output.

One other finding in the activities chosen by the respondents warrants attention, but it is not a difference between the groups. Surprisingly the bottom ranking for both "incorporating the anticipated actions of the other party" (number 31 out of 34), and "obtaining information on the client's anticipated preparation activities" (number 33). These results are evidence of the ethnocentric fixation that many negotiators have with regard to their opponents, even if they expect them to be highly collaborative. They tend to solely focus on themselves and their planning. Most people were concerned about their level of preparation as if they existed in a vacuum. While they would prepare for questions from the client, they certainly did not feel at peril due to the preparation of the other person/team. Noting what negotiators do not do might be just as informative as what they do.

Understanding which of these pre-negotiation behaviors leads to a better negotiation process and thus, to better outcomes, will provide significant information for training and evaluation of salespeople and other boundary

spanners in the firm engaged in buyer-seller negotiations. Tying inputs to outcomes will eventually be required to empirically discern which items negotiators should spend their limited time when preparing for negotiation encounters.

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APPENDIX A

The Bolter Scenario

You are the lead sales representative in a contract negotiation between two firms over the sale of a complex compressor system used in the offshore production of natural gas. Stated simply, the compressor forces the natural gas from the seabed into a system that allows for its capture. The two involved firms are: 1) Bolter Turbines Inc.—a manufacturer of natural gas production equipment (with whom you are a salesperson), and 2) Maverick Natural Gas Inc.—a producer of natural gas with production operations concentrated in the Gulf of Mexico. This contract negotiation is based on the potential purchase by Maverick of one compressor system, but there is always a desire of selling additional units.

Maverick has been a customer for several years and knows you and your company through previous work you have performed for them. This compressor *system* would represent a lucrative increase in business from your client, and would be one of the first sales for a new and improved compressor system. The sales process has proceeded relatively smoothly, a few bumps here and there, but now the big decisions must be made during the negotiation.

Over the past few months, you (the Bolter sales representative) have been actively involved in preliminary sales negotiations with the Maverick purchasing agent and other Maverick staff members over the purchase of the system. This product is a specialized compressor system recently developed by your firm, and is rated as the best in the market at extracting natural gas. You have offered Maverick a general price range for the system ($2-3 million), but have not talked any specifics yet.

Your role in the negotiation will be to negotiate with the other party to reach a decision on a contract for the *system*, including finalizing the price on the compressor, the price of the service contract, and the delivery date. Again, your task is to complete the negotiations and get a signed agreement for the 1) compressor system, 2) service contract, and 3) delivery date of the equipment.

Those receiving the **Competitive** stimuli were given additional information (emphasis original)**.**

Additional Information:

It is your professional feeling, and other sources have confirmed it, that the Maverick negotiators are only concerned with making as much money from this deal as possible. They are not out to hurt you necessarily, but they do not feel the need to help you either. You anticipate Maverick being highly competitive with you. In fact, they will be as competitive as it takes so they can reach their objectives on every issue. You must take care of yourself if you intend to reach your goals and corporate objectives.

Those receiving the **Collaborative** stimuli were given additional information (emphasis original)**.**

Important Information:

It is your professional feeling, and other sources have confirmed it, that the Maverick negotiators will tend to be highly collaborative with you. They have a reputation for working well together with those who cooperate with them. They think your system can be a good business arrangement for both parties. Maverick still wants to win as much as they can, but they also want you to win as well. While you might not agree on everything, you have reason to believe that everyone has the best intentions and will work together to find an agreeable solution.

THE TYPE A BEHAVIOR PATTERN AND SALES PERFORMANCE: A THEORETICAL CLARIFICATION

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The Type A Behavior Pattern (TABP) has been hypothesized to influence performance in a variety of sales environments. Unfortunately, prior research has been hindered by a lack of established theory. First, the association between two of the primary components of TABP (i.e., achievement striving and impatience-irritability), has not been adequately explained. Second, the presumed relationship between impatience-irritability and performance is counter-theoretical, particularly in service selling where interpersonal skills are especially important. This study provides theoretical clarification and re-tests the revised hypotheses using a sample of travel agents. The results support the hypothesis that achievement striving influences selling performance. The results do not support the hypothesis that impatience-irritability reduces selling performance. It is suggested that individual coping behavior may moderate the relationship. Finally, the relationship between achievement striving and impatience-irritability was not significant. Researchers and sales managers are cautioned to (1) correctly interpret the TABP as a combination of both achievement striving and impatience-irritability and not simply as a motivation construct and (2) consider the context of the work setting, as the TABP is less likely to be accepted in environments that require strong interpersonal skills and relationship building.

INTRODUCTION

The Type A Behavior Pattern (TABP) has been recognized as a predictor of performance in a variety of selling environments including *real estate* (Bartkus, Peterson and Bellenger 1989), *manufacturing* (Lee and Gillen 1989), *insurance* (Matteson, Ivancevich and Smith 1984; Bluen, Barling and Burns 1990), *automobiles* (Barling, Kelloway and Cheung 1996), and *travel services* (Bartkus and Howell 1999). Defined as "an action emotion complex that can be observed in any person who is aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or persons" (Bartkus et al. 1989, p. 11; Friedman and Rosenman 1959), the TABP is commonly described by two major traits: *achievement striving* and *impatience-irritability*. Begley et al. (2000), note that achievement striving reflects the "extent to which people work hard, are active, and take their work seriously" while impatience/irritability "reflects anger, hostility, and obsession with time." (p. 216)

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Bartkus and Howell (1999) have argued that achievement striving should have a *positive* influence on selling performance while impatience-irritability should have a have *negative* influence. As such, the positive influence of achievement striving is at least partially mitigated by the proposed negative influence of impatience-irritability. Furthermore, since it has been traditionally hypothesized that the two are correlated, managers are presented with a dilemma with regard to recruiting qualified salespeople. As, Bartkus and Howell (1999) note: "since interviewees tend to accentuate positive traits (e.g., motivation) and downplay negative traits (e.g., impatience-irritability), an unstructured or poorly planned interviewing process is likely to hinder the interviewer's ability to effectively gauge the qualifications of the potential agent

(Daniel and Valencia 1991). As such, management may unwittingly think they are hiring a qualified agent when, in fact, they are not." (p. 164)

A careful review of the literature, however, suggests that any managerial prescription based on empirical results from TABP research may be premature since the theoretical rationale for the TABP-sales performance relationship has not been well established. Specifically, the relationship between impatience-irritability and performance has not been well explained nor has the proposed relationship between impatience-irritability and achievement striving.

With regard to the relationship between impatience-irritability and performance, Barling, Kelloway, and Chueng (1996) simply assumed that impatience-irritability was not a factor in the sales performance equation since there is no "...data to suggest that impatience-irritability is associated with sales performance." (p. 822) Similarly, Bluen, Barling and Burns (1990), hypothesized that impatience-irritability would not be related to selling performance based on other empirical results in non-selling environments. Bartkus and Howell (1999) provide somewhat stronger rationale by arguing that impatience-irritability should have a negative influence on travel service selling because "...impatience-irritability is incompatible with task environments that stress strong interpersonal skills". (p. 166)

With regard to the relationship between achievement-striving and impatience-irritability, Bartkus and Howell (1999) note that "the theoretical rationale for this relationship has not been fully established" (p. 164). For example, Spence, Helmrich and Pred (1987) simply ask: "can persons who are hard-driving, hard-working, and ambitious usually be characterized as irritable, impatient, and hostile as well?" (p. 523)

Despite the lack of theory, there is a history of fairly consistent empirical support for the relationship (e.g., Barling and Charbonneau 1992; Bluen, Barling and Burns 1990; Helmreich, Spence and Pred 1988; MacEwen and Barling 1993; Spence, Helmreich and Pred 1987). More recent research has also provided empirical support but without corresponding hypotheses. Jex, Adam, Elacqua and Bachrach (2002), for example, reported a significant correlation (i.e., $r=.11$, $P<.05$) but did not provide any further elaboration. Similarly, Begley, Lee and Czajka (2000) reported a significant correlation (i.e., $r=.25$, $P<.01$) without additional explanation. Finally, Afzalur and Zubair (1997) reported a relatively strong association (i.e., .34, $P<.001$), but did not discuss the relationship in detail.

This review leads to the following questions. Is there any theory to back the previously proposed relationships in the TABP-sales performance model? Specifically, what is theoretical rationale to support the hypothesized relationship between achievement striving and impatience-irritability? Additionally, what is the rationale for hypothesizing that impatience-irritability would have a negative influence on performance? Finally, is the relationship between achievement striving and impatience-irritability contingent on the context in which TABP is measured? The answers to these questions have important implications for sales managers and the future of TABP research. The purpose of this study, therefore, is to re-visit the TABP model and provide theoretical clarification for each of the relationships. We then test the revised model using a sample of salespeople in travel services.

THE TABP AND SALES PERFORMANCE

There are three general relationships in the TABP-Performance model: (1) achievement striving and selling performance, (2) impatience -irritability and performance, and (3) achievement striving and impatience-irritability. The following sections provide theoretical clarification for each of the relationships.

Achievement Striving and Sales Performance

Achievement striving has been consistently defined in the TABP literature. For example, Bluen, Barling, and Burns (1990) define it as extent to which "people take their work seriously, are active, and work hard." (p. 212) Similarly, Barling, Bluen and Moss (1990) define it as the extent to which individuals take work seriously, are hard driving and competitive, and exert considerable effort in behaviors in which they are involved." (p. 313) Begley, Lee and Czajka (2000) state that it "reflects the extent to which people work hard, are active, and take their work seriously." (p. 216) Each of these descriptions imply that the concept is founded on the motivational component of "effort". In a personal selling environment, effort has been defined as ". . . the force, energy, or activity by which work is accomplished" (Brown and Peterson 1994, p. 71).

Prior research investigating the relationship between effort and sales performance has been very consistent. Indeed, the theoretical explanation is perhaps one of the most intuitive in all of selling research. Krishnan, Netermeyer and Boles (2002), for example, state that: "it seems little more than common sense to suggest that the harder a salesperson works (i.e., effort), the better he or she will perform…" (p. 288) Hence, it is not surprising that Brown and Peterson (1994) found a strong relationship between effort and sales performance.

VandeWalle et al. (1999) also found effort to be related to sales performance while Mowen et al. (1985) found that the amount of effort expended by a salesperson significantly influenced the sales managers' evaluations of that salesperson. Finally, Ingram, Schwepker and Hutson (1992) surveyed sales executives to help determine factors most significant to salesperson failure and found that a "lack of sufficient effort" was list among the top six factors.

In the context of TABP research, the relationship is equally consistent (e.g., Bluen, Barling and Burns 1990; Bartkus and Howell 1999). Additionally, achievement striving has been linked to a variety of other performance outcomes such as students' grade point average (Barling and Charbonneau 1992; Spence, Helmreich and Pred 1987; Spence, Pred and Helmreich 1989) and university professors' academic publications and citations (Helmreich, Spence and Pred 1988; Taylor, Locke, Lee and Gist 1984).

Given that: (1) achievement striving reflects the level of effort that an individual exerts towards an activity, (2) the established argument that the harder a salesperson works (i.e., effort), the better he or she should perform, and (3) the overwhelming empirical evidence, the following hypothesis is theoretically justified:

> Hypothesis 1: Achievement striving will have a positive influence on service selling performance.

Impatience-Irritability and Sales Performance

While theoretical support for the relationship between achievement-striving and selling performance is highly intuitive, corresponding rationale for the relationship between impatience-irritability and selling performance is not as easily understood. It appears, however, that the concepts of *social competence* and *negative affectivity* can provide some theoretical clarification. In the context of personal selling, social competence has been be defined as "salespeople's interpersonal perceptiveness and the capacity to adjust their cognitive abilities to different situational demands to influence and control (if needed) the response of others—predominantly, their customers (see Goleman 2006; Wright 2002)." (Verbeke, Belschak, Bakker and Deitz 2008, p. 46) Verbeke et al. (2008) further note that social competence is "a crucial factor in selling because the personal interaction with people inside and outside the firm is a key aspect of sales." (p. 46)

Given these descriptions, impatience-irritability appears antithetic to the concept of social competence. As such, one would expect impatience-irritability to adversely influence selling performance. Matteson, Ivancevich and Smith (1984) provide support for this proposition: "To the extent that interpersonal competency plays a role in vocational achievement, the absence of these skills might hinder success". (p. 210) Additionally, Bartkus and Howell (1999) maintain that: "since travel service selling relies more heavily on intangible characteristics, the *character* of the agent plays a more critical role than in the selling of more tangible products such as an automobile. Therefore, any interpersonal trait that interferes with the effective delivery of the travel service selling presentation could be expected to reduce performance." (p. 164, italics added for emphasis)

A second concept that helps explains the relationship between impatience-irritability and sales performance is *negative affectivity.* Defined as a "...higher-order personality variable describing the extent to which an individual experiences, either in terms of frequency or intensity, high levels of distressing emotions such as anger, hostility, fear, and anxiety" (Aquino et al. 1999, p. 261), negative affectivity certainly appears consistent in nature with that of impatience-irritability. Spector and O'Connell (1994) found some support for this proposition, finding a correlation of .43 ($p<.05$) between impatience-irritability and negative affectivity. As such, negative affectivity appears to provide another useful basis for clarifying the relationship between impatience-irritability and sales performance.

The logic is relatively straightforward. First, note that negative affectivity is considered a competence-related characteristic (Cole and Peeke 1999) that has been hypothesized to interfere with the ability perform successfully in work or other social environments. (Verbeke and Bagozzi 2000) Empirical evidence provides support for this hypothesis. Cropanzano et al. (1993) studied the interaction of negative affectivity and job tenure and found that when tenure was low, negative affectivity reduced performance. In a personal selling context, Sharma (1999) found that if customers perceive salespeople to have a negative affect, lower levels of persuasion are observed. In a study of retail salespeople, Sharma and Levy (2003) found that a salesperson's *positive* affect increased performance.

From this review, impatience-irritability appears to closely reflect a relative lack of social competence and the presence of negative affectivity. Given that these are detrimental to selling performance, the following hypothesis is theoretically justified:

> Hypothesis 2: Impatience-irritability will have a negative influence on service selling performance.

Impatience-Irritability and Achievement Striving

The relationship between impatience-irritability and achievement striving stems from early research examining behavioral factors in the development of coronary heart disease. Edwards and Baglioni (1990) note that the TABP was initially conceptualized by Friedman and Rosenman (1959) as: "...a combination of a competitive need for achievement, a sense of time urgency, aggressiveness and hostility." (p. 315) The basis for this description appears to be derived from an observation by Friedman and Rosenman (1974) that this type of individual was "over-represented in their clinical practice". (Evans 1990, p. 147) Subsequent empirical research largely confirmed these observations (e.g., Haynes et al. 1978; Haynes, Feinleib and Kannel 1980), but the theoretical rationale was never fully developed. It is proposed that the concept of *perfectionism* can provide such rationale.

To better understand this proposition, consider the following description of perfectionism by Chang (2000):

> ...a multidimensional phenomenon involving excessive self-criticism associated with high personal

> standards, doubts about the effectiveness of one's actions, concerns about meeting social expectations (typically those of the parents), and an excessive focus on organization and neatness. According to Frost et al. (1990), it is the combination of high standards and self-criticism associated with these different dimensions that differentiate normal perfectionists from neurotic perfectionists. Whereas normal perfectionists might set very high standards for themselves but give themselves latitude from severe negative self-evaluations, neurotic perfectionists are neither likely to accept nor appreciate themselves unless they are able to obtain perfection in everything they do (Hamachek 1978). (Chang 2000, p. 19)

Flett and Hewitt (2006) take exception to this argument and note that "What has been referred to as 'normal' or 'adaptive' perfectionism bears a striking resemblance to conscientiousness and achievement striving…"; therefore, the term perfectionist should be distinguished from these concepts and "reserved only for those individuals who hold rigidly to their standards, even in situations that do not call for perfection, and who continue to place an irrational importance on the attainment of impossibly high standards in not just one but in several life domains." (p. 476)

The concept of perfectionism, therefore, seems to provide a useful basis for developing theoretical clarification on the relationship between impatience-irritability and achievement striving. First, note that Friedman and Rosenman (1974) define the Type A Behavior Pattern as a combination of all relevant attributes, not simply the presence of any single attribute. Hence, the two-factor model is theoretically valid only to the extent that it determines whether or not individuals are Type A (i.e., achievement strivers who are also impatient-irritable, and vice-versa). As with the conceptualization of perfectionism, it does not make theoretical sense to define an adaptive and maladaptive form of Type A Behavior because any form of so-called adaptive Type A would necessarily require the exclusion of the impatience-irritability component, thereby reducing the measurement of Type A to a form of motivation (i.e., effort).

This argument has important practical implications for the interpretation of TABP by sales management. In particular, a review of popular press articles suggests that the TABP can sometimes be mischaracterized as a motivation construct, implying that Type A individuals are to be admired for their achievement striving rather than scorned for their inclination to be impatient and irritable. For example, Sachs (2007) provides an example of a Type A individual: "Barbara is not a *Type A personality*-she's *Type A+*. She's the first one to be in the office in the morning and the last one to leave in the evening, if it's still evening. Her department is also very hard-working." (p. 38) As such, clarifying what constitutes the Type A Behavior Pattern should help reduce future misperceptions about highly motivated individuals.

In sum, the theoretical rationale for the relationship between achievement striving and impatience-irritability is based on the conceptualization of what the TABP is; that is, the extent to which there is a correlation between the two constructs. Hence, it is possible to find individuals who are relatively low in achievement striving and high in impatience-irritability (and vice-versa). Additionally, it is possible to find individuals who are relatively low in both achievement striving and impatience-irritability (the so-called, Type Bs). It is only when an individual is high in both achievement striving and impatience-irritability that s/he can technically be described as Type A. As such, there is no theoretical justification at this time for hypothesizing a *generalized* relationship between achievement striving and impatience-

irritability. Instead, a high correlation is only evidence of high TABP in the specific sample.

We argue, however, that since impatience-irritability is not a desired personality trait in environments requiring strong interpersonal skills, the correlation between impatience-irritability should be expected to be low in those environments. Travel service selling would certainly appear to reflect such an environment. As such, Hypothesis 3 can be presented:

> Hypothesis 3: In environments with an emphasis on strong interpersonal skills, such as travel service selling, impatience-irritability and achievement striving will not be highly correlated.

The rationale for Hypothesis 3 is based, of course, on the assumption of effective recruiting. While it is certainly possible that high levels of both achievement striving and impatience-irritability could occur in environments that stress interpersonal skills, it is reasoned that this combination is not sustainable because sales success is contingent, not only on achievement striving, but on an ability to display an acceptable level of interpersonal competence. In this sense, impatience-irritability is inconsistent with the notion of interpersonal competence. For this reason, even if highly impatient/irritable salespeople are recruited, they are unlikely to be retained. As such, it is hypothesized that impatience-irritability and achievement striving will not be highly correlated in a travel service selling environment.

METHOD OF ANALYSIS

The hypotheses were tested using a structural equation model. Adequacy of model fit was assessed using a variety of statistical diagnostics provided by the LISREL output. The initial fit was evaluated using the X^2 statistic. Additional goodness of fit indices were then examined. First, the standardized root mean square residual (RMSR) was examined to determine the extent to which the average size of the standardized difference between the actual covariance matrix and the reproduced covariance matrix was significant. Although there is no absolute cut-off, residuals above .05 are considered evidence of non-equivalence. Second, the root mean square error of approximation (RMSEA) was used to augment the RMSR. The RMSEA measures the probability that the average fitted residuals are below .05. The p-value associated with the RMSEA represents the probability that the average fitted residual is below the cut-off. (Browne and Cudeck 1993) Therefore, high p-values represent better fit. Third, the modification matrices were examined for evidence of a lack of fit. Large individual indices are evidence of a lack of fit in the measurement model. Finally, the size and significance of the model parameters, as measured by the standardized maximum likelihood estimates, were also examined.

Sample Frame and Data Collection

A sample of in-house travel representatives working in major metropolitan areas of the southwestern United States was used to empirically evaluate the revised TABP model. In total, 848 questionnaires were distributed to the agents by mail. Each questionnaire had a brief cover letter asking the agent to complete the questionnaire within a few days and mail it directly to the principal investigator. Anonymity of responses was assured. A follow-up communication was enacted within two weeks of the original mailing to encourage response. In addition, a self-addressed stamped envelop was enclosed with each packet.

Of the 848 questionnaires, 205 were returned for a response rate of 24.2 percent. Fifty-four of these were subsequently removed as a result of either missing data, outside sales agents, part-time help, management respondent, and/or less than six months experience. This left a final sample of 151 travel representatives. A characteristic profile of the sample is presented in Table 1.

TABLE 1:
Characteristic Profile

Gender	Percent of Sample
Female	86.8%
Male	13.2

Age	Percent of Sample
<20	0.0%
20-30	31.1
31-40	33.8
41-50	21.9
51-60	9.9
>60	3.3

Marital Status	Percent of Sample
Single	29.8%
Married	55.6
Divorced	13.9
Other	0.7

Education	Percent of Sample
High School	13.0%
Some College	48.3
College Graduate	22.5
Post Graduate	16.2

Measures

The measurement items and sample statistics are presented in Table 2. Achievement Striving is measured by two items adapted from the Steers and Braunstein (1976) measure of need for achievement. The Fornell and Larcker (1981) composite reliability for this scale is .76 indicating adequate reliability for the purposes of this study. Responses for the scale items range from 1 (strongly disagree) to 7 (strongly agree).

Impatience-irritability is measured by a single item developed in the Framingham study. (Haynes et al. 1978). Responses for the scale item range from 1 (strongly disagree) to 7 (strongly agree). Although a single item, it appears to have adequate variance for the purposes of this study. (i.e., mean= 3.8, standard deviation = 1.7)

Selling performance is measured by three self-reported items derived from suggestions by Pride and Ferrell (1991) and others (Jackson, Keith and Schlacter 1983; Behrman and Perreault 1982) as representative of this domain. Responses for the scale items range from 1(better than 95 percent of agents) to 6 (better than 25 percent of agents). The items were reverse coded so that higher numbers would reflect better performance. The scale has adequate reliability for the purposes of this study (Cronbach Alpha = .75; FLI = .85) (Nunnally and Bernstein 1994; Fornell and Larcker 1981).

ANALYSIS AND RESULTS

The test results are presented in Table 3. The model has a X^2 of 6.4 with 7 degrees of freedom (p=.49) indicating that the covariances reproduced by the hypothesized model do not differ significantly from the observed covariances. With regard to the measurement model, the results show that all factor loadings from the maximum likelihood solution differ non-trivially from zero (p<.05). That is, all loadings are greater than two times their respective standard errors. Additional fit criteria also provide evidence of a good fit. The GFI and related indices are all above the recommended cut-off of .90 suggested by Bentler and Bonet (1980). The root mean square residual (RMSR) as well as the standardized residual are both consistent with the recommended cut-off of .05 (.05 and .03 respectively). (Gefen, Straub and Boudreau 2000). Finally, the root mean square error of approximation is below the recommended cut-off as well (.00, p=.72). (Browne and Cudeck 1993)

TABLE 2:
Measures

Achievement Striving (adapted from Steers and Braunstein 1976)
Scale response categories: 1=strongly disagree to 7=strongly agree
Correlation coefficient = .70 Composite reliability = .76
1. I do my best work when I am confronted with a difficult sale.
2. I try very hard to improve on my past sales performance
Impatience-Irritability (Haynes et al. 1978)
Scale response categories: 1=strongly disagree to 7=strongly agree
Mean = 3.7; Standard Deviation = 1.7
1. I get upset when I have to wait for anything.
Performance (adapted from Jackson, Keith and Schlacter 1983; Behrman and Perreault 1982)
Scale response categories: 1=better than 95% to 6=bottom 25%
Responses were reverse-scored so that higher numbers reflect better performance
Cronbach Alpha reliability = .74 Composite Reliability = .85
1. Total dollar sales
2. Actual dollars sales relative to agency expectations.
3. Overall performance.

Given the adequacy of fit, the structural parameters were examined. With regard to hypothesis 1, the results show that achievement striving increases selling performance. The standardized parameter is .32 ($p<.05$). Therefore, hypothesis 1 is supported.

With regard to hypothesis 2, the results show that impatience/irritability does not have a significant influence on selling performance (parameter estimate = .16, $p>.05$). Hence, hypothesis 2 was not supported.

With regard to hypothesis 3, the results show that achievement striving and impatience-irritability are not significantly related (parameter estimate=-.11, $p>.05$). The lack of correlation between the two constructs also suggests that the presence of Type A individuals in this sample is low ($r^2=.01$).

DISCUSSION

This study sought to provide theoretical clarification to the Type A Behavior Pattern

TABLE 3:
Model Results

Relationships	Standardized Parameter Estimates	Significance Level
Achievement Striving to Selling Performance	.32	(p<.05)
Impatience-Irritability to Selling Performance	.16	(p>.05)
Inter-factor relationship:		
Achievement Striving and Impatience-Irritability	- .11	(p>.05)
Fit Diagnostics		
X2 = 6.39 with 7 degrees of freedom (p= .49)		
Goodness-of-Fit Index (GFI)	= .99	
Adjusted Goodness-of-Fit Index (AGFI)	= .96	
Normed Fit Index (NFI)	= .98	
Relative Fit Index (RFI)	= .95	
Root Mean Square Residual	= .05	
Standardized Root Mean Square Residual	= .03	
Root Mean Square Error of Approximation	= .00 (p>.72)	

and its relationship to selling performance. It was argued that a significant correlation between achievement striving and impatience-irritability is evidence of a meaningful presence of Type A individuals in the sample. In essence, it is a combination of high impatience-irritability *and* high achievement striving that defines the Type A Behavior Pattern. This explanation helps clarify the range of correlations reported in prior TABP research.

With that said, it is important to note that what constitutes a high level for either attribute is tentative as normed indices for the TABP have yet to be developed. Furthermore, there is no compelling argument to suggest that highly motivated individuals will necessarily possess high levels of impatience-irritability. However, given that the two traits can co-exist, future research will want to examine factors that moderate the relationship. Specifically,

why is it that some highly motivated individuals are impatience-irritable while others are not? In the current study, it was proposed that the low correlation was due to the work environment (i.e., impatience-irritability is inconsistent with service selling). Future researchers will want to explore other factors as well.

The lack of support for the relationship between impatience-irritability and selling performance is the most surprising, but remains consistent with prior empirical research. The underlying theoretical premise for the proposed relationship is that a negative affect in the form of impatience-irritability would reduce selling performance in situations where interpersonal skills are a salient. Clearly, personal selling falls into this category. Therefore, while the theoretical rationale supports the hypothesized relationship, further reflection is needed to provide alternative explanations.

One potential explanation is that the relationship is contingent on the ability of an individual to self-regulate his or her behavior. Specifically, if an individual recognizes that the overt expression of impatience-irritability would adversely affect an important outcome (e.g., performance), he or she might have the ability to suppress negative behavior during that time period. This is commonly referred to in the literature as "coping"; the means by which people consciously or unconsciously rectify stress (Lazarus and Folkman 1984). With regard to personal selling, Nonis and Sager (2003) posit that: "An ability to cope allows a salesperson to lessen the influence of job stress and experience greater satisfaction with work and life, and perhaps achieve higher job performance (Latack 1986)." (p. 139)

Despite the role that coping behavior may play in moderating the relationship, it is important to remember that impatience-irritability has also been associated with a wide variety of maladaptive traits, behaviors, and outcomes. As such, its potential to negatively influence performance (and other aspects of life) is perhaps more global than one might initially presume. For example, Aziz and Vallejo (2007) found a significant correlation between impatience-irritability and Machiavellian behavior. Hallberg, Johansson and Schaufeli (2007) found impatience-irritability to have a positive correlation with burnout (in the form of cynicism and emotional exhaustion) and a negative correlation with work engagement (in the form of intrinsic motivation). Bluen, Barling and Burns (1990) found that impatience -irritability predicted depression in salespersons. Finally, Conte et al. (2001) found impatience-irritability to be significantly correlated with stress, sleep problems, and headaches. This evidence suggests that impatience-irritability is a highly undesirable characteristic, irrespective of any association with achievement striving or selling performance.

In conclusion, this study is intended to contribute to the ongoing debate concerning the usefulness of the TABP as a explanatory variable in the personal selling equation. We have argued that for TABP research to be meaningful, each proposed relationship needs to be supported by theoretical rationale. While additional development is still needed, this study provides a useful foundation for future research It is now hoped that TABP research can move beyond the mere search and confirmation of empirical regularities and towards the development of a more general theory of the TABP as it applies to work-related performance outcomes, including service selling.

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ONLINE MEDIA IN FAST-GROWING COMPANIES: ADOPTION, USAGE AND RELATION TO REVENUES

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This study describes how fast-growing companies (specifically the Inc. 500) use online media and explores the relationship between combinations of these media, which we call usage patterns, and firm performance. We find that both the use of individual media and media usage patterns have changed between 2006 and 2010 among fast growing firms. Furthermore, we show that the complexity of a specific series of patterns co-varies with firm total revenues. This specific series is anchored on social networking sites. By estimating a system of structural equations we find that firm revenues and pattern complexity positively influence each other. Implications are discussed and future research directions are proposed.

INTRODUCTION

Organizations adopt sets of related innovations in ways that are determined, among other factors, by the relationships between innovations individually considered. Sometimes these relationships are hierarchical, as with cellular telephones and instant messaging, in which case they are called *synergistic* innovations (Kimberly 1981). In other cases, the relationships between innovations are non-hierarchical, as with cellular telephones, teleconferencing and laptops. These are called *parallel* innovations and can usually be combined in a number of ways. Importantly, each of these possible combinations may lead to different outcomes in terms of organizational performance, depending on the criticality of the set of innovations for business processes and/or product quality as perceived by customers.

The present study investigates how fast-growing companies (FGC) have been adopting and combining online media in order to communicate with their customers. Online media (e.g., blogs, podcasts, email) are a set of communication devices whose usage by organizations is in principle non-exclusive. That is, there is no functional connection conditioning the adoption of any of them to the adoption of another even though some of these media may end up substituting for others after a process involving organizational learning and optimization of the communications portfolio. Thus, Internet media can be framed as *parallel* innovations. FGC constitute an interesting subset of small and medium enterprises (SME). While it is widely accepted that SME tend to be innovative (e.g., Salavou 2005; O'Dwyer, Gilmore and Carson 2009) empirical modelling research indicates that innovation is critical for the success of FGC (Coad and Rao 2008). Given the important role that the customer interface plays in firm performance, this study further investigates the potential relationship of company revenues and a series of empirically-determined patterns of online media usage by these highly competitive organizations.

The paper is organized as follows: First, we present research questions in the context of past research. Second, we introduce the sample and data, as well as the methodology of the study. Third, we present the results and an emerging research question about the relationship of online media usage patterns and market performance. Fourth, we estimate a set of exploratory linear regression models that shed light on this emerging research question. Fifth, we estimate a system of equations with two endogenous variables that further supports our

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initial findings. Finally, we discuss our results and propose directions for future research.

BACKGROUND AND RESEARCH QUESTIONS

The literature on adoption of innovations within organizations can be traced back to the early 1970s (Czepiel 1974; Zaltman, Buncan and Holbeck 1973). In most cases, the focus was to link innovative behavior with characteristics of the organization, its leadership or environmental influences. It was even argued that researchers should employ a single innovation design, categorizing innovations themselves rather than to focus on the organization (Downs and Mohr 1976).

Classification schemes using criteria such as source of the innovation (Daft 1978) and whether adoption was voluntary or mandated (Beyer and Trice 1978; Aldrich 1979). This research stream was challenged by Kimberly (1981) who posited that studying any innovation in isolation rather than in the context "as part of the ebb and flow of invention" was less than optimal. Instead, he suggested that every innovation should be viewed as connected to an existing body of knowledge or set of techniques: "An innovation may either extend the state of the art or offer an alternative to it, and may or may not resemble existing programs, procedures, or techniques" (p.96).

The two types of innovation proposed by this author, based on what he called its "primary attributes", are *parallel* and *synergistic*. Parallel innovations (as in the case of the study presented here) pose competing alternatives. Synergistic innovations are those which follow a synergistic diffusion, i.e., the adoption of one innovation greatly facilitates the subsequent adoption of another innovation. For instance, adopting particular software platforms facilitates the use of particular email-based communication programs.

Synergistic innovations have been relatively well-researched in the extant literature. Fennell (1984) replicated and extended the work of Beyer and Trice by evaluating two voluntary policies (as opposed to mandatory) in the private (as opposed to the public) sector. Their sample was 173 private sector firms with at least 250 employees. They considered whether the two policies studied were parallel or synergistic, i.e., insurance coverage of alcoholism treatment and in-house treatment programs for this condition. Fennel showed that these two innovations were synergistically linked. Guthrie (1999) explored the organizational characteristics that predict the adoption of two related innovations: the Internet and a company website. Although not explicitly acknowledged by the author, these two innovations are clearly synergistic as the adoption of a company website can only come after the adoption of the Internet. The range of organizational characteristics he studied is wide, the sample large (712 companies) and the models estimated show a significant relationship between organizational characteristics (e.g., company size and complexity) and the adoption of both innovations separately considered. A third study on synergistic adoption of innovations (Forman 2005) focused on the adoption of some specific information technology platforms and the subsequent adoption of Internet. The study was conducted on a sample of medium and large enterprises in the financial, insurance, real estate and services sectors. This study has the merit of using a very large sample (N=6,156) and a nested logit choice model specification. Findings show a significant relationship between investment on different types of IT platforms and the subsequent adoption of Internet.

The study presented here explores the organizational adoption of online media (e.g., blogs, social networking sites) that we also call Internet "tools" for simplicity. These tools can be adopted individually or jointly as no tool is a pre requisite for adopting another and, thus, they constitute parallel innovations. This makes this study one of the few dealing with this type of innovations. Under the process/product innovations framework (e.g., Damanpour 2002; Prajogo 2006) these tools can be viewed both as

process innovations, since they facilitate a processes owned by a specific company function, marketing communications; and, as product innovations since they contribute intangible attributes (information, service) to the actual products delivered to customers.

Furthermore, in the spirit of Tan et al. (2009) this study attempts to provide "innovative and provocative research that can keep small business research at the center of academic action." Past research has shown that investing in innovation such as new products is viewed by small and medium enterprise (SME) managers as a fundamental competitive strategy (Hay and Kamshad 1994). Moreover, as discussed in the Introduction we consider FGC, a subset of SME for which company innovativeness has been shown to predict sales growth (Coad and Rao 2008).

Given the unique character of the data and the scarcity of research on parallel innovations the present study is framed in an exploratory fashion. We first consider possible longitudinal changes in the use of Internet tools by firms during the period of reference. This stems from the fact that, since the advent of Facebook in 2004, the use of social networking sites has skyrocketed among individual users, possibly affecting the share of other media in terms of number of users and time spent. It should be expected that a similar process had been taking place in the organizational realm. We formalize this speculation as our first research question (RQ):

RQ_1: How has the use of selected online media among FGC changed in the period 2006-2010?

At the same time, as the use of these tools in non-exclusive, it is unlikely that the adoption of the emerging social media had completely obliterated the use of pre-existing social or broadcast tools. Furthermore, with time passing companies have the chance to learn and optimize the use of these communication tools which, although very inexpensive to acquire, demand dedicated resources on an ongoing basis. Thus, we ask:

RQ_2: Has the way in which FGC combine online media changed over time?

Furthermore,

RQ_3: Are there specific patterns in which FGC combine these online media?

We will call the specific patterns in RQ_3 *internet usage patterns*, UPOM. Building on the previous argument on organizational learning and optimization of the use of individual tools, we further ask:

RQ_4: Are some of these patterns becoming more widely used than others among FGC?

METHODOLOGY

Sample and Data

A large north-eastern university has conducted a series of surveys on the usage of Internet by fast-growing US corporations reported in the Inc. 500 rankings (Barnes 2010). These rankings are compiled annually and independently by the *Inc*. magazine. Criteria for the inclusion in the rankings remained stable during the period of reference.

The sample covers four years, namely 2006, 2007, 2009 and 2010, making this a valuable and rare study on the trends in corporate adoption of these new technologies. The marketing executives at the Inc. 500 companies were interviewed by phone using a structured questionnaire. The response rates fluctuated between 24 percent and 42 percent across years, with a mean of 32%. The survey was run shortly after the publication of the list. The sampling error over the four years of data collection ranges from five percent to seven percent.

The questionnaire captures several aspects of internet usage, including changes in the SNS category as new platforms emerged, i.e., Twitter, Facebook, MySpace, LinkedIn and Foursquare. The variables of interest in the present research are categorical variables reflecting use or not use of six types of online

media: blogs, podcasts, video-blogs, social networking sites (SNS) and bulletin or message boards. For brevity, we will use the broader term Internet *tools* to refer to either of these media. The data used in this research includes most of the companies surveyed in the original study. As there were only few companies common to each year's sample, common companies are dropped from the data set. This procedure yields four unduplicated cross-sectional samples which reduces autocorrelation. An additional firm was dropped due to lack of revenue data. The total loss is 4.89 percent of 613 cases. The resulting sample size is 583 with year sub-totals being 110 for 2006, 193 for 2007, 130 for 2009 and 150 for 2010.

Use of Online Media

A series of ANOVA was conducted to assess the effects of chronological year on the use of each tool individually considered.

Pair-wise Associations

2x2 contingency tables were created for each of ten possible pairs of tools in each of the four available years, for a total of 40 contingency tables. The significance of the association between each pair of tools was assessed with the Pearson chi-squared test. The direction of association was assessed by calculating the difference between the sum of the cases, where both uses were present and the cases where neither was present, minus the sum of cases where either use was present and the other was not.

Usage Patterns of Online Media

A series of exploratory *k*-means cluster analyses specifying a fixed number of clusters is run for the four sample subsets corresponding to each level of calendar year. The choice of number of clusters was six since this number of clusters was found to produce the lowest level of concentration of cases by cluster in the total sample. Next, common clusters across years are identified. Each of these clusters represents a *usage pattern of online media*, UPOM, i.e., a pattern of association among two or more Internet tools; for instance, social networking sites associated to blogs and video-blogs. We use the designation "usage pattern of Internet tools" equivalently. At least two tools are identified as potential anchors of consistent UPOM; these UPOM can be organized in sequences of increasing number of Internet tools involved in the pattern. Based on these results, we assess changes over levels of calendar year in five sequences of UPOM corresponding to each individual tool considered as a candidate anchor, i.e., the tool around which others are organized. We call these sequences *UPOM series*; for instance, a series of UPOM with bulletin boards as a common tool and increasing number of other tools.

UPOM and Market Performance

An emerging research question presented in the Results section points to UPOM series as potentially associated to company performance. To answer this question, we estimate two groups of regression model, the first one exploratory and the second one confirmatory.

Exploratory regressions: These seek to establish whether there is a potentially interesting relationship between the two variables of interest. It comprehends three multivariate linear regression models (one benchmark model and two test models) with the logarithm of firm revenues as their common dependent variable capturing firm's market performance. In benchmark model 1 the predictor of interest is total number of tools; in model 2, the predictors of interest are four dummies for the use of each individual tool, with video-blogging as the base case. Based on the results from the estimation of model 2, i.e. SNS is the only tool significantly related to revenues, model 3 further splits the effect of the tool SNS using dummies representing the number of other tools associated to SNS. That is, each of these dummies is an UPOM and the complete set of dummies represents an UPOM series.

The base case for the SNS-anchored UPOM series dummies is "no use of SNS". Other covariates in these models include the logarithm of the number of employees, an ordinal variable for calendar year, an ordinal variable for number of years in business and the dummies for four of the five sectors created by grouping the 33 industries reported in the original data set. These are business to business non-capital intensive (e.g., human resources, consulting; N=203); capital intensive (e.g., energy, infrastructure; N=79); information technology regardless of type of customer (N=139); and, business to consumer (e.g., retail, health care; N=108). Financial services, regardless of type of customer (N=54) is the base case. In the absence of SIC codes, industries as reported by *Inc.* were grouped into these sectors by the researchers and the classification was validated by asking three blind judges (marketing professors) to assign industries to either one of the four proposed sectors. On average, the judges agreed with the proposed classification in 80 percent across items and inter-judge agreement was 73 percent. Autocorrelation is a potential issue for models 1 to 3 because the data are a time series; thus, the Durbin-Watson D and the first-order autocorrelation ***r*** are calculated for each model and reported together with regression parameters and fit measures in the results section.

Confirmatory system of equations*:* As we find that usage patterns of online media predict revenues in the exploratory models, we estimate a second group of regression models specified as systems of equations with two endogenous variables in order to confirm these findings. The two endogenous variables are the logarithm of revenues, and either a dummy variable capturing use of SNS or else an ordinal variable capturing progressively complex SNS-anchored usage patterns. These variables are described in more detail in the Results section. Estimating this group of models is necessary in order to account for the potential endogeneity between revenues and UPOM series, as: a) the ability of a firm to deal with more complex UPOM may result from larger marketing budget and more capable management, which co-vary positively with firm revenues; and, b) more complex SNS-based UPOM may positively affect the effectiveness of marketing communications and thus, revenues. Elucidating the direction and magnitude of these effects will provide the answer to the emerging research question.

RESULTS

Use of Online Media

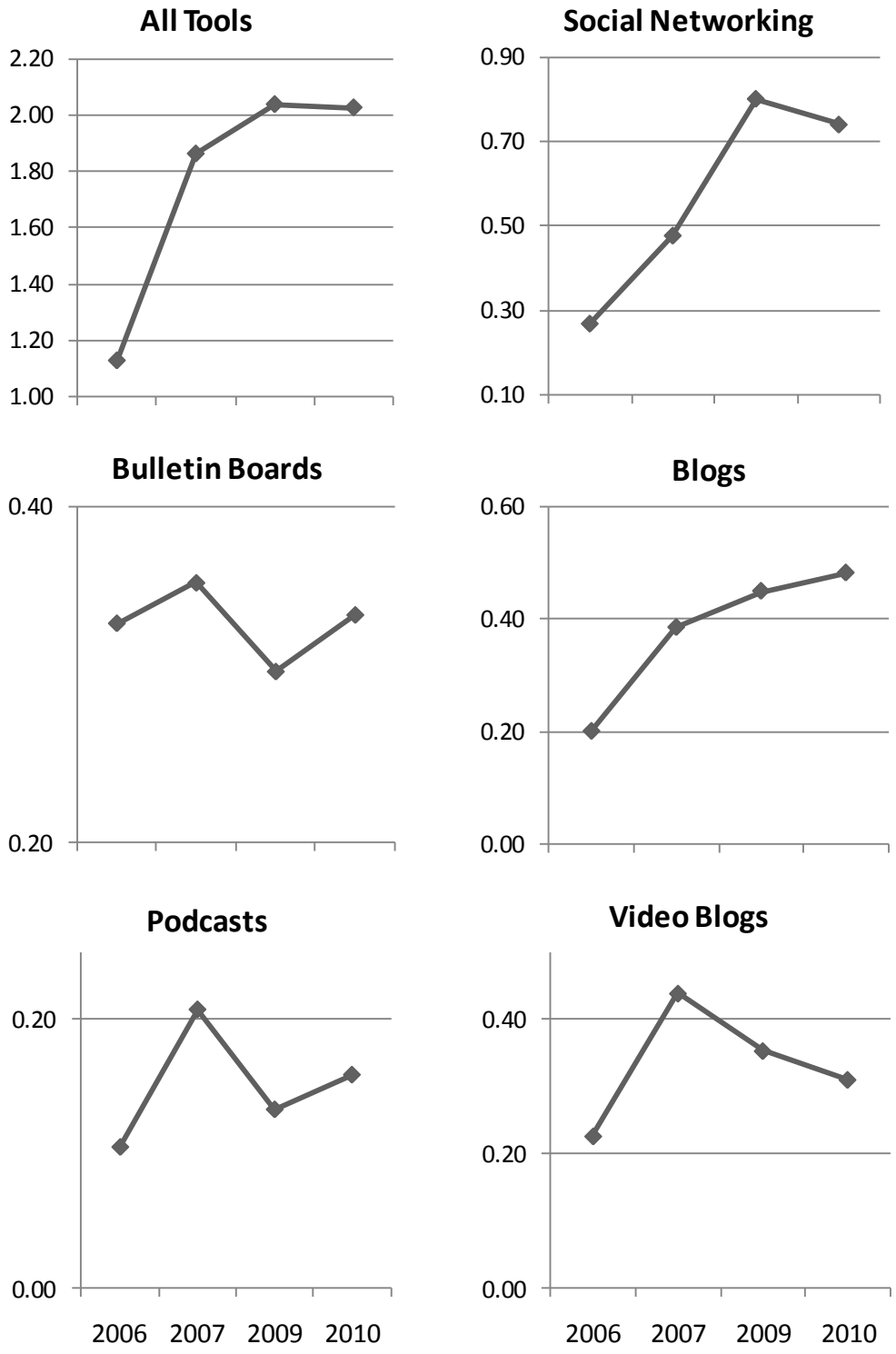
Figure 1 is a graphic display of the effects calendar year in the use of total Internet tools and on each individual tool individually considered: social networking sites, blogs, bulletin boards, video blogs and podcasts. The paragraphs below report significant effects of calendar year on each individual tool, at average levels for the remaining tools; and, the significance of pair-wise comparison within graphs.

Total tools: Calendar year has a significant effect on total number of tools ($p<.001$). Use of Internet tools increased significantly only in 2007 vs. 2006 ($p<.001$) and has remained stable around two uses in 2009 and 2010 respect to 2007.

Social networking sites* (SNS)*: Calendar year has a significant effect on the use of SNS ($p<.001$). Use of SNS increased significantly in 2007 vs. 2006 ($p=.020$) and in 2009 vs. 2007 ($p<.001$). It remained stable in 2010 vs. 2009 ($p=.160$).

Bulletin boards: Calendar year does not have a significant effect on the use of bulletin boards ($p=.143$) although the latter decreased significantly in 2009 respect to 2006 ($p=.023$). All other pair-wise comparisons yielded $p>.05$.
Blogs: Overall, calendar year does not have a significant effect on *BLOGS* ($p= .205$) but *BLOGS* in 2010 was higher than in 2006 ($p=.033$). All other pair-wise comparisons for *BLOGS* yielded $p>.05$.

FIGURE 1:
Estimated Means, Number of Tools by Firm



Podcasts: Overall, calendar year has no significant effect on the use of podcasting but the peak in 2007 shows a significant difference respect to the valley in 2009 (p=.029).

Video-blogs: Overall, calendar year has no significant effect on use of video-blogs (p=.150) but the peak in 2007 shows significant differences respect to 2006 (p=.018), 2009 (p=.005) and 2010 (p<.001).

Pair-wise Associations

Table 1 summarizes the Pearson chi-squared *p*-values for the 40 tests of association on 2x2 contingency tables between each pair of uses and year. Smaller values represent higher degrees of association. In one case, segregation instead of association was detected.

In 2006, only podcasting and blogging were closely associated with each other; while the use of social sites was marginally associated to bulletin boards and 2007 video-blogging achieved a maximum. Interestingly, Table 1 shows that video-blogging became a sort of standalone tool that same year, for some firms at least, as this use is not associated to any other uses. All other uses are shown to be at least marginally associated (most of them significantly) in 2007, with the sole exception of video bulletin boards and podcasting. In 2009, social networking sites abruptly become the predominant way of using the Internet by the 500 Inc firms [Graph 1b)] almost duplicating any other uses individually considered. The overall use of podcasting, video-blogging and bulletin boards plummeted [graphs 1d), 1e) and 1f)] while blogs continued growing modestly. Still, total use of tools remained unchanged (1b). Such major shift in the way firms combine Internet tools levels off almost all pair-wise associations in 2009, as Table 1 shows, with the only exception of the pair blogs/video-blogs. Furthermore, like podcasting in its 2007 heyday, social networking sites seems to become in 2009 a standalone tool as it shows the highest average p-value over its four pair-wise associations for that year (.563 vs. an average of .254 for all other tools).

Social networking sites and blogs are still the predominant uses of Internet by 500 Inc. firms in 2010 (Graph 1) but, again, a major shift in pair-wise tools associations takes place respect to previous years. SNS in 2010 are strongly associated to blogs but, at the same time, strongly segregated from bulletin boards. Blogs show a remarkably high degree of association with all other tools. Podcasts follow a similar pattern with the sole exception of social networking sites.

The seemingly erratic changes in the patterns of pair-wise associations on Table 1 are in stark contrast with the monotonic or flat trends of adoption of the five tools shown on Figure 1, especially when statistical significance is considered. That is, underneath the relatively smooth process of adoption of online tools, a hectic, possibly trial-and-error learning process took place among FGC.

Usage Patterns of Online Media

Having established on statistical grounds that the way firms combine Internet tools has changed over time, the next step is to identify sets of relevant patterns that can be traced during the four-year period and be used in regression models. A series of exploratory *k*-means cluster analyses revealed that the most common clusters of uses along the four-year period of the study accounted for 75% of all cases. These clusters capture consistent ways in which tools are combined and are called usage patterns of online media, UPOM, or usage patterns of Internet tools as explained in the Methodology section. Two important conclusions emerged from the exploratory cluster analyses: a) these patterns can be ordered by increasing complexity; and, 2) some tools seem to work as anchors for specific UPOM, especially SNS and, to a lesser extent, blogs.

TABLE 1:
***p*-Values for the Pearson Chi-squared Tests of Association Between Pairs of Internet Tools on Contingency Tables, by Year**

2006	SNS	Blogs	Bull. Boards	Video-blogs	Podcasting
SNS		*0.553*	0.051 (+)	0.063 (+)	*0.438*
Blogs			*0.388*	*0.580*	**0.03 (+)**
B. Boards				*0.407*	*0.789*
Video-blogs					*0.241*
Podcasting					

2007	SNS	Blogs	Bull. Boards	Video-blogs	Podcasting
SNS		**0.015 (+)**	0.088 (+)	*0.680*	**0.007 (+)**
Blogs			**0.022 (+)**	*0.154*	**<.001 (+)**
B. Boards				*0.958*	*0.136*
Video-blogs					*0.210*
Podcasting					

2009	SNS	Blogs	Bull. Boards	Video-blogs	Podcasting
SNS		*0.523*	*0.548*	*0.882*	*0.299*
Blogs			*0.371*	**0.004 (+)**	*0.135*
B. Boards				0.063 (+)	*0.117*
Video-blogs					*0.135*
Podcasting					

2010	SNS	Blogs	Bull. Boards	Video-blogs	Podcasting
SNS		**<.001 (+)**	**<.001 (–)**	*0.330*	*0.803*
Blogs			0.082 (+)	**0.003 (+)**	**0.017 (+)**
B. Boards				*0.290*	**0.032 (+)**
Video-blogs					**0.003 (+)**
Podcasting					

Legend: Bold characters for p-value≤ **.05**; regular characters for .05<p-value≤.10; lighter, italicized characters for p-value>***.10***. Direction of association indicated in parentheses as positive (+) or negative (-). SNS: Social networking sites.

Based on these findings, we define five *series* of UPOM where each one of the five Internet tools is considered as the sole anchoring tool. These *UPOM series* are the following: a) SNS-based series, all uses except social networking sites/social networking sites alone/social networking sites plus one or more other tools; b) blog-based series, all uses except blogs/blogs alone/blogs plus one or more other tools; c) bulletin-based series, all uses except bulletin boards/bulletin boards alone/bulletin boards plus one or more other tools; d) v-blog-based series, all uses except video-blogs/video-blogs alone/video-blogs plus one or more other tools; and, e) podcast-based series, all uses except podcasts/podcasts alone/podcasts plus one or more other tools. Figure 2 shows the evolution of these five UPOM series by year.

The assessment of the prevalence of each of these five UPOM series in the sample is performed as follows: If any given tool is the backbone of a prevalent UPOM series, the proportion of cases where this tool is not present should be small; the proportion of cases where this tool is combined with all other tools should be high; and, the proportion of cases where this tool is used as a standalone tool should be somewhere between these two extremes. That is, the slope of the "trend lines" on the graphs in Figure 2 should grow in the positive direction as the anchoring role of the focal tool increases. Figure 2 indicates that SNS have had a predominant role in anchoring UPOM series since 2007, with the exception of blogs in 2010; and, that the anchoring role of SNS has grown steadily. Figure 2 also shows that most other UPOM series have an inverse pattern. Figure 3 allows a better assessment of the changes in the slope of the trend lines in Figure 2. Figure 3 confirms that SNS' anchoring role has been increasing but makes it evident that blogs' anchoring role has grown as well although at a more modest pace. The anchoring roles of all other tools have remained minor.

Emerging Research Question

The evident, major changes in uses of Internet tools by 500 Inc. firms between 2006 and 2010 might be in part the result of influences from the broad business environment; however, the scope of these changes and the increasing role of electronic interfaces in marketing communications make it difficult not to consider their connection to marketing strategy. In fact, past research has found online tools to have a positive impact on the effectiveness and efficiency of marketing communications (Drèze and Hussherr 2003; Briggs, Krishnan and Borin 2005; Dwyer, 2007; Naik and Peters 2009) and thus it is possible that, as a second-level effect, marketing communications has a positive effect on market performance. We formalize this speculation as an emerging research question, as mentioned in the Methodology section:

RQ_5: Are the predominant UPOM related to market performance?

This relationship is analyzed in the next section.

Exploratory Regressions

Table 2 presents the statistics and correlations for the five continuous variables included in all regression models. Table 3 shows the results of the estimation of the benchmark model 1 as well as models 2 and 3. These models explore a possible relationship between UPOM series and revenues and help establish whether there data are serially correlated. Estimates in these models might be biased though as there is a potentially endogenous relationship between the variables of interest: firms with larger revenues can afford to manage more complex communication portfolios and these more complex tools may in turn contribute to increase revenues.

In model 1, only the logarithm of number of employees shows large, significant, positive estimates. This holds true for all other models as well and derives from the relationship of number of employees and company size. In model 2, the introduction of the dummies by tool leads to an interesting pattern of effects in

FIGURE 2:
Evolution of Five UPOM Series, by Year and Anchor Tool

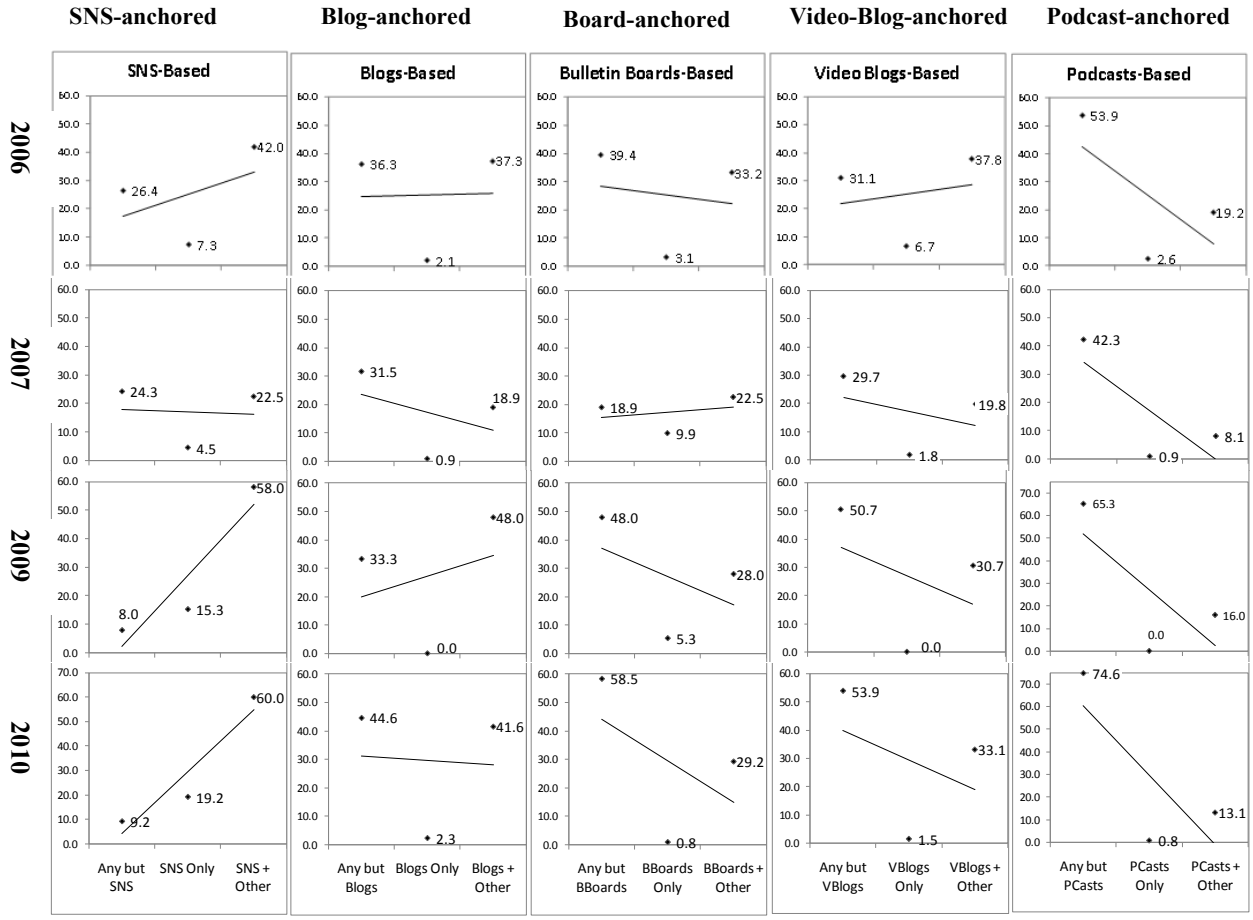


FIGURE 3:
Slopes of the Trend Lines on Figure 3, by Tool and Year

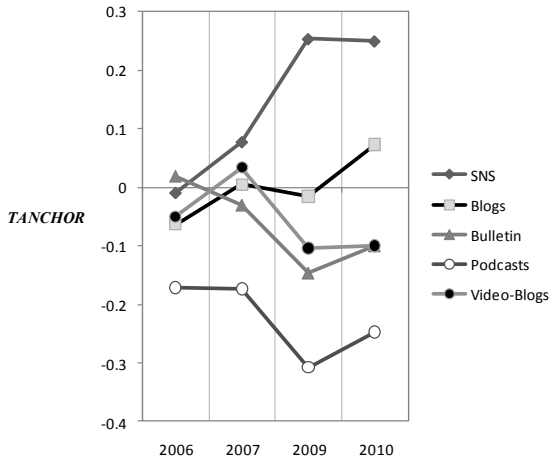


TABLE 2:
Statistics and Correlations Among Continuous Variables, Total Sample

3a) Statistics

	Mean	SD
Revenues (log)	2.48	1.18
Ordinal IUP series	3.08	1.57
Number of employees (log)	3.90	1.20
Years in business	4.92	1.35
Total number of tools	1.81	1.50

3b) Correlations (*p*-values underneath)

	1	2	3	4	5
Revenues (log)	1.0000	-0.0762	0.3890	0.0427	0.0753
		0.0658	<.0001	0.3034	0.0693
Ordinal IUP series		1.0000	-0.0106	0.0494	0.9329
			0.7989	0.2341	<.0001
Number of employees (log)			1.0000	0.0575	0.0284
				0.1659	0.4940
Years in business				1.0000	0.0248
					0.5509
Total number of tools					1.0000

TABLE 3:
Exploratory Regressions: Standardized Estimates (total sample)

	Model 1	Model 2	Model 3
Intercept	0.00	0.00 **	0.00 **
Calendar year	-0.07	-0.11 **	-0.11 **
Use of tools			
Total number of tools	-0.06	-0.22 +	-0.20
Dummy for blogs		0.00	-0.01
Dummy for bulletin boards		0.03	0.02
Dummy for podcasts		0.07	0.07
Dummy for social networking sites		0.17 *	
Dummies for UPOM			
Only social networking sites			0.08
Social networking sites + 1 more tool			0.17 **
Social networking sites + 2 more tools			0.13
Firm characteristics			
Years in business	0.00	-0.01	-0.01
Number of employees (log)	0.39 **	0.39 ***	0.39 ***
Dummy for sector 1	-0.02	-0.18 **	-0.18 **
Dummy for sector 2	0.00	-0.12 *	-0.12 *
Dummy for sector 3	0.09	-0.15 *	-0.15 *
Dummy for sector 4	0.04	-0.10	-0.10
Model fit statistics			
Pr > F	<.0001	<.0001	<.0001
Adj. R^2	0.170	0.177	0.172
Durbin-Watson D[a]	2.052	2.073	2.062
Sample size	583	583	583

+, p<.10; *, p<.05; **, p<.01; ***, p<.001;

[a] Durbin-Watson tests: Model 1: D interval is [1.831, 1.900]; Model 2: D interval is [1.819, 1.901]; Model 3: D interval is [1.812, 1.908]. Values for the first-order autocorrelation parameter ρ are non-significant for all models at α=.01. Thus, neither positive nor negative autocorrelation are supported.

which calendar year has a negative estimate, as it should be expected from the effects of the 2008 financial crisis; and, three sector dummies show significant negative estimates. Number of tools has directionally negative estimates with p -values close to .10 across models on Table 3. That is, the number of Internet tools when used as a sole predictor in model 1 does not relate to company revenues and these effects are seemingly absorbed by sector dummies. In model 2, considering tools dummies, particularly SNS, makes sector effects vanish and yields directionally negative estimates for number of tools, possibly an indication of negative effects of increasing complexity of the customer interface. The two-tailed Durbin-Watson tests do not support either positive autocorrelation or negative autocorrelation that respectively, indicates independence of predictors across time periods and provides no basis to question model specification.

As only the use of SNS shows a significant relationship with revenues, and Figures 2 and 3 reveal that SNS-anchored are the most prevalent UPOM series, we further explore the relationship of this specific UPOM series and revenues. To this aim, model 3 further splits the effect of SNS into three UPOM: SNS as the only tool, SNS plus one other tool and, SNS plus two or more other tools. Together, these three dummies capture a single, SNS-anchored UPOM series. The estimates for these three dummies show an inverse-u pattern. Estimates for other covariates remain almost unchanged in relation to model 2.

Confirmatory System of Equations

In order to elucidate the direction of effects between UPOM series and revenues, we estimate a system of two equations where these are defined as the two endogenous variables. The SNS-anchored series in model 3 is captured by three dummies, which would make it necessary to specify a system of four equations. Instead, we re-specify this UPOM series as a single ordinal variable (Ordinal SNS series) with value equal 0 for no SNS use, 1 for SNS-only, 2 for SNS plus one other tool and so on until a value of 5 for SNS plus four other tools. Also, a condition for the system of two equations to be fully identified is that the equations differ in at least one variable. Thus, we chose not to include a variable with very limited predictive power, years in business, in equations type 1 where the DV is Ordinal SNS series. Furthermore, the estimation of the systems using this variable in equations type 2 instead of type 1, not reported in this paper, yielded very similar estimates across the board. As models 2 and 3 have very similar R^2, we consider in this section two equivalent candidate models: model 4, accounting only for the use of SNS; and model 5, accounting for the SNS-anchored series. Furthermore, we estimate these models for two data subsets corresponding to the periods 2006-2007 and 2009-2010, as figures 3 and 4 show a major shift in the prevalence of SNS-based patterns after 2008. Thus, the estimation results for models 4 and 5 presented on Table 4 comprise a total of four systems of equations (2 model specifications x 2 time periods) with two columns of estimates for each system (one for each of the 2 endogenous dependent variables).

Estimation results for the 2006-2007 and the 2009-2010 models on Table 4 indicate that the overall fits of the two systems accounting for SNS-anchored series (right hand side) are considerably better than those of the models accounting only for the use of SNS. The covariates of interest on Table 4 are Ordinal SNS-anchored UPOM series and Revenues (log). Importantly, both of these variables show highly significant ($p<.001$) and strong positive effects on each other. That is, model 5 indicates that increasingly complex SNS-anchored UPOM enhance revenues and, at the same time, revenues predict increasingly more complex SNS-anchored UPOM.

DISCUSSION AND FUTURE RESEARCH

This study has established several important facts with respect to the way FGC use online media, as well as identified a potentially interesting relationship between the use of such media and market performance. First, the use of

TABLE 4:
Systems of equations: Standardized Estimates by Period

	Period 2006-2007							
	Model 4: Use of SNS as a predictor				Model 5 : SNS-based usage pattern as a predictor			
	Equation 1 DV: Ordinal SNS UPOM series		Equation 2 DV: Revenues (log)		Equation 1 DV: Ordinal SNS UPOM series		Equation 2 DV: Revenues (log)	
Intercept	-0.19		0.02		-0.49	+	0.50	*
Calendar year	0.01		-0.21	***	0.02		-0.21	***
Firm characteristics								
Revenues (log)	1.17	**			0.95	+		
Years in business			0.01				0.00	
Number of employees (log)	-0.32	**	0.25	***	-0.27	+	0.26	***
Dummy for sector 1	0.64	*	0.01		0.53	+	0.00	
Dummy for sector 2	0.47	+	-0.53	*	0.33		-0.53	*
Dummy for sector 3	0.69	*	-0.35		0.55	+	-0.32	
Dummy for sector 4	0.77	*	-0.59	*	0.66	+	-0.56	*
Internet tools								
Ordinal SNS UPOM series							1.11	***
Dummy social networking sites			1.17	***				
Total number of tools	0.39	***	-0.64	***	0.92	***	-0.67	***
System of Equations Statistics								
Weighted MSE	3.067				1.647			
Weighted R^2	0.2712				0.5963			

+, p<.10; *, p<.05; **, p<.01; ***, p<.001.

online media individually considered has changed over time, with SNS and blogs becoming the predominant firm-customer interface (RQ1) without considerably affecting the use of other tools. Rather, the total use of internet tools has grown considerably as a result of the increased adoption of SNS and, to a lesser extent, blogs. This represents is a major shift from *broadcast* to *interactive* online media which probably mimics the growing adoption of the latter by the general public. It may reflect as well the benefits firms get from engaging in dialogs with their customers, as estimation results on Table 4 show. Second, the way in which these tools are combined has changed in a seemingly erratic way. The lack of finer grain data keeps us from further speculating on the specifics of such process, but it can certainly be concluded that firms have gone through a learning process over the five-year period of the study (RQ2). Third, consistent with the previous findings, there is a tendency to use some UPOM more frequently (RQ3) and a specific UPOM series involving SNS as the anchoring medium has gradually become predominant over the years (RQ4). This supports our initial assumption of the Internet tools as non exclusive parallel innovations which firms assemble at will and may tailor to their specific needs.

A fourth important finding from this study is the positive relationship between firm revenues and increasingly complex, SNS-centered usage patterns of online media (emerging RQ5). This relationship goes both ways. With regard to the revenues-patterns direction of effects, results indicate that companies with more resources favour the adoption of more complex, SNS-centered patterns. With regard to the patterns-revenues direction, these patterns series also affects revenues positively. We acknowledge though that marketing budget, which we do not observe in our data, should positively co-vary with firm revenues and, thus, should mediate the relationship revenues-UPOM series in both directions. First, in the revenues→UPOM series direction, a larger marketing budget increases the ability of firms to deal with more complex communication portfolios by allowing hiring numerically larger and/or more qualified personnel. The mediation of marketing budget is not problematic in this case: larger revenues lead to larger marketing budget that leads to the choice of more complex SNS-anchored usage patterns. Importantly, this means that FCG value SNS-centered complexity, one possible explanation being its possible positive impact on firm revenues, i.e., positive effects in the UPOM series→revenues direction. The present study does not allow for clear conclusions in that regard though, as a larger marketing budget would enable firms to assemble more effective marketing mixes and communication mixes, not just more effective online communication portfolios. In this direction of effects, the mediation of marketing budget is problematic as it brings about competing explanations for improved revenues, i.e. all other elements of the marketing mix. Thus, marketing budget needs to be accounted for to fully elucidate the contribution of the use of Internet tools to revenues among FGC. This remains an interesting avenue for future research. Regardless, we now present arguments to support a hypothetical positive relationship.

Statistical modeling research has consistently shown an overall weak or even null relationship between innovation and company growth (e.g., Bottazzi et al. 2001; Del Monte and Papagni 2003; Lööf and Heshmatt 2006) which has been attributed to the fact that most innovations lead to either small or else delayed changes in product performance and customer perception (e.g., Mansfiel et al. 1977, cited by Coad and Rao 2008; Belderbos, Caree and Lokshim 2004). Innovations in SME and FCG seem to play a more critical role though. For instance, Hay and Kamshad (1994) report that innovation was the preferred growth strategy among the key decision makers in SME in the UK; whereas Coad and Rao (2008) find significant, strong effects of innovation specifically on FGC's revenues in a multi-nation sample of more than 1,200 firms.

Furthermore, we argue that Internet tools have a direct impact on the firm-customer interface; thus, they affect market performance more

directly than other innovations. As stated in the Background section, online media are dual process-product innovations which affect both the products' intangible attributes and the responsiveness of the company to customer feedback. In sum, we believe that future research should consider the hypothesis of a positive impact of increasingly complex, SNS-based online communication portfolios on the revenues of FGC.

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DIFFERENTIATING A COMPONENT PART: A TACTIC FOR GAINING ENTRY INTO MATURE INDUSTRIAL MARKETS

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This article presents an examination of the strategies adopted by a company which manufactures and distributes automotive gaskets as component parts. The article focuses on the company's plans to extend their product line and diversify the industrial markets to which these extended products would be distributed. The issue of later entrance into mature markets is discussed and the primary research undertaken to identify relevant value propositions for each of the targeted industries is detailed. Finally, the article presents summary financial data that validate the success of the overall plan of action. An abbreviated version of this article received an Outstanding Paper Award in the Marketing Strategy; Product and Pricing Issues track at the MMA Conference held in Chicago during March of 2011.

INTRODUCTION

Contemplating entry into an established and mature market for any industrial product requires a careful approach with special attention to relevant fundamentals. A summary review of the literature reveals that the odds of success for later entries are certainly against the company planning such an entry. DeCastro and Christman (1995), for example, examined the relationship between order of market entry competitive strategy and financial performance for a sample of firms in various lines of business. The researchers found a significant relationship between entry order and competitive strategy. This relationship had a significant influence on firms' financial performance. Lieberman and Lathan (1988) and Kerin, Varadadarajan and Urban (1993) also reported on the importance of first mover advantages. A comprehensive meta- theoretical analysis of research on innovation speed (Kessler and Chakrabarti 1996) also included a number of research findings regarding the importance and the advantages of first mover status.

There are, however, studies which show that later entrants into mature markets are not necessarily doomed to failure .Kalyanarum, Robinson and Urban (1995) presented a series of established empirical generalizations regarding order of entry. These generalizations include the statement that order of market entry is not related to long term survival. Golder and Tellis (1988) stated that the presumed advantages of pioneering entry could be called into question. Robinson, Fornell and Sullivan (1992) raised essentially the same issue by testing a comparative advantage hypothesis across 171 diversification entrants.

These researchers found that market evolution changes the requirements for success. Factors such as, for example, the entrants' degree of product innovation experience and available distribution channels may increase the opportunity for later entrants to succeed in mature markets. Schnaars (1986 ;1991) has also provided empirical data which point out the possibility that later entrants can find success in mature markets. Reports by Paley (1996) and by Weintraub, Hadad and Edwards (2001) have presented documented examples of individual firms that have overcome the obstacles often assumed to limit the potential for late entrants to establish themselves in mature markets.

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PLANNING FOR ENTRY INTO MATURE MARKETS: CORPORATE EXPERIENCE

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

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

PLANNING FOR ENTRANCE INTO MATURE MARKETS : ASKING THE RIGHT QUESTIONS

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

Entering a mature market requires close attention to the issue of the intensity of existing competition. (Hambrick1983 and Hambrick and Schecter1983) The elements of the model created by Michael Porter (1985) served as a guide in answering the question: Should we compete? Having affirmatively answered the initial question the research undertaken by the company was directed toward answering two other critical questions:

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

The company recognized that to successfully introduce its component parts to mature markets required special attention to the issue of differentiating the component. As it existed, gasket technology did not seem immediately amenable to differentiation in either design or in the materials involved in manufacture. The most important point is that the component must work.

Other means of differentiation such as speed of distribution were considered but most of these were expected aspects of the competitive environment. The company considered falling back on tactics such as offering deep trade discounts and incentives, absorbing freight costs or simply offering prices below those commonly asked by competitors. None of these tactics seemed feasible beyond the shortest of short term approaches. The company accepted Leavitt's (1981) contention that there is no such thing as a commodity and that all goods and services can be differentiated. The research project described in this article was aimed at finding a practical way to differentiate the product offerings that the company planned to introduce into markets it recognized as mature and competition it recognized as intense.

USER INDUSTRY TRENDS

Gasket technology has evolved incrementally by including more uses of rubber and of metallic compounds as the raw materials used in production. The applications of the technology are very straight-forward and utilitarian. End-user manufacturers generally

consider suppliers' quality programs to be foregone conclusions rather than anything that would differentiate one supplier's product from another's. Additionally, "just-in-time" (JIT) supply standards remain closely related to engineering value in these products, and are also an expected product attribute rather than an exclusive product feature that is offered by any one vendor.

In summary, industry norms covered four areas in which every manufacturer is expected to perform well. Therefore, any both attainable and sustainable competitive advantage would have to exceed the current performance of existing suppliers. The four areas are as follows:

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

RATIONALE: THE RESEARCH PLAN

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

SELECTION OF POTENTIAL CUSTOMERS

Using NAIC codes, the firm directed that the researchers analyze the categories and individual firms within those categories in order to identify key prospective customers for extruded rubber gaskets. A total 47 NAIC categories were used and within each category the criterion for the inclusion of an individual firm was that the firm reported annual sales in excess of $40 million. A survey mailing was sent to 1500 non-automotive firms within the United States. As mentioned above, these were firms which used gaskets as components of their manufactured products and so were considered to be potential new customers. The survey forms were targeted to production engineers and product designers within the individual firms surveyed. These respondents were selected because it was reasonable to consider them as members of the buying center for gasket technology. Each survey carried a modest financial incentive to encourage participation.

It is important to note here that the respondents chosen to receive the survey were, in effect, informants regarding customer expectations and experiences. Because these individuals occupy positions which necessitate that they make informed choices, the research team assumed that their comments would be especially valid and their responses would quite likely not be tainted by factors known to have an effect on the reliability of survey data. (Campbell 1955; Campbell and Stanley 1962)

THE BASIC RESEARCH DESIGN

Each potential respondent was queried on the following:

- Qualifications as to purchase and use in production of extruded rubber gaskets in the product(s) being manufactured
- Types, volumes and applications of non -automotive gaskets used

- Problems and opportunities met or unmet by current vendors in product applications
- Annual volumes and unit prices over a 3-year time frame
- Length of time as a purchaser of these gaskets from the same supplier
- Reasons why certain vendors were selected
- Purchase volume in units, and a 5-point scale covering the following:
  A. Buyer satisfaction with the vendor in solving manufacturing and/or product problems over time.
  B. Ability of the vender to respond quickly to purchaser needs.

GENERAL RESEARCH PROPOSITION

The general hypothesis which directed the survey was as follows:

> With the tight approach to research and data collection an industrial component manufacturer/supplier specializing in one industry can, under the right circumstances, extend its sales reach into new categories while maintaining the same basic manufacturing and engineering technologies. The manufacturer/Supplier can grow the business outside its normal client platform by learning those "hot button" tactics that can be used to overcome entrenched suppliers.

RESEARCH RESULTS

Completed survey forms were received from purchasing and engineering managers within 208 companies. The companies were within 40 NAIC categories. .All of the responding firms reported annual sales in excess of $40 million. Of the firms responding, .02 percent reported maintaining gasket inventories. The data collected were, in essence, census-type data that did not require any comparisons.

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

The survey results indicated that approximately 20 percentof the firms surveyed maintained an inventory of product on-site. Respondents reported that when the component product was considered specialized or proprietary e.g., size, material content, etc., buyers preferred that inventories be held by the initial vendor and supplied as needed. The data also showed that no one supplier was capable of fulfilling the manufacturers' needs. The frequency of this response was interpreted as a strong indication that, provided all other criteria were met, there were opportunities for the gasket manufacturing firm to gain new business. These data are reported in Figure 3.

When asked about "differentiation" as a key issue in vendor selection for the component product use, factors beyond the actual gasket product were reported to be critical evaluative criteria to vendor selection decisions made by the customers. The responses pointed to the possible approaches aimed at differentiating the component. The section which follows provides examples of the relevant responses. In response to the question asking "what things can differentiate a vendor when buying gaskets?" the individuals surveyed responded as reported in Figures 4 and 5.

SUMMARY

At the time the research data were delivered, the particular client division, which served the automotive industry globally was generating only $1.0mm in sales to non-automotive firms. With specific company-by-company information covering manufacturing needs and any currently used vendor inability to resolve specific issues, the client was able to examine

FIGURE 1:
Reported Vendor Weaknesses

Purchasing Told us:

Need shorter lead times	20.8%
Need sealing problem help	13.2%
Need better product quality	13.2%
Vendor must be more responsive to needs	11.8%
Need better design capabilities	9.0%
Need more material choices	8.3%
Need closer distribution points	6.9%
Need better communication	6.9%
Need more knowledge of customer	4.9%
Need competent sales people	3.8%

FIGURE 2:
Reported Vendor Weaknesses

Engineering Told Us:

Need better quality	18.5%
Need more material choices	17.7%
Need sealing problem help	16.1%
Need shorter lead times	12.1%
Need better communications	8.1%
Need competent sales people	7.3%
Need better design capabilities	7.3%
Need closer distribution	4.9%
Need more knowledge of buying firm	3.2%

FIGURE 3:
Single Sourcing Choices

	Purchasing	Engineering
Want single source	28.1%	16.0%
Want, but don't think feasible	34.4%	34.0%
Do not want	29.7%	28.0%
No opinion	7.8%	22.0%

FIGURE 4:
Reported Potential Areas for Differentiation

a. From Purchasing heads:

vendor inventory policies	17.3%
design engineering capabilities	16.8%
vendor overall technical ability	16.2%
range of materials available	14.7%
application engineering abilities	12.6%
volume price discounts	7.3%
vendor credit policies	7.9%
regular sales visits	6.3%
product life/warranty	6.3%

FIGURE 5:
Reported Potential Areas for Differentiation

b. From Engineering

vendor's overall technical skills	19.1%
vendor inventory policies	19.1%
800 hot-line phone capability	16.7%
range of materials available	13.0%
application engineer ability	11.7%
design engineering abilities	11.7%
product life/warranty	8.0%
regular sales visits	0.7%

its own internal strengths, observe solvable weaknesses in its competition, and maximize its response and reaction to a marketplace which was entirely new to, and previously untapped by the company. The outcomes from several representative NAIC categories are presented in Figures 6.

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

Also the CEO, who has since retired, specifically made the point that the broadened sales base of what had been the automotive gasket division greatly enhanced the firm's

FIGURE 6:
Examples of Specific Customer Data

overall profitability and consequent selling price to the purchasing conglomerate.

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RECENT TRENDS IN EXPORT PROMOTIONS IN THE UNITED STATES

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There is significant variation in opinion regarding benefits stemming from the use of export promotion. While promotional strategies are frequently condemned in the press as violations of global trade rules and are sharply criticized by some anti-poverty campaigners, governments across the world have utilized and benefitted from numerous and varied approaches to export promotion. This paper provides an overview of export promotion efforts, with particular emphasis on a comparison of the United States to the European Union. Issues explored include the gap between export promotion efforts and desired outcomes, WTO promotional efforts, and several recent trends in export promotion.

THE NATIONAL EXPORT INITIATIVE

The National Export Initiative (NEI), signed into existence by President Obama on March 11, 2010, by way of Executive Order 12870, can be viewed as the largest and most complex export promotion endeavor that has been pursued by the government of any country in history. The NEI established the Export Promotion Cabinet to enhance the assistance given to U.S. companies, particularly small- and medium-sized enterprises (SMEs) and has as its main objective the doubling of U. S. exports over the time period designated by the signing of the Initiative. The NEI provides tangible proof of the emerging importance of exporting to the health of the U. S. economy. This Initiative represents the very first time that a sitting President of the United States has mobilized the resources of the United States Government at the level of the NEI in support of a single business activity: exporting.

However, experience has shown that good intentions and the dedication of significant resources by the Federal Government to export promotional activities have not always brought about desired results. For example, the Government Accountability Office (GAO) identified several chronic problem areas regarding export promotion efforts of the 20 agencies that are part of the Cabinet-level Trade Promotion Coordinating Committee (TPCC) of the Federal Government (International Trade 2009). Lack of coordination among agencies and inadequate performance monitoring regarding the outcomes of export promotional activities are among the more notable identified areas of deficiency. The GAO report made repeated and in-depth references to the export promotion practices of foreign country governments as being implicitly worthy of consideration for adoption by the U. S. Government.

Hirsch (2011) provides a supporting perspective in the following:

> So the president may have to go beyond conventional thinking, beginning with the myth of a 'flat world' of equalized competition—and devise new ways to turn the globalized markets to U. S. advantage. As the Chinese, the Germans, and the Japanese, among others, have shown through largely successful programs of export promotion and subsidies, the world of truly free trade doesn't exist. Washington needs to do far more than file complaints to the World Trade Organization. (p. 1)

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We now provide a brief introduction into perspectives concerning the nature and efficacy of export promotional activities in different parts of the world.

EXPORT PROMOTION IN THE WORLD ECONOMY

There is significant variation in opinion regarding benefits stemming from the use of export promotion. While promotional strategies are frequently condemned in the press as violations of global trade rules and are sharply criticized by some anti-poverty campaigners (Cronin 2007; Scott 2001), governments have utilized and benefitted from numerous and varied approaches to export promotion. The basic idea is simple: Outside support, especially from the government of a country, can help domestic companies tap their export market potential (Dichtl, Koeglmayr and Mueller 1990) and thereby enhance economic growth. The "Asian Tigers" - Hong Kong, South Korea, Singapore, and Taiwan – are remarkable examples of economies that have achieved a high level of economic growth primarily through export promotion (Rondinelli 1987; Rondinelli and Burpitt 2000). Export promotion strategies have been employed by almost all governments in industrialized economies (Washington Advocacy 1995; de Koning and Snijders 1992; Dichtl Koeglmayr and Mueller 1990) as well as developing economies in Asia and Latin America (Rondinelli 1987; Rondinelli and Burpitt 2000).

Government export promotion strategies come in "all shapes and sizes". First, nations differ widely in terms of the resources devoted to export promotion initiatives. Compared to poorer economies, more prosperous countries tend to have more export promotion programs in place (de Koning and Snijders 1992). Some of the most popular tools include lobbying and visits to targeted countries by high level government officials, the financing of trade shows and the provision of other types of government-supplied financing packages (Washington Advocacy 1995). Export promotion tools also entail supplying actual and potential exporters with specific information (Dichtl, Koeglmayr and Mueller 1990). Some countries (e.g., Italy, Japan and Spain) have tied their economic aid to developing countries with export promotion programs (Freres 2000; Garten 1997). Likewise, Korea's export promotion measures have included the establishment of specialized banks for the development of "strategically important" sectors (Mah, 2006; Soh 1997). Some Asian economies have developed free trade zones and provided incentives to attract export producing manufacturers (Rondinelli 1987; Rondinelli and Burpitt 2000).

GLOBAL OVERVIEW

While it is clear that there is great variety in the forms and objectives of trade promotional activities, there is also empirical evidence that there are systematic operating principles at work regarding governmentally sponsored activities used by export promotional agencies (EPAs) that are found around the world (Lederman, Olarreaga and Payton 2006). Working with the support of the Office of the Regional Chief Economist, Latin America and the Caribbean Region, the World Bank, Lederman, et al. (2006) evaluated data gathered from EPAs of 104 countries and found that export promotion had a clear and significant impact on exports. These authors note that on the average, $1 spent on export promotion increases export revenues by approximately $300. Additionally, their empirical analyses indicated that (1) for the greatest impact large firms should be targeted with export promotion; (2) firm status with respect to prior export activities is important (promotional monies spent on non-exporters had a greater impact); (3) the principal objective followed by EPAs concerned increasing a country's overall level of exports (60 percent of EPAs followed the objective of "increase aggregate exports" (p. 12), and (4) optimal level of expenditures to achieve maximum impact on a country's exports fell in a certain range ($0.60 to $2.70 per capita).

It is important to note, however, that the results of Lederman, et al. (2006) did not hold for the operations of each and every individual country's EPA. As they acknowledge, there is great heterogeneity in responses across countries in the sample. A review of the relevant literature would suggest that such heterogeneity in the responses of countries' EPA activities reflects different mixes of export promotion activities used by countries in different geographic sectors. We now review works that shed light on this heterogeneity in selected geographic regions.

Southeast Asia

The character of governmentally-sponsored export promotion offered by countries in Southeast Asia reflects their shift from development using an import substitution trade regime to one of industrialization based on export promotions (Narjoko and Amri 2007). In focusing on ASEAN-6 countries (Brunei, Indonesia, Malaysia, Thailand, Singapore and the Philippines), Narjoko and Amri identify key trade promotional strategies employed by each country. For instance, Malaysia "…approached industrialization by developing export processing zones (EPZ)" (p. 48). In contrast, Thailand chose to focus on specific industries for development. Singapore "directed its export promotion industrialization by shifting manufacturing activities towards skill- and technology-intensive industries" (p. 48). The authors emphasize that the effectiveness of each approach is validated by the speed with which these countries recovered from the Asian financial crisis of 1997. In contrast, Indonesia has been slower in recovering, due to its emphasis on export promotion centered on labor and resource-intensive industries.

A recent GAO report provides specifics in terms of what activities Asian nations employed during the financial crisis (International Trade 2009). For example, regarding the Philippines the report stated:

> The Philippine Export Act … gave an apex body, the Export Development Council, overall responsibility for formulating and coordinating the national export development effort. The council was chaired by the Secretary of the Department of Trade and Industry and cabinet-level members from the eight ministries concerned with economic development. (p. 6)

Malaysia is another country whose activities are potentially worthy of consideration, particularly in the domain of enhancement of SMEs' exporting activities. "Malaysia's Small and Medium Industries Development Corporation, for instance, linked SMEs into the supply chain of larger multinational corporations that have the systems and knowledge needed for SMEs to become globally competitive." (p. 8). An elaboration on these and other Southeast Asian countries' efforts in the domain of export promotion can be found in a study commissioned under the auspices of the Asia-Pacific Economic Cooperation (APEC) organization (*Alliance in Practice*…(2007).

South America

Similar to the efforts of the identified ASEAN-6 countries, a variety of South American nations attempted to shift from an import substitution trade regime to a policy of economic growth through export promotion (Jonakin 2007). In the main, these efforts involved the engineering of "a large shift toward manufactured and processed exports that substituted for traditional, primary commodity exports" (p. 30). While the shift toward manufactured exports has been successful (manufactured exports accounted for 60 percent of total exports by 2001), deficits in the current account balances of many countries in South America persist (Jonakin 2007).

In evaluating export promotion policies in Brazil, Chile, Colombia and Mexico, Macario (2000) conducted interviews with successful exporters. Based on this she concluded that promotional activities should be directed toward firms offering new products and/or targeting new export markets. Second, the use of cost-sharing programs tends to ensure that

the programs will be used by firms that are dedicated to exporting. Third, adoption of a time limit of no more than a couple of years guarantees that programs will not become open-ended subsidies. Finally, the management of EPAs should draw upon both public and private resources.

Empirical research by Alvarez (2004) used a sample of 295 small and medium sized Chilean enterprises (SMEs) that consisted of both "permanent" and "sporadic" exporters. A key assumption was that the transformation of sporadic exporters into permanent exporters was a desired outcome of promotional activities. Results showed that the use of trade shows and trade missions by sporadic exporters did *not* tend to cause them to become permanent exporters. Furthermore, the results demonstrated that permanent exporters made greater use of all trade promotional facilities made available by the Chilean National Export Promotion Agency than did sporadic exporters.

In summarizing export promotion activities in Southeast Asia and South America, we would like to point to the transition from import substitution activities in each of the two major geographic sectors toward an emphasis on export promotion. Additionally, export promotion has moved away from traditional commodity exports toward non-traditional manufactured goods. We now present an overview of export promotion programs in the European Union.

European Union

Lederman, Olarreaga and Payton (2006) examine aggregate levels of E. U. country exports. Noteworthy in the results is evidence that for E.U. countries such as Germany, Ireland, Norway, Sweden, the Czech Republic and the Netherlands, exports of goods and services per capita generated for each country were well above the world average when viewed in light of the identified country's export promotion agency budget per capita. It is therefore useful to look at export promotion activities of different countries in the E.U.

The U.K. offers excellent examples of an E.U. government's well-coordinated and well-funded campaigns in promoting exports. Observers have noted that the current U.K. government has put export promotion "at the heart of its foreign policy" ("A Better…" 2010). The country's Prime Minister, Cabinet officials and the royal family advocate in foreign countries for British firms' products (Washington Advocacy… 1995; Small Manufacturer… 2008). In the mid-1990s, one-fifth of British diplomats in foreign countries worked full-time in export promotions activities (Washington Advocacy… 1995). Of particular interest is the idea of involving the country's royal family in export promotions activities. In 1997, the British government promised to spend US$97 million to buy a new yacht for the royal family. The argument was that the queen's visit to foreign countries on the "Buy British" yacht would help attract foreign businesses to British companies (Thoroughly Modern… 1997). Finally, the U.K.'s Export Explorer and Passport to Export Success initiatives are targeted at new exporters (International Trade…2009).

Among E. U. economies, German export promotion efforts appear to be similar in some ways to those of the U. S. For instance, in 1995, Ronald H. Brown, then U.S. Secretary of Commerce, wrote to the President and Speaker of the House: "The Germans are emulating the U.S. approach to export promotion" (Brown, 1995). Among other things, German export promotion strategies entail supplying actual and potential exporters with specific information (Dichtl, Koeglmayr and Mueller 1990). Central to Germany's export promotion activities is The Federal Office of Foreign Trade Information (BfAI) (Kopka 1995). BfAI has a touted network of correspondents abroad, and works with private sector German chambers of industry and commerce located in a variety of countries. Furthermore, Germany, along with Poland, has linked Foreign Direct Investment with export promotion in a novel fashion. A passage from *Small and Medium-Sized…U. S. and EU*…(2010) illustrates their approach:

> The EU uses investment promotion to support SME exporting activities. Some EU countries actively seek and promote opportunities for inbound FDI as a part of their efforts to promote exports. For example, Germany and Poland seek foreign investors to construct export-oriented manufacturing facilities; once operational, these facilities develop supply chain linkages with domestic SMEs, thereby contributing to SME indirect exports. (p. 2-31)

France, on the other hand, extensively utilizes different lobbying strategies such as phone calls, letters and high-level visits. In addition, the French government finances trade shows and provides other types of financing packages to companies involved in exporting (Washington Advocacy…1995). Italy and Spain also use high-level visits and trade missions as export promotions tools (Washington Advocacy… 1995). Moreover, economic aid to developing countries is frequently tied with export promotion programs (Freres 2000).

Another issue that deserves mention relates to a key rationale behind E.U. governments' spending on export promotion activities. E.U. countries have argued that the U.S. government's increased export promotion activities have forced them to promote domestic firms through government intervention. The French, for instance, think that U.S. success abroad threatens their country's exports and forces them to engage in more promotional efforts (Washington Advocacy… 1995). In May 2004, the E.U.'s trade commissioner noted that E.U. countries would eliminate agricultural export subsidies if the U.S. and other countries also were to take similar measures (From Cancun… 2004). Given the visibility in the press of comparisons between E.U. and U.S. export promotions, we now provide a more direct comparison and contrast of E.U. and U.S. export promotions in key topic areas.

COMPARISON AND CONTRAST OF U.S. AND E.U. EXPORT PROMOTION

In absolute terms, the U.S. spends less than the E.U. on export promotion (Shelburne 1997). For instance, in fiscal year 1995, the U.S. spent $3.1 billion on the entire export promotion budget. This contrasts with E.U. expenditures of $12 billion on agricultural export promotion alone. Additionally, the U.S. spends less on export promotion as a percentage of Gross Domestic Product (GDP) than does the E.U. (Shelburne). To put it into perspective, the U. S. spends three cents per thousand dollars of GDP on export promotions, France spends 18 cents and the U.K. spends 25 cents per thousand dollars of GDP (Donovan 1996). Garten (1997) states that France spends 10 times as much as a percentage of GDP on export promotion as does the U.S.

The distinction between the public and private domains is also more ambiguous in the E.U. than in the U.S. (Shelburne 1997) Support for this contention is found in Brown (1995) and Washington Advocacy…(1995), articles that describe geographic sectoral trade initiatives of Germany and France. In the mid-1990s, Germany launched the "East Asia Initiative" to increase German exports to the region (Washington Advocacy...1995). This initiative involved both German diplomats and the German Economic Minister. German diplomats with industrial policy expertise were assigned to spearhead efforts to expand German business in China (Brown, 1995).

There is also the issue of the locus of support for exports of small- and medium-sized enterprises (SMEs). In larger countries in the E.U. (e.g., Germany, France, Italy and the U.K.), support for SME exports tends to come from regional, rather than national, authorities (de Koning and Snijders, 1992). This contrasts with the U.S., where major federal entities offer significant support to SMEs in this domain. For instance, the Small Business Administration offers both a working capital program and an international trade loan program to assist small firms that are

commencing export operations (Kurlantzick, 2004).

In the USITC-commissioned *Small and Medium-Sized*…(2010), there is a useful summary comparison of U.S. and E.U. support for SME exporting activities. First, "the EU provides greater support for trade fair participation…" (p. 2-30) for its SMEs. Second, there are networks of assistance available in foreign markets:

> The EU offers extensive networks of assistance in foreign markets. SMEs in both the United States and the EU have access to a broad network of official government assistance in foreign markets. However, through multiple worldwide networks established at the EC [sic], national, and regional levels and the EEN, SMEs from EU countries appear to have access to more extensive networks of assistance in foreign markets than do U. S. SMEs. (p. 2-31)

IMPACT OF EXPORT PROMOTION IN THE UNITED STATES:

The literature suggests that governmentally-sponsored export promotion activities in the US provide significant benefits for exporting firms. The enhancement of exports through export promotion is associated with the creation of high paying jobs (Conlan and Sager 2001; Czinkota, 2002). In the U.S., published estimates of the number of jobs created per billion dollars in export revenues range from 11,500 jobs (Czinkota and Ronkainen 2003) to 22,800 jobs (Davis 1989). Furthermore, according to Secretary of Commerce Locke (*Report to the President*...(2010)), "… Americans working for firms that export earn more than 15 percent more than similar workers at firms that do not export" (p. 2).

Exporting activity also generates tax revenue at both the federal and state levels. For example, Coughlin and Cartwright (1987) provide the results of empirical research that indicates that each dollar of trade promotional monies spent at the state level is associated with the creation of $432 in export revenues. A study by Wilkinson (1999) found that expenditures on state export promotion were associated with increased employment in firms engaged in direct overseas exports. While estimates of the net impact of such activity on state tax revenues may vary from one state to the next, the influence of export promotions on state coffers is, indeed, significant. Czinkota (2002) may have had such financial benefits in mind when he characterized export promotional funds as the "venture capital" of international economic activity.

In addition, there are operating benefits that flow to exporting firms that stem from firms' taking advantage of governmentally sponsored export promotion (Czinkota 1994; Kotabe and Czinkota 1992; Genturck and Kotabe 2001; and Singer and Czinkota 1994). These benefits include immediate sales in overseas markets, developing long-term relationships with distributors, the ability to access trade leads, and the availability of useful market research information (Wilkinson 2006).

The "Gap" in the Perceived Operating Risk/ Profit Return Schedules

While the benefits that result from governmentally-sponsored export promotions are, indeed, significant, the environment for trade promotion activities in the U.S. has become more complex and demanding since the early part of the 1990s. Perhaps the most basic issue concerns the notion that the managers of many non-exporting U.S. manufacturing companies are increasingly viewed as unresponsive to governmentally-sponsored export promotion of any sort. Such unresponsiveness is the result of the widespread perception that exporting is not an attractive use of company resources when compared to opportunities in domestic markets (Kotabe and Czinkota 1992). Support for this contention is found in the empirical results of Kotabe and Czinkota. Their work links the lack of attractiveness of exporting to the management of many U.S. manufacturing concerns with a "gap" in the perceived operating risk and profit

return schedules of domestic and export markets.

Gencturk and Kotabe (2001) indicate that export assistance programs such as counseling, trade shows and trade leads directly and positively influence the efficiency, effectiveness and competitive positioning of firms that use these programs. However, other research (Kotabe and Czinkota 1992) suggests that the level of perceived benefits is not uniform across firms. The relative dearth of perceived benefits for some firms appears to be tied to their managements' perceptions of risks:

> Many firms, particularly small- to medium-sized ones, appear to have developed a fear of international market activities. Their management tends to see only the risks—informational gaps, unfamiliar conditions in markets, complicated domestic and foreign trade regulations, the absence of trained middle managers for exporting, and a lack of financial resources…rather than the opportunities that the international market can present. (Kotabe and Czinkota, p. 640)

These authors link perceived operating risks with profitability when they present results of empirical research indicating that, in the U. S., firms' profits from exports are *lower* than those of domestic operations for firms that exhibit all but the highest levels of involvement in exporting. In the following passage, Kotabe and Czinkota (1992) appear to conclude that such negative perceptions of profit prospects from exporting may provide a very fundamental rationale for the existence of governmentally sponsored export promotion in the U.S.

> Exporting would not appear to be an attractive alternative for firms, save those with unrealistic expectations. The public sector, however, is much more interested in competitiveness issues, since those will determine the future levels of job creation and tax revenue. There appears to be a legitimate gap in the market mechanism addressed by the government through its export promotion efforts, which…lower the risk of international activities and/or increase their level of profitability. The existence of this gap may then well justify the expenditure of public funds on export promotion. (Kotabe and Czinkota, p. 655).

In response to President Obama's National Export Initiative, the House Committee on Small Business conducted a hearing on April 28, 2010. Michael Czinkota's testimony included this statement:

> Export assistance should be concentrated primarily in those areas where profit and risk inconsistencies produce market gaps, and be linked directly to identifiable organizational or managerial characteristics that need improvement. Otherwise, assistance supports only exports that would have taken place anyway. There should be a clear demonstration of export [increases] which occur… due to government support. In order to assess such effects, it is important to encourage and devise export performance measurements which don't just evaluate issues such as governmental budget compliance, but assess bottom line performance shifts, not just in terms of profitability, but also in terms of major competitive achievements (Czinkota 2010).

THE WTO AND EXPORT PROMOTION

The principle of comparative advantage has been the fundamental principle behind the trade orthodoxy of the World Trade Organization since its founding in 1994. The original Ricardian theory of comparative advantage addressed relative productivities and is not concerned with issues such as differing levels of factor endowments across countries. The Heckscher-Ohlin-Samuelson (HOS) theory integrates the works of Heckscher (1919), Ohlin (1924) and Samuelson (1948) to examine some of the limitations of Ricardian theory. HOS theory argues that countries' comparative advantages are functions of their relative factor endowments.

The HOS extension of Ricardian comparative advantage indicates that a country's governmental policy makers should foster the development of product-based industries that

utilize factors of production that are in relative abundance in the country. When engaging in industrial specialization in this fashion, a country presumably can and should secure its other product needs through international trade involving exports in which it has a comparative advantage in production and exporting.

Czinkota (1994) appears to draw upon the theory of HOS-extended comparative advantage when he suggests that the focus of public policy should be on assisting already exporting firms to do better: "…Attention should…concentrate on…helping successful firms do better" (p. 99). When applied in the context of product-based export promotion, this suggests that a country's funds should be permitted to flow to any given product-based industry in which the country has an HOS-extended comparative advantage. Gomory and Baumol (2000) provide economic support for the long-term benefits of such a policy when they demonstrate that a country's (HOS-extended) comparative advantage in specific industries can be developed and maintained over time.

The HOS-extended theory of comparative advantage has already been recommended as a device that governmental entities at either the state (Breuer 1996) or country (Cuyvers 2004) levels can use to identify product-based industries for further enhancement in exporting, presumably through the employment of export promotion. In Cuyvers (p. 270), the benefit is made clear: the use of the HOS-extended theory of comparative advantage will enable policy makers to identify product-based industries in which a given country is competitive in the relevant global export product market, and, thereby "…allow further future expansion of …the country's … market share …in those product-based industries."

Williamson, Cramer and Myrden (2009) provide a methodology that employs the concept of HOS-extended comparative advantage and is useful in identifying product-based industries in any given state in the United States for the purpose of targeting those industries with export promotion while not distorting trade. In their methodology, the industries that are chosen are shown as satisfying specific needs of three key "stakeholder" groups: (1) the WTO, (2) the management of non-exporting SME manufacturing concerns in a given state and (3) the entity that funds export promotion. This approach is similar to that of Czinkota and Wongtada (1997) because export competitive product-based industries are identified. However, the methodology presented in Williamson, Cramer and Myrden also ensures that the identified product-based industries in a given state in the U.S. have a "Revealed Comparative Advantage" [RCA] (Balassa 1965) regarding the overall U.S. export market for the identified product based industries, when compared with all states in the U.S. as a whole. The application of this methodology would provide positive empirical evidence to the WTO that the product-based export promotion does not have the tendency to distort trade.

We now present several trends in the United States regarding governmentally-sponsored export promotion. On the whole, these trends reflect the emerging importance of export promotion that is conceived, funded and executed by *individual states* within the U. S., rather than by the Federal Government alone.

RECENT EXPORT TRENDS IN THE UNITED STATES

In recent years there has been a move from using more broadly defined measures to more narrowly defined measures in evaluating the success of export promotion programs. Hibbert (1998) describes three country-level "strategic export objectives" that can be used to broadly define and evaluate the success of a country's export promotion programs: (1) the overall expansion of the country's exports, presented in a single export revenue figure; (2) the extent of diversification of the country's exports across product categories, and (3) innovation in the country's introduction of new types of export products. He indicates, however, that a variety

of "external factors" (p. 467) (e.g., tariff and non-tariff trade barriers, price fluctuations, and protectionist trends) can impede one's ability to determine the effectiveness of a country's export promotional programs through the use of these measures alone. Hibbert concludes that "…it is worthwhile considering a system in which the emphasis would be on relating specific promotional activities to narrowly defined objectives rather than to overall export performance" (Hibbert, p. 468).

A move toward replacing general export performance measures with specific ones has already taken place in U. S. states such as California, Minnesota and New York (Conlan and Sager, 2001). In these states, the evaluation of export performance has entailed "…the identification of key industry sectors or clusters" (Conlan and Sager, p.15) and the assessment of their respective states' exports both before and after the execution of associated export trade promotional programs. The rationale behind the use of more specific performance measures is clear: to better "focus on those activities which have proven most effective" (Conlan and Sager, p. 15).

Another recent trend is an emphasis on establishing causality when evaluating the results of governmentally-sponsored export promotion programs. For instance, when a state sponsors a promotion targeted at a specific type of product, and when one or more manufacturing firms in the state subsequently commence the export of the focal product, a key issue is establishing whether the identified exports of the product were a direct result of the focal export promotion (Friedman 2005).

The causality issue is seen as complex in light of the emerging tendency to evaluate "…trade promotion policy…from a network perspective that emphasizes the role and importance of interfirm relations and networks spanning industry and international boundaries" (Wilkinson, Mattsson and Easton 2000, p. 275). When one moves "…from targeting individual firms as a way of enhancing trade performance to a focus on the relationships and networks linking firms" (Wilkinson, Mattsson and Easton, p. 278), the issue of causality becomes crucial because "…important parts of the…network may lie outside the [focal] country and be less amenable to government intervention" (Wilkinson, Mattsson and Easton, p. 282).

A state governmental agency is unlikely to fund product-based export promotion that targets firms in business networks wherein the loci of marketing instigation for the creation of export transactions is outside the U.S. One situation where a key part of an export-related network lies outside of the focal state is one where the exporter of record is a U.S.-based production subsidiary of a multinational company that is headquartered outside of the U.S., where the production subsidiary sells product to a sales subsidiary located in another country. In such a situation, the locus of instigation for the export transaction is likely to be the foreign sales subsidiary. Such an export transaction is clearly not a "free market" transaction from the point of view of the U.S.-based production subsidiary. In such a circumstance, the subsidiary is probably better characterized as a passive vendor than an active marketer. As a consequence, an export transaction between a U.S. production subsidiary that is the exporter of record and a related foreign entity that is the sales subsidiary would not appear to qualify as a valid outcome of governmentally-sponsored export promotion, when the sponsoring governmental entity is located in the U.S.

Miles Friedman (2005), former Executive Director of the National Association of State Development Agencies, says that there is an increasingly clear realignment of roles between the federal government and individual state governments regarding the provision of export promotion services. The federal government has become more of a "wholesaler" for state governments in providing trade data, trade leads and periodic foreign trade missions under the guidance of the Foreign and Commercial Service. In contrast, state governments have adopted a "retailing" role of dealing directly

with individual firms in their own respective states, and motivating them to either commence exporting activities or increase involvement in exporting.

The complementarity in roles of Federal and State governments regarding their involvement in export promotion activities is borne out in Secretary of Commerce Locke's *Report to the President*…(2010):

> State governors, the National Association of State Departments of Agriculture, State Regional Trade Groups, and the State International Development Organization [SIDO] are key players in this country's trade promotion efforts. Most States have offices devoted to export promotions for in-State companies, and many governors lead at least one trade mission a year. At the local level, the States work very closely with their Federal Government Partners. In many states, the offices of the State and Federal export promotion agencies are co-located and work together to develop annual operating plans. (p. 32)

Government sponsored export promotion activities are increasingly targeting small and medium-sized enterprises (SMEs). First, it appears that SMEs have, in important ways, performed better than their large scale counterparts in capitalizing on opportunities that have become evident in the wake of the globalization of a variety of export markets ("New Challenges for…" 1999). Empirical evidence presented by McCurdy (2003) provides support for this contention. Also, increases in rates of SME participation in exporting activities over the 1997 to 2007 time period have outstripped those of their larger counterparts. The USITC-commissioned *Small and Medium-Sized*… (2010) reflects this:

> While total SME merchandise exports increased rapidly between 1997 and 2007, this increase is attributable both to an approximately 80 percent increase in the export value per firm and to an approximately 30 percent increase in the number of exporting firms… By contrast, the number of large exporting firms remained relatively unchanged…While SMEs contributed 31.5 percent of the overall export value growth, they accounted for nearly 100 percent of the growth in the number of exporting firms. (pp. 3-4)

Additionally, larger firms appear to be less responsive to governmentally-sponsored export promotions than SMEs because they have the resources to independently capitalize on opportunities in export markets (Crick 1997). Managers of larger firms are more likely to view governmentally-sponsored export promotion as unwanted intrusions into the firms' business activities. Another reason behind the increase in focus of governmentally-sponsored export promotion programs on SMEs concerns the greater propensity of large firms to use foreign affiliates in their exporting activities. Support for the latter contention is found in McCurdy (2003), whose research determined that while only 17 percent of U. S.-based SME exports involved the use of foreign affiliates, 40 percent of exports of large U.S. firms involved the use of foreign affiliates.

A final trend in regard to export promotional programs in the U. S. concerns the emergence of Mandated Commodity Promotion" programs (Alston, Crespi, Kaiser and Sexton 2007). These programs are receiving increasing usage in promoting a variety of U.S. agricultural products (Alston, Crespi, Kaiser and Sexton). These programs involve the use of "check-off" taxes (typically less than one percent of the value of the goods) that are levied on the goods, but only if an adequate majority of producers agree to the tax. The tax is legally binding on all producers of the focal product, even producers who vote against it, and addresses a "free rider" problem that otherwise emerges when advertisements targeted at a generic product create benefits for producers of the product who do not contribute monies in support of the promotional programs.

The benefits of these programs appear to be significant. One program that was reported on in some detail by Alston, Crespi, Kaiser and Sexton (2007) concerned export promotion of

California raisins that were targeted at the Japanese and U.K. markets. The results of the econometric assessments indicated that the promotions "accounted for an increase in sales of 6,107 metric tons per year in Japan, and 18,116 metric tons per year in the United Kingdom." (p. 52) Other products that were reported as having been the subject of successful product export promotional programs are almonds, cotton, pecans, walnuts, orange juice, "red meat," and soybeans. In the conclusion of Alston, Crespi, Kaiser and Sexton (2007), the authors indicated that "all of the studies found statistically significant demand responses to price and promotion and the measures of demand response to promotion were generally large" (p. 56).

CONCLUSION

This paper addressed a variety of issues related to export promotions, ones focusing on recent trends in the U.S. and made all the more important in light of President Obama's National Export Initiative. In the introduction of the paper some of the more salient benefits of export promotion were identified and explained. Empirically-established operating principles for Export Promotion Agencies (EPAs) around the world were then clarified, and different export promotion programs of selected countries in identified geographic sectors were highlighted. Subsequently, U.S. and E.U. export promotions were contrasted in several distinct domains and the impact of export promotions in various segments of the economy of the U.S. was then described. Finally, various trends in export promotions in the U.S. that have emerged since the beginning of the 1990s were identified and explained.

A constant theme of international business instruction is the importance of building relationships with people operating in targeted markets. Trade shows, trade missions, and foreign trade offices are the primary means that government agencies have used to create and facilitate these experiences. Once a business person or organization develops an effective, long-term business relationship with an appropriate entity in an overseas market, the sky is the limit. The importance of relationship building (which takes much more time than we Americans want it to take) cannot be overstated. Export promotion programs make a substantial contribution to building such relationships when they help smaller business owners and managers get into foreign markets to see what international business is all about.

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