Developments in Marketing Science:
Proceedings of the Academy of Marketing Science

Leroy Robinson, Jr. *Editor*

Proceedings of the 2009 Academy of Marketing Science (AMS) Annual Conference

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Preface

The Academy of Marketing Science was founded in 1971, held its first Annual Conference in 1977, and has grown and prospered ever since. The relevancy of the Academy's mission and activities to our chosen target market of the marketing professorate has been a key factor in attracting the discipline's best and brightest from all over the world.

The revised Articles of Association of the Academy, approved the Board of Governors in the spring of 1984, and by the general membership if the fall of that year, define the mission of the Academy as follows:

1. Provide leadership in exploring the normative boundaries of marketing, while simultaneously seeking new ways of bringing theory and practice into practicable conjunction.

2. Further the science of marketing throughout the world by promoting the conduct of research and the dissemination of research results.

3. Provide a forum for the study and improvement of marketing as an economic, ethical, social and political force and process.

4. Furnish, as appropriate and available, material and other resources for the solution of marketing problems, which confront particular firms and industries, on the one hand, and society at large on the other.

5. Provide publishing media and facilities for Fellows of the Academy and reviewer assistance on the Fellows' scholarly activities.

6. Sponsor one or more annual conferences to enable the Fellows of the Academy to present research results; to learn by listening to other presentations and through interaction with other Fellows and guests; to avail themselves of the placements process; to conduct discussion with book editors; and to exchange other relevant information.

7. Assist Fellows in the better utilization of their professional marketing talents through redirection, reassignment and relocation.

8. Provide educator Fellows with insights and suck resources as may be available to aid them in the development of improved teaching methods, materials, devices and directions.

9. Seek means for establishing student scholarships and professional university chairs in the field of marketing.

10. Offer Fellow of the Academy status to business and institutional executives and organizations.

11. Modify the Academy's purpose and direction as the influence of time and appropriate constructive forces may dictate.

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Acknowledgements

The Academy of Marketing Science would like to recognize those individuals and organizations who contributed freely of their time, effort, and ideas toward the success of the Academy of Marketing Science annual conference in Baltimore, MD, United States. Heartfelt thankfulness go to the organizing committee, which coped the challenges involved with managing the considerable range of details and logistics required for this type of occasion.

Tremendous dedication is required for the successful management and coordination of an event of this scale. Special acknowledgement goes to the conference co-chairs, Michael R. Czinkota and Ilkka Ronkainen. In addition, the track chairs were essential in the encouragement of the submission of abstracts, attentively managing the review process, and organizing the session details.

Sincerest appreciation goes to Brian Miller of the new AMS central office at Louisiana Tech. His thoroughness in dealing with the many administrative tasks related to this event was essential in caring out a successful conference.

In addition, the Academy of Marketing Science extends sincere appreciation to all those who submitted their research and ideas, the reviewers, the session chairs, discussants, and others who volunteered to make the meeting a success. The 2009 Academy of Marketing Science Conference would not have been possible without this support.

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AN ETHICAL PERSPECTIVE ON SUSTAINABLE BUSINESS PRACTICES

Göran Svensson, Oslo School of Management, Norway
Greg Wood, Deakin University, Australia
Michael Callaghan, Deakin University, Australia

ABSTRACT

This paper considers contemporary business practice and its sustainable performance from the view of stakeholder value. Stakeholder value is a broad concept and implies that a company has responsibilities and commitments to many different internal and external stakeholders in the marketplace and society, not only to its investors and the owners of the company, but also to its employees, customers, suppliers, societies and the environment. This view underlines the need for organisations to, not only provide value, but do so in a sustainable and socially responsible manner.

In considering the stakeholder value perspective of contemporary business practice, the authors proffer that undertaking an ethical perspective in corporate business practices will result in long term sustainable and socially responsible performance that delivers superior stakeholder value. In order to operationalise this concept a model is developed based on five, separate but interconnected, elements: (i) Foundation, (ii) Communication, (iii) Guidance, (iv) Outcome, and (v) Reconnection. The authors emphasise that the model is iterative and acknowledge its elementary state, suggesting further development and refinement in the field of sustainable business practices from an ethical perspective.

References Available on Request.

ATTRIBUTIONS OF AUTHENTICITY: EMPLOYEE PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

Lindsay McShane, Queen's University, Canada
Peggy Cunningham, Queen's University, Canada

ABSTRACT

While recent research demonstrates that consumers are motivated to distinguish the authentic from the inauthentic and that these assessments affect their purchasing decisions and behavior, little research has examined whether the search for authenticity applies to other contexts. To address this research gap, we explored employee perceptions of authenticity with regard to their organization's corporate social responsibility (CSR) program. Using 24 in-depth interviews, we found that assessing the authenticity of an organization's CSR program was important for employees. Their attributions of authenticity depend on both tangible cues (sustained commitment of resources to the CSR program, and the degree of alignment between elements of the CSR program), and intangible cues (emotional engagement, an ethical core, and embeddedness). Our findings are particularly relevant to marketers given CSR is increasingly linked to brand promises and employees are the target of internal marketing campaigns about CSR programs and are pivotal to the successful implementation of these programs.

References Available on Request.

COMPARING CODES OF ETHICS AMONG THE TOP COMPANIES IN AUSTRALIA, CANADA AND THE USA

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ABSTRACT

In the twentieth century, industrialized economies around the world enacted legislation to protect free and fair trade. These legislative initiatives were often precipitated by exposure to unethical business practices. With the fairly recent corporate business scandals around the world, ethics is once again at the forefront of concerns about commercial exchanges. This situation has become more complex with the globalization of commercial trade. Subsequently, there have been various attempts by international organizations to regulate the conduct of global corporations. One key technique to try to regulate the conduct of corporation is the use of codes of ethics. This study examines corporate codes of ethics and the measures in place to communicate the ethos of the codes to both internal and external stakeholders in three countries. A questionnaire that was non-sponsored and unsolicited was sent to the top companies operating in the private sector within Australia, Canada and the USA. Nine key areas of corporate ethics are examined and they are divided into two categories as follows:

<u>Regulation</u>
Consequences for a Breach
Ethical Performance Appraisal
Conduct Ethical Audits

<u>Staff Support</u>
Support of Whistle blowers
Guide to Strategic Planning
Ethics Committee
Ethics Training Committee
Staff Training
Ethics Ombudsman.

References Available Upon Request

DEFINITIONS, THEORIES, DRIVERS AND MANAGERIAL IMPLICATIONS: GROUNDING GLOBAL STRATEGIC SUSTAINABILITY.

Helen Borland, University of Birmingham, United Kingdom

ABSTRACT

To define the concept of sustainability requires an in-depth understanding of what it means to be sustainable. To define the concept of strategic sustainability requires an additional understanding of the strategic nature of sustainability. The purpose of this paper is two-fold: to examine and redefine the term sustainability underpinned by theories from the environmental sciences, and also by the key global sustainability drivers. The second is to reframe the term sustainability and set it in a strategic context thus providing the beginnings of a definition of 'strategic sustainability'. The paper also considers the implications for management and marketing of a change to strategic sustainability. The paper is conceptual in nature.

References Available on Request.

MOTIVATING PRO-ENVIRONMENTAL BEHAVIORS: UTILITY OF THE DECISIONAL BALANCE SCALE, SELF-EFFICACY AND REACTANCE

Peter J McGoldrick, Manchester Business School, United Kingdom
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ABSTRACT

Sustainability is now high on corporate and government agendas, with concerns heightened by resource scarcities and rising costs. Consumer adoption of pro-environmental behaviors is widespread but far from universal, creating a need for marketers to understand and often promote such behavior.

This study draws upon constructs from the transtheoretical model (TTM), widely applied in psychotherapy and social marketing (Prochaska and DiClemente 1983; Prochaska et al. 1992). A fundamental construct within the TTM is the Stages of Change, namely: Pre-contemplation, Contemplation, Preparation, Action and Maintenance. Freestone and McGoldrick (2008) suggest this can also provide a robust framework for the study of consumers' ethical and pro-environmental behaviors. They identified six specific stages and three broad stages more directly applicable to ethical issues, namely: Awareness, Concern and Action (ACA). While the original Stages of Change have received extensive validation within clinical and social marketing settings, the ACA stages invite further validation in the context of pro-environmental behaviors.

The objectives of this paper are:

1. To evaluate the validity of the Awareness-Concern-Action (ACA) measure, adapted from the Stages of Change concept within the Transtheoretical Model (TTM).
2. To examine the structure of an environmental decisional balance scale (DBS), based on personal, social and biospheric motives.
3. To test the efficacy of the three DBS components in explaining levels of intention to perform pro-environmental behaviors.
4. To explore the potential positive/facilitating influence of self efficacy upon propensity to engage in pro-environmental behaviors.
5. To explore the likely negative/retarding influence of reactance to pro-environmental pressures.
6. To draw conclusions and implications for relevant stakeholders, notably marketing practitioners and researchers.

The decisional balance scale comprises motives, both positive and negative, traditionally from the personal and social domains (Janis and Mann 1968, 1977). We add biospheric motives (Schultz and Zeletzny 1999; Schultz 2001), which correspond to an association of oneself with the environment and caring for the environment. The three constructs have different 'degrees of otherness' from the individual, where personal motives are most immediate and easiest to relate to, followed by social motives, then biospheric motives (Snelgar 2006). The concept of self-efficacy, sometimes integrated within TTM studies (Velicier et al. 1998), offers insights additional to those of the DBS. According to self-efficacy theory, the more a person believes they can achieve an aim, the more likely they are to act.

Based on depth interviews, we also deploy the concept of (psychological) reactance, which predicts resistance to perceived attempts to restrict choice of behavior (Brehm, 1966). Perceived threats can include pressure from society or persuasion by an intervening body, such as Governments or social marketing advertisements. The result is a reassertion of freedom, and rebellion against pressures expressed behaviorally, cognitively, or emotionally. Recent health communication research supports the presence of reactance effects (Dillard and Shen 2005, Quick and Stephenson 2007, Woller et al. 2007). The main study was based on nationally representative samples of over 600 consumers, both from the USA and the UK, drawn from GMI Internet panels. We explore the relative contribution of the extended DBS constructs in explaining intention for two pro-environmental behaviors, namely, recycling and household energy saving. We also show self efficacy to influence adoption, while reactance to pro-environmental pressures clearly inhibits progression through stages of environmental concern and action.

The results also establish the ordinal properties of the ACA stages and their convergent validity with conceptually related scales of knowledge (Kent and Allen 1994), concern (De Young 2000), probability and certainty (Shimp and Sharma 1987). Relationships with the decisional balance scales support the nomological validity of the ACA stages, as positive motives grow stronger toward the later stages, while the negatives become weaker, indicating a "tipping point" within the ACA. The paper suggests implications for practitioners, researchers and policy makers.

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EMPIRICAL INVESTIGATION OF DATA QUALITY AND VALIDITY OF COGNITIVE VALENCE AND CONTENT OF THOUGHTS: TRAINED INDEPENDENT RATERS VERSUS TRAINED ORIGINAL RESPONDENTS

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ABSTRACT

The present study empirically investigates data quality of cognitive responses. Cognitive response researchers using qualitative techniques generally ask selected respondents to write down their cognitions, feelings about, or behaviors toward particular experimental stimuli in an unstructured format (see Wright, 1973). Once these cognitive responses have been produced, a decision has to be made whether the original respondents who generated the thoughts or independent raters are asked to use coding schemas to classify the cognitive output into more interpretive data. Even though the use of independent raters seems to be a general research convention (Coulter, 1998; Meirick, 2002), many studies caution that using independent raters to classify cognitive responses is problematic (Cacioppo and Petty, 1981; Perreault and Leigh, 1989; Wright, 1980).

The present study is the first known attempt to dissect cognitive intent congruence into a cognitive valence component and a cognitive content component to understand differences and similarities between the thought classifications provided by independent raters and original respondents based on post-facto classification schemas. It thus takes the “cognitive intent congruence” issue one step further than previous research because it empirically investigates whether the degree of congruence between the trained respondents who generated the original cognitions and trained independent raters is higher depending on whether the comparisons are restricted to the valence or the content of the cognitions.

A review of the literature suggests that data quality and reliability issues surrounding the use of post-facto coding schemas have been studied by primarily using “inter-rater reliability” measures to determine the consistency of the classification coding results between independent raters. While this reliability measure is very useful in assessing the overall consistency of the coding (classification) results between specific independent raters, reliance on inter-rater reliability measures can lead to a number of problems relating to data quality, reliability, and validity (Braunsberger, Buckler and Ortinau, 2005). Further, inter-rater reliability measures might mask problems with data validity, which is commonly defined as “the degree to which what the researcher was trying to measure was actually measured” (McDaniel and Gates, 2005, 276). That is, measuring whether a group of independent raters agrees on the classification of cognitive responses does not tell us if these raters have correctly interpreted the meaning of the cognitions as intended by the respondents who generated those thoughts.

The study offers 12 research hypotheses, and the two main components of overall cognitive intent validity (valence and content congruencies) between the original respondents and different sets of independent raters (undergraduate, graduate and Ph.D.) are tested under varying conditions of familiarity with the original experimental stimuli (familiar with ad versus unfamiliar with ad) and type of coding (one step versus two step).

The findings reveal wide ranges of cognitive valence congruence among all types of independent raters, providing strong evidence that independent raters have difficulty reproducing the cognitive thought coding patterns of the original respondents. The results also strongly suggest that less complex schemas are better. Our analysis reveals that providing independent raters with the actual experimental ad used by the original respondents does not significantly improve these raters’ ability in matching original respondents’ coding of cognitive content of thoughts or the valence of those thoughts. In contrast, the between-rater average congruence results suggest that familiarity with the experimental ad will be more beneficial to independent Ph.D. raters for coding of the valence and content of the original cognitions than for the other rater groups. Furthermore, familiarity of the experimental ad only marginally improves graduate raters’ cognitive valence congruence more so than undergraduate raters.

In summary, the findings strongly support that independent raters perform much better in coding the original respondents’ cognitive valence of thoughts as compared to the cognitive content of those thoughts; however, the congruence levels between independent raters and original subjects are surprisingly low on both. Thus, whenever possible, original respondents should be trained and allowed to code their own cognitive responses.

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EMPIRICAL AGREEMENT BETWEEN FORMATIVE AND REFLECTIVE MEASUREMENT MODELS: A MONTE-CARLO ANALYSIS

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ABSTRACT

Diamantopoulos and Winklhofer's (2001) paper on formative index construction in the *Journal of Marketing Research* changed the perspective of many marketing researchers on construct measurement. Since 2001, a significant stream of literature has developed which explores the extent to which existing reflective measures should be specified as formative. This work raises the possibility of significant negative consequences arising from the so-called 'incorrect' specification of measures as reflective when they should be modeled as formative. For example, Jarvis, MacKenzie, and Podsakoff (2003, p. 212) suggest that if a formative measure is specified as reflective, "the structural parameter estimates within that model [may] exhibit very substantial biases that would result in erroneous inferences." This paper examines the evidence for such claims, first by considering the nature of validity, then by conducting a simulation analysis of the effects of reflective treatment of formative indicators. The results demonstrate that despite their conceptual differences, and the results reported in prior empirical literature, formative and reflective specifications may reveal very similar substantive relationships between constructs when the comparisons are made appropriately.

The perspective that a given construct is inherently either formative or reflective, and should be modeled as such, is predominant in the formative literature (e.g., Diamantopoulos and Siguaw 2006; Jarvis, MacKenzie and Podsakoff 2003). This view does not match the realist ontology of measurement which dominates organizational and marketing research (e.g., Borsboom 2005). The realist ontology defines constructs to exist apart from their measures, and thus the meaning of the construct should not be defined by the measurement model. This philosophy is inconsistent with the approach taken by the formative literature in general. However, the realist ontology does accommodate the perspective that constructs may be measured either formatively or reflectively. With either approach, validity assessment will consider both logical analysis of the measurement model, and empirical testing of nomological relationships. As summed up by Kaplan (1964, p. 198), "The validity of a measurement consists in what it is able to accomplish, or more accurately, in what we are able to do with it… The basic question is always whether the measures have been so arrived at that they can serve effectively as means to the given end."

To examine the effects of formative versus reflective specifications on estimated nomological relationships, we modify an earlier simulation study (MacKenzie, Podsakoff, and Jarvis 2005). They consider a population model in which an exogenous formative construct influences an endogenous formative construct, and each construct has reflective as well as formative indicators. They compare this model with three others: exogenous formative and endogenous reflective; exogenous reflective and endogenous formative; and both reflective. We start with a similar population model, but unlike MacKenzie et al., we set the scale of each latent construct using one of its reflective indicators. This approach creates more consistent construct variances across model specifications. We also modify the reflective specification to avoid an inappropriate combination of distinct items into a unidimensional reflective construct. Specifically, we divide the original endogenous construct, which combines formative and reflective indicators, into two reflective constructs. We conduct a Monte-Carlo analysis using 500 samples for the four models, each with 250 observations, to compare the estimated effect of the exogenous construct on the endogenous construct. To two decimal places, all four models yield an average estimated effect of .30, the same as the true population value. Though power and some fit statistics vary across models, all models show excellent fit on average.

The results indicate that formative and reflective specifications need not yield different estimates of the relationships between constructs, contrary to previous investigations. This is not to say that the distinctions between formative and reflective measurement are unimportant. These approaches involve fundamentally different measurement conceptualizations, and developing measures from formative and reflective perspectives may lead to different sets of indicators (e.g., Diamantopoulos and Siguaw, 2006). However, when researchers face a given item set, it is possible that reflective and formative models of that set will give substantively similar results. These findings may encourage a complementary perspective on reflective and formative approaches to analyzing measures, in place of the antithetical perspective observed in the recent literature.

References Available on Request.

DETERMINING THE NUMBER OF SEGMENTS IN FIMIX-PLS

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ABSTRACT

Response-based segmentation using the finite mixture partial least squares approach (FIMIX-PLS) has recently received increasing research attention in the marketing and management disciplines. Different approaches for latent class detection have been proposed which generalize, for example, tree-like structure (Sánchez and Aluja 2006), finite mixture (Hahn et al. 2002), fuzzy regression (Palumbo et al. 2008), distance-based (Esposito Vinzi et al. 2007) and genetic algorithm approaches (Ringle et al. 2009a) to PLS path modeling. Sarstedt's (2008a) review of PLS segmentation techniques characterizes FIMIX-PLS as the primary choice for latent class detection and segmentation tasks within a PLS context. FIMIX-PLS was introduced by Hahn et al. (2002) and allows for a simultaneous estimation of model parameters and segment affiliations of observations. The approach has performed favourably in different simulation studies (Ringle et al. 2009b) as well as empirical applications (e.g. Hahn et al. 2002; Ringle et al. 2009c) and has been made available to researchers by the software application SmartPLS (Ringle et al. 2005). An unresolved problem in the application of FIMIX-PLS concerns the issue of model selection, i.e. the determination of the number of segments underlying the data. Unlike other latent class procedures, the FIMIX-PLS algorithm allows for the computation of several statistical model selection criteria (Sarstedt 2008b). These are well-known from finite mixture model literature and their performance has been discussed in several simulation studies in different context. However, despite the growing popularity of FIMIX-PLS and the importance of an accurate model selection, up to date, no such simulation study exists for this procedure. Consequently, the scope of this paper is to examine the performance of several model selection criteria for determining the number of segments in FIMIX-PLS by conducting a Monte Carlo simulation study.

EXPERIMENTAL SET-UP

The simulation study considers ten major information and classification criteria that have frequently been used in marketing applications (i.e. AIC, AIC_3, BIC, CAIC, MDL_2, MDL_5, HQ, NEC, CLC, and ICL-BIC). Seven data characteristics (factors) are manipulated. The choice of the factors and their levels is influenced by studies conducted by Hawkins et al. (2001), Williams et al. (2002) and Andrews and Currim (2003a, 2003b): Number of observations [50, 100 or 300], number of segments [2,3], size of the smallest segment [15%, 30%], distance between path coefficients [0.2, 0.8], model complexity [low, high], measurement model of the exogenous latent variables [reflective, formative], measurement error of the manifest variables / disturbance term of the endogenous latent variables [15%, 35%]. The study builds on a data generation procedure which has been described and applied in previous PLS path modeling based simulation studies (e.g., Henseler and Chin 2009). For each possible combination of factor levels, data sets are generated. The six factors with two levels and the one factor with three levels result in $2^6 \cdot 3^1 = 192$ possible factor level combinations that are considered in this study. Each simulation run is conducted four times for s=1,…,5 segments and the percentages of data sets in which every criterion identified the expected number of segments (i.e. the success rate) is computed.

RESULTS

The analysis results show that three criteria - the BIC, the CAIC and the ICL-BIC - exhibit comparably high success rates (BIC: 45%, CAIC: 46%, ICL-BIC: 42%) and relatively low overfitting quotas (<20%). The CAIC has the highest overall success rate and performs favorably in situations where small random samples or formative measures are used. A joint consideration of the CAIC and ICL-BIC takes also the entropy into account, which indicates the degree of separation between the segments to assess whether the analysis provides well-separated clusters. This kind of information criterion combination offers the best FIMIX-PLS analysis results in our study. In contrast, the NEC and the MDL_5 criterion show the worst performance in that they uncover the expected model only in approximately every fifth case. FIMIX-PLS evaluation of results represent a requirement for PLS path modeling (Ringle et al. 2009c). As a result, the identification of suitable model selection criteria improves the applicability of FIMIX-PLS and allows for a more prudent use in PLS applications. The findings of this study provide researchers and practitioners with a specific decision-making support in their PLS path modeling analyses.

References Are Available on Request

THE PERFORMANCE IMPLICATIONS OF MARKET-BASED ASSETS AND INNOVATION CAPABILITIES

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ABSTRACT

This study examines the interplay between market-based assets, innovation capabilities and profitability. The authors surveyed managers from 5627 firms in 13 countries. Using structural equation modeling, the authors demonstrate that different market-based assets drive both technological and process innovation capabilities, which, in turn, contribute firm financial performance outcomes.

INTRODUCTION

The drivers of competitive advantage and business performance are central topics in marketing and strategy research. In the present study, we investigate whether market-based assets provide critical input for technological and process innovation capabilities within firms. As such, market-based assets are generally intangible which makes them a source of sustainable competitive advantage (Kaplan and Norton 2004). According to prior literature, relationships with external parties (e.g. customers and strategic partners) are part of market-based assets and form important sources of knowledge and organizational capabilities and innovativeness. Thus, this study analyses assets that are external-to-firm and contribute to reaping resources beyond the company boundaries.

We deem that firm performance is augmented by market-based assets and innovation capabilities. Hence, we adopt the view of Walker et al. (2002), who point out that a firm's capabilities must interact positively with the requirements of the firm's markets to achieve desired performance levels. In particular, we analyze the effects of three types of market-based assets on technological innovation capabilities, process innovation capabilities, and ultimately, on business performance. These three types are: channel-based assets, customer-based assets, and partner-based assets. In this vein, the present study aims to increase the understanding of the importance of firm assets and capabilities in regard to the following questions: 1) What is the role of market-based assets and innovation capabilities in enhancing firms' business performance? 2) How strongly technological and process innovations are affected by different aspects of market-based assets? 3) How technological innovation and process innovation capabilities intermingle in the market-based asset–profitability relationship?

THEORETICAL BACKGROUND AND HYPOTHESES

Assets are defined as the resource endowments the business has accumulated (Day 1994). Market-based assets arise from the interaction of the firm with its environment. From firms' value delivery point of view, assets are ultimately realized, directly and indirectly, in the external marketplace (Teece et al. 1997). Although past attempts have predominantly concerned internal resources for efficiency improvements, the major source of a competitive advantage is increasingly claimed to come outward in terms of market-based resources (Srivastava et al. 1998). This is due to the nature of competition that has shifted from individual firms towards competing through networks of strategic partners. For example, Dyer and Singh (1998) propose the relational view of creating competitive advantage and identify its four interorganizational determinants: (1) relation-specific assets; (2) knowledge-sharing routines; (3) complementary resources; and (4) effective governance, which can create relational rents.

Srivastava et al. (1998) proposed two categories of market-based assets: relational and intellectual market-based assets. Relational assets refer to external, intangible relationships, whereas intellectual assets refer to the knowledge residing within the company. Hooley et al. (1998), in turn, recognise four types of market-based assets: customer based, distribution based, alliance based, and internal assets. Out of these, all but the internal type refer to the external marketplace. Therefore, we exclude internal assets from the study, although they cover many of the preceding activities needed to convert a basic resource into an asset through a knowledge conversation process. Based on these notions, we identify three distinctive types of market-based assets and label them as customer-based assets, channel-based assets, and partner-based assets. Customer-based assets include the ability to identify customer wants and build appropriate relationships with those customers (Hooley et al. 1998; Srivastava et al. 1998). Channel-based marketing assets refer to the distribution channels the firm has created, and are concerned on how the product or service is conveyed to the customer. Partner-based assets are tied to the distribution based assets, and emphasize a wider set of interorganizational partnerships, i.e. horizontal networks and collaborative relationships (Hooley et al. 1998; Srivastava et al. 1998).

Innovation is an enduring and important topic in the field of strategic management. The innovation focus in the literature is predominantly technology intensive, whereas empirical evidence suggests that firms pursue both technological and process innovations. Technological innovation refers to an invention's technological advances and commercial application, while process innovation is a more multifaceted concept capturing the elements that link to a firm's production or service operations and the equipment used to produce the product or render the service (Reichstein and Salter 2006).

Marketing tactics influence a firm's ability to innovate or to adopt innovations. According to Day (2000), market-related assets take time to build, rely on tacit knowledge and skills, and are inherently difficult for competitors to copy or imitate. Once created, however, they enable the business to compete by generating, among others, innovation. The most important customer-based assets a firm can possess are its reputation and strong brands; however, vertical collaboration with channel members can be an efficient means to strengthen its intangibles in customer value delivery (Day 2000), which result in technological and process innovations. Reputation and strong brands enable the firm to gather useful feedback of their specific products and services and act as drivers of the firm's innovation activity in order to maintain the firm's or a brand's competitive market position. Hence, on the basis of these notions, we anticipate the following hypotheses:

Hypotheses 1a and 1b: Customer-based assets are positively related to both technological innovation capability (*H1a*) and process innovation capability (*H1b*).

Hypotheses 2a and 2b: Channel-based assets are positively related to both technological innovation capability (*H2a*) and process innovation capability (*H2b*).

Hypotheses 3a and 3b: Partner-based assets are positively related to both technological innovation capability (*H3a*) and process innovation capability (*H3b*).

Process innovations are often characterized by management innovation. As management capabilities and organizational practices play a prominent role in the firm's processes, managerial innovation capabilities can be seen as a subset of process innovation capabilities. Hamel (2006) defines management innovation as a marked departure from traditional management principles, processes, and practices or a departure from customary organisational forms that significantly alters the way management is performed. Specifically, it reflects sustained change towards the adoption of innovative behaviour 'as a way of life' in the firm. In this respect, management innovation capabilities are important aspects of process innovation capabilities and following the launch of new technological innovations, the firm will greatly benefit from having innovative management that is capable of arranging the processes of exploiting the innovation. Vice versa, to facilitate the need for processes innovation capabilities, the firm would need capabilities in technological innovation. Thus, it is hypothesized that:

Hypothesis 4: Technological innovation capability is positively related to process innovation capability.

Both technological and process innovation capabilities are dynamic by nature. They shield firms from direct competition and help them to achieve a differentiated advantage over their rivals. Moreover, there is evidence that organizational performance can be significantly improved by firms' ability to integrate, build, and reconfigure their resources and competencies (Teece et al. 1997). The reasoning lies in the determinants of dynamic capabilities; they reflect a firm's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. In this sense, innovation capability is closely linked to competitive advantage and business performance (Hult et al. 2004), and technological innovation capability is linked with increased performance. New forms of organising processes must keep pace with the development and application of technological innovations, and simultaneous development of technological and process innovation is crucial for the firm's survival and prosperity. Hence, technological and process innovations are necessary to improve a firm's relative market position, and, to achieve superior positional and performance advantages (Hult et al. 2004). Therefore:

Hypothesis 5: Technological innovation capability is positively related to profitability.
Hypothesis 6: Process innovation capability is positively related to profitability.

RESEARCH DESIGN

To test the hypotheses, an empirical study was conducted deploying mailed questionnaires. The survey was carried out in 2001–2004. Following the SIC (Dun and Bradstreet), our sample covered firms with over 20 people in the fields of business products, consumer products, business services, and consumer services. In total, 5627 usable responses from chief marketing executives were received: Australia$_{(250)}$, Austria$_{(249)}$, Finland$_{(327)}$, Germany$_{(400)}$, Greece$_{(326)}$, Hong Kong$_{(552)}$, Hungary$_{(572)}$, Ireland$_{(657)}$, Mainland China$_{(400)}$, the Netherlands$_{(176)}$, New Zealand$_{(472)}$, Slovenia$_{(759)}$, and the UK$_{(487)}$, the response rate exceeding 20%.

The measures of market-based assets and innovation capabilities comprised new items and were developed by identifying and creating questions on the basis of the literature review, expert opinions, and field-based interviews. The questionnaire was then pilot tested and necessarily adjusted. Subsequently, the final questionnaire contained fifteen *market-based assets* items, derived from the extant literature, that fell into three interrelated categories of our framework (Hooley et al. 1998; Srivastava et al. 1998). Eight *innovation capability* items were submitted to the statistical analysis – four items for each of the two separate facets, as proposed by several scholars (e.g., Gatignon et al. 2002). Similarly, firm *profitability* was captured uni-dimensionally deploying a scale composed of three items, following the guidelines provided by Clark (1999). All items were measured on a five-point advantage scale reflecting an informant's perceptions of organizational behavior relative to rivals.

ANALYSIS AND RESULTS

The scale construction and validation of our key constructs – market based assets, innovation capabilities – was completed using confirmatory factor analysis (CFA). Table 1 shows the fit indexes for the final measurement model. They indicate that the model fits the data acceptably and that the developed proxies perform well. Composite reliability values (ρc) for each latent variable were calculated to evaluate the reliability of the latent variables. To further test the construct validity and convergent validity of the scales, the average variance extracted (ρv) was determined. The recommended levels are .70 for composite reliability, and .50 for average variance extracted (Diamantopoulos and Siguaw 2000). Table 2 shows that the composite reliabilities for the scales ranged from .74 to .89, while the average variance extracted values ranged from .49 to .68, indicating the convergent validity of the constructs. Only two constructs (channel-based assets and technological innovation capability) had the average variance extracted values slightly under the recommended level. However, the validity of the scales was adequate, as the composite reliability values are good and the correlations between the scales are not excessively high. In addition to the above reliability measures, Table 2 reports means and standard deviations for the scales, and the correlation matrix.

The hypotheses were tested using structural equation modeling (SEM) via LISREL 8.80 (Jöreskog and Sörbom 2005). Modeling was undertaken deploying covariance matrix and the maximum likelihood estimation procedure with the original research variables. The model fit is presented in Table 1, and all the indexes imply that the SEM fits the data very well. Figure 1 illustrates the final structural model with standardized path estimates and t-values. Customer-based assets are positively related to technological innovation capability (β=.23) and negatively (albeit insignificantly) to process innovation capability (β=-.03). These results provide empirical evidence for Hypothesis H1a, while Hypothesis H1b is rejected. Furthermore, channel-based assets are positively related both to technological innovation capability (β=.18) and process innovation capability (β=.04), as predicted. Thus, empirical evidence for our hypotheses H2a and H2b is provided. However, the latter of the relations is rather weak, and not strong enough at the $p<.01$ confidence level. Also hypotheses H3a and H3b were verified, as partner-based assets are positively related both to technological innovation capability (β=.32) and process innovation capability (β=.07). Strong and positive relationship exists between the two innovation capability types: the path coefficient was found at β=.57, supporting our hypothesis H4. Finally, both technological innovation capability (β=.29) and process innovation capability (β=.13) relate positively to profitability, thus supporting hypotheses H5a and H5b.

In summary, we found rather solid empirical evidence for the majority of the hypotheses. Only one of our hypotheses (H1b) was not supported at the $p<.05$ confidence level. The results suggest that both market-based assets and innovation capabilities play a positive and significant role in business profitability. Partner-based assets were identified as the strongest drivers of firm profitability. The two types of innovation capabilities provided a good pair of mediators, of which technological innovation capability was found to more significantly affect profitability.

DISCUSSION AND IMPLICATIONS FOR PRACTICE AND FUTURE RESEARCH

This study investigates the key antecedents of innovation capabilities and their effects on profitability in a comprehensive, empirically verified path model. We contribute to the literature on marketing assets and innovation development via results that provide statistical evidence for the interplay between market-based assets, innovation capabilities, and profitability. The results extend prior works (e.g., Dyer and Singh 1998; Srivastava et al. 1998; 2001) in several ways, while they concurrently confirm some of the theoretical and conceptual developments on market-based assets in the innovation interface. Moreover, the results suggest that both technological and process innovation capabilities, at least partly, mediate the relationships among market-based assets – whether they are customer-based, channel-based, or partner-based – and firm performance.

Our model provides some interesting implications for practice. Firstly, it helps us to better understand which market-based assets and innovation capabilities are critical for the firm performance. Secondly, it shows how these determinants interrelate with each other, thus, bringing rationality into balancing the efforts and investments needed to develop those assets and capabilities. We propose that innovation in firms should be approached in a more versatile manner, so that technology-based innovation capabilities are built in conjunction with process innovation capabilities.

Our conclusions must be considered within the limitations of the study. Firstly, the findings of our study are necessarily limited by their generalizability in the global setting. Secondly, our empirical analysis did not consider possible differences in market-based assets/innovation profiles regarding the firm size (SMEs versus large corporations), business strategies (consumer or business market focus), or the country of origin (comparison by nation). Thirdly, a longitudinal research setting would have helped us to better capture cause-and-effect chains from the data. We, however, believe that our inquiry provides some new and potentially fruitful avenues for identifying market-based assets to fit with different forms of innovation.

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TABLES AND FIGURES

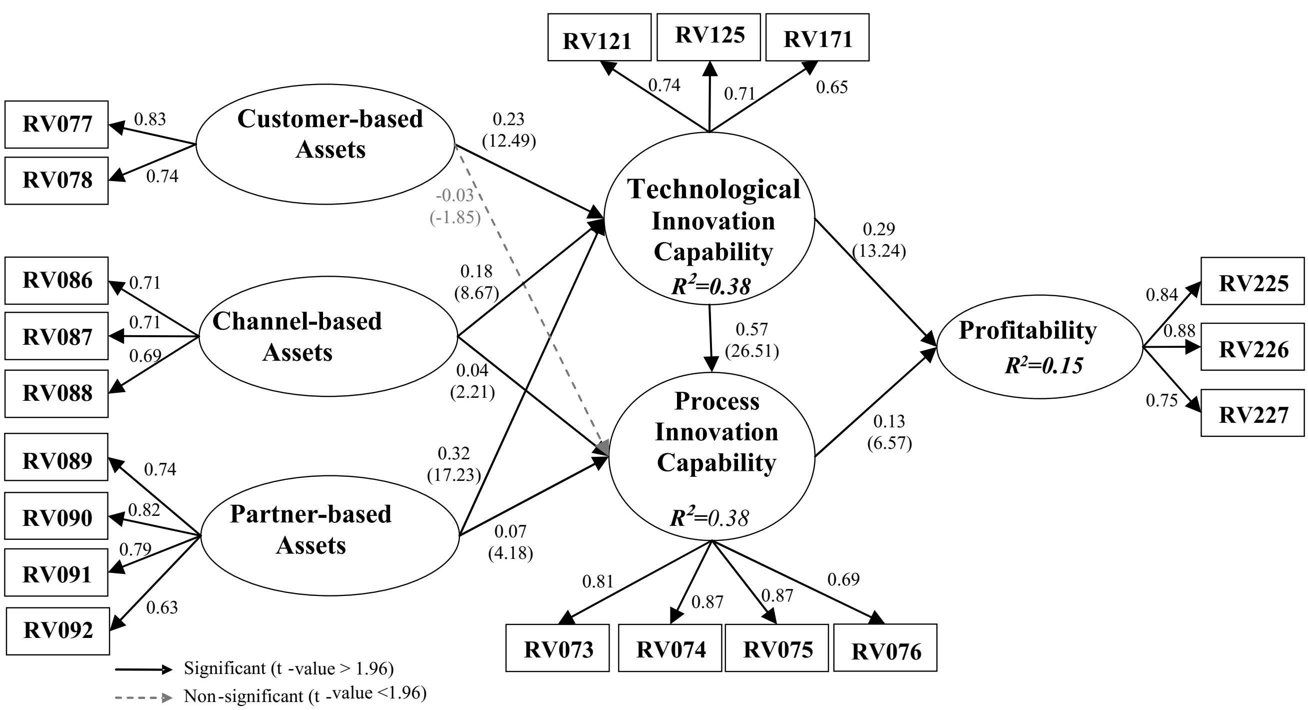
Table 1 Fit indexes for measurement model and structural model

Model	*χ^2(df)*	*RMSEA*	*GFI*	*NNFI*	*CFI*
Measurement model (CFA)	1215.78 (137) Significance=0.000	0.037	0.98	0.98	0.99
Structural model	1420.94 (140) Significance=0.000	0.040	0.97	0.98	0.98

Table 2 The scale means, standard deviations, reliability indexes and correlation matrix

Construct	*Mean*	*S.D.*	*ρ_c*	*ρ_v*	*1*	*2*	*3*	*4*	*5*	*6*
1. Customer-based assets	3.92	0.97	0.76	0.62	1.00					
2. Channel-based assets	3.25	0.85	0.75	0.49	0.42	1.00				
3. Partner-based assets	3.15	0.88	0.83	0.56	0.31	0.49	1.00			
4. Technological innovation capability	3.38	0.87	0.74	0.49	0.39	0.43	0.48	1.00		
5. Process innovation capability	3.49	0.93	0.89	0.66	0.24	0.31	0.36	0.61	1.00	
6. Profitability	3.37	0.96	0.87	0.68	0.33	0.23	0.24	0.34	0.31	1.00

S.D.: standard deviation, ρ_c: composite reliability, ρ_v: average variance extracted. ρ_c: $(\sum\lambda)^2/((\sum\lambda)^2+\sum(\theta))$, ρ_v: $(\sum\lambda)^2/(\sum\lambda^2+\sum(\theta))$, λ: indicator loading, θ: indicator error variance.



Squared multiple correlation R^2 = 0.15 (explanatory power of the model).
Model fit: χ^2=1420.94; df=140; *p*=0.000; RMSEA=0.040; GFI=0.97; NNFI=0.98; CFI=0.98.

Figure 1 Structural equation model: loadings, standardized path estimates, and t-values

EXPLORING US CONSUMERS UNDERSTANDING OF CARBON OFFSETS

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ABSTRACT

This study found the relationship between general environment knowledge and carbon offsets knowledge is inversely related and no significant differences in general environment or carbon offset behavior exists between levels of knowledge. The findings lend support that consumers may misunderstand 'carbon offset' claims thus public policy intervention is required.

INTRODUCTION

Consumer knowledge and commitment to environmental issues has grown over the years (Ottman 1998, GfK Roper 2007). The impact of consumption by humans on the natural environment has contributed to global warming (Nisbet and Myers 2007), so consumers are increasingly considering their actions (GfK Roper Consulting 2007). Likewise, governments have developed initiatives to help curb the production of carbon by firms introducing carbon taxes and carbon trading (UN Framework Convention on Climate Change 2008, Kyoto 2008). Another initiative is the development of carbon offsets which allow firms to limit their production of carbon or allow them to offset carbon produced with carbon savings elsewhere (Ramseur 2007). Carbon offsets have become a new green marketing tool, whereby firms promote carbon offsets as 'attributes' of goods and services that includes the cost of a carbon saving programs (the offset) as an integral component of its products or as a voluntary added feature that consumers can purchase. Arguably, carbon offsets are an industry or product in their own right whereby firms' market carbon offsets to other firms or the final consumers (Ramseur, 2007).

Green marketing claims have been used to target consumers but regulators in the US and elsewhere are concerned that these claims have the potential to be misleading (Kangun and Polonsky 1995). The Federal Trade Commission (FTC) is presently reviewing the green marketing guidelines which were first developed in 1992 (Rosch 2008). These guidelines highlight the complexity of environmental claims which are often difficult, if not impossible, for consumers to assess. While the use of carbon offsets would be regulated within the FTC regulations, there has been recognition that offsets are extremely complex. Given the relative newness of carbon offsets, there is limited academic investigation as to whether consumers understand claims related to them or how consumer knowledge impacts on environmental behavior. This paper seeks to explore these issues. The following sections will briefly overview green marketing from a regulatory perspective, we then briefly overview the literature on green consumer behavior before discussing the methodology, results, discussion and implications.

A Brief Overview of US Green Marketing Regulation

The FTC environmental marketing guidelines are focused on five principles: (1) environmental claims should be able to be substantiated; (2) "open ended" environmental broad unqualified claims are generally inappropriate; (3) comparative claims must provide the basis of comparison; (4) environmental claims cannot be exaggerated; and (5) claims must also be understood by the average consumer (Rosch 2008). The evolution of our understanding of environmental problems and solutions has meant that environmental marketing practice has evolved as well, whereby firms are now discussing broader life-cycle issues associated with their activities, which takes a system-wide view of firms' environmental impacts (Rosch 2008; FTC 1999, 2000). Managed effectively, this does improve firms' environmental performance, but communicating system-wide changes to consumers may be substantially more difficult for marketers. Another environmental issue, which has also become a green marketing claim, is the concept of carbon offsets which is related to the desire to reduce carbon dioxide firms produce. Unfortunately, carbon offsets are highly complex with extensive scientific debate regarding aspects of these 'products'. These can take a number of forms (see Ramseur 2007). The use of carbon offsets as a green marketing claim has the FTC so concerned that they recently convened a one day workshop exploring the implications of their use in marketing activities (Mojaras 2008), which may result in guidelines which have already been developed in other countries such as Australia (ACCC 2008). Given the 'newness' of carbon offsets as a green marketing tool this paper seeks to explore whether consumers understand claims regarding carbon offsets and how these might impact on consumers' behavior.

Consumer Responses to Green Marketing

Extensive research exists into various aspects of consumers undertaking environmentally responsible behaviors

(Diamantopoulos, Schegelmilch, Sinkovics and Bohlen 2003). Much of the literature examines the links between consumers' environmental knowledge and various environmental behaviors (e.g., recycling). The suggestion is that consumers who are well informed will be better able to integrate environmental considerations into their decision making. Traditional consumer behavior literature suggests that knowledge shapes attitudes that, in turn, shape behavior (Ajzen and Fishbein 1977). This framework has been used to explore aspects of environmental behaviors (Bang, Ellinger, Hadjimarcou and Traichal 2000; Kaiser, Wolfing, and Fuhre 1999, Kalafatis, Pollard, East, and Tsogas 1999) with the foundation of the model on the direct link between consumers' level of knowledge and their actions, where those who are more knowledgeable are more likely to respond positively to environmental marketing (Pickett-Baker and Ozaki 2008, Thogersen 2000).

Consumers' environmental knowledge has been measured differently in the literature, however, factual knowledge, where consumers undertake knowledge tests to determine how knowledgable they are is acceptable (Maloney, Ward and Braucht 1975, Tanner and Kast 2003). Within this paper we examine consumers' factual knowledge as it identifies what consumers actually know about the environment (Maloney, Ward and Braucht 1975) and the specifics of carbon offsets. Two issues have been raised in the research relating to factual knowledge: 1) there is often scientific debate about the 'facts' in regards to environmental information (Mostafa 2007), and 2) some researchers suggest that action related knowledge is more important in driving behavior than knowing about the technicalities of environmental science (Tanner and Kast 2003). We propose that specific environmental information can be related to specific decisions rather than broad generalities (Thogersen 2000). There is some research to suggest that consumers' level of environmental knowledge and involvement varies across issues (Roberts and Bacon 1997). Given the relative newness of carbon offsets and their complexity we propose that:

H1: There will be no correlation between the level of general environmental knowledge and carbon offset knowledge.

Research suggests that more knowledgeable consumers undertake more pro-environmental behaviors (Diamantopoulos, Schlegelmilch, Sinkovics, and Bohlen, 2003, Franj-Andres and Martinez-Salinas 2007, Kaiser, Wolfing, and Fuhrer, 1999, Maloney, Ward and Braucht 1975, Ivy, Lee and Chuan 1998, Schlegelmilch, Bohlen, Diamantopoulos 1996). However, given that consumer knowledge across areas may vary (Stone, Barnes and Montgomery 1995), it is important to consider whether different types of knowledge affect different types of behaviors as someone may not undertake the entire range of environmentally responsible behavior (Kahn 2007). As such, we explore the links between general environmental knowledge and actions, as well as specific carbon offset knowledge and actions. Therefore,

H2a: Consumers with higher levels of general environmental knowledge will undertake more general environmental behaviors.
H2b: Consumers with higher levels of carbon offset knowledge will undertake more carbon offset related behaviors.

To explore this relationship in more detail we also examine the differences in the relationship between carbon offset knowledge and behaviors for consumers who have high levels of general environmental knowledge. While it might be reasonable to assume that greater environmental knowledge results in more positive behavior, this may not be the case for carbon offsets as the concept is fairly new. Given the alternative views we propose that:

H3: For consumers with high general environmental knowledge, there will be no difference in carbon related behaviors between high and low carbon knowledgeable sub-groups.

RESEARCH DESIGN

A survey was developed to explore consumers' factual knowledge of environmental issues using Maloney, Ward and Braucht's (1978) instrument, which has been used by others in the environmental area (Fraj-Andres and Martinez-Salinas 2007, Ivy, Lee and Chuan 1998). Additional items were developed to explore consumers' knowledge of carbon offsets, as these have not been explored previously in the marketing literature. These questions were crafted based on the discussion of carbon offsets in Ramseur (2007) and an investigation into issues relating to offsets being potentially misleading (ACCC 2008). Eight items each measuring general environmental issues and carbon offsets with true/false responses were developed. Consumers with more than half of the items correct were identified as being knowledgeable (i.e. they knew more than they did not know) and those who got 50% or less correct were identified as having low knowledge.

Environmental behaviors, specifically behavioral intentions rather than actual behavior, have been extensively explored (Schlegelmilch, Bohlen and Diamantopouls 1996, Stone, Barnes and Montgomery 1995). Our research focused on actual behavior; that is, environmental activities consumers undertook (Fraj-Andres and Martinez-Salinas 2007, GfK Roper

Consulting 2007). We included matching items on specific activities related to carbon offsets, which enabled us to directly compare similar types of activities. The three behavioral items asked how often people undertook the following activities (scale: 1 Never to 7 Always): 1) I investigate the specific details of firms' environmental claims or behavior (or the carbon offset programs offered by firms); 2) I switch brands to ones that are less environmentally harmful (or offer carbon offsets); and 3) I choose to pay more for products because they are less environmentally harmful (or they offer carbon offsets). The survey was administered by a research company to an on-line panel of consumers, over the age of 18, across the United States. We received 403 responses of which 361 were usable. The distribution between genders was balanced. Respondent ages were relatively evenly spread ranging from 10.4% for 55-65 year old group to 24.4% for the 35-44% group. Fifty-four percent of respondents were married and 41% were in households with children present. Forty-six percent had completed some form of university education, 29% had some university education and 21% were high school graduates or had some high school education. Most people worked full-time (48.6%), with the remainder working part-time (15.9%) or were unemployed (33%). The high percentage of not working represented 39.8% retired or disabled, 19.5% of these were homemakers, 9.0% indicated they were students and 6.0% unemployed.

DATA ANALYSIS

The results identified that 71.8% of respondents were highly knowledgeable about general environmental issues and 39.8% highly knowledgeable about carbon offsets. There were 29.2% of respondents who had both high general environmental knowledge and high carbon offset knowledge, with 48.3% having high general knowledge and low carbon offset knowledge. The remainder of respondents had low knowledge of general environmental issues and carbon offsets (34.0%), and 7.6% who were knowledgeable about carbon offsets but not about general knowledge about the environment (See Table 1). Given the relative newness of the concept of carbon offsets and the complexity of the programs it is not surprising that respondents were statistically less knowledgeable about carbon offsets as compared to general environmental knowledge. The correlation between the two types of knowledge was negative ($r= -0.146$) and was statistically significant ($p=0.006$). Thus the more people knew about the environment the less knowledgeable they were about carbon offsets. Thus H1 is not supported. Therefore, being environmentally knowledgeable does not make consumers more knowledgeable about carbon offsets.

The second phase explored whether there are differences in the two types of behaviors (general environment and carbon offset) for consumers based on their level of knowledge of these issues. Cronbach's alpha (general environmental behavior $\alpha=0.72$; and carbon related behavior $\alpha=0.70$) suggest the variables are reliable, hence a composite measures of behavior was created. While we hypothesized that consumers with higher levels of general environmental knowledge would undertake more general environmental related behavior we found that the difference was statistically insignificant ($t= -1.42$, $p=0.09$) for high general environmental knowledge consumers (mean=3.88, std.=1.42) as compared to low general environmental knowledge consumers (mean=3.60, std.=1.26). Thus there is no statistically significant difference in behaviors for the two groups and thus H2a is not supported. With regard to carbon offset behaviors we found that the difference in behavior between groups was also statistically insignificant ($t=1.90$, $p=0.24$) between those with high carbon knowledge (mean=2.90, std.=1.52) and those with low carbon knowledge (mean=3.11, std.=1.67). Thus there is no difference in carbon related behavior based on consumer's level of carbon knowledge and H2b is not supported.

The final analysis explored the sub-sample of consumers who had a high level of general environmental knowledgeable ($n=276$) to determine if there were differences in carbon related behaviors for those who had high carbon knowledge as compared to those with low carbon knowledge. The results indicate that there is no statistical difference in carbon related behaviors ($t= 1.59$, $p=0.30$) for those with low carbon knowledge (mean=3.15, std.=1.72) compared with high carbon offset knowledge (mean=2.81, std.=1.59), therefore H3 is supported.

CONCLUSIONS AND IMPLICATIONS

The results indicate that consumers are less knowledgeable about carbon offsets than they are about general environmental issues and the significant relationship between the two types of knowledge is negative suggesting that the greater their general knowledge, they are less knowledgeable about carbon offsets. Given the relative newness of carbon offsets, this may suggest that consumers who are environmentally knowledgeable are making assumptions about carbon offsets, which appear to be misguided. Consequently, these consumers are more likely susceptible to dubious carbon offset claims made by firms.

Environmental behavior based on levels of environmental knowledge types does not appear to be related. A possible explanation would be that all consumers may believe that the environment is an important issue and thus believe that they need to modify purchases to behave more responsibly. In the case of general environmental behavior, those with high levels of knowledge act based on having an understanding of the issues, whereas those with low levels of knowledge simply act because they know environmental issues are 'important'. One could therefore posit that inappropriate use of green marketing would mislead those with low levels of environmental knowledge and those with high levels of knowledge would be able to discern whether claims were meaningful. As such there is still a need for general environmental marketing regulations to protect the less knowledgeable consumer. Unfortunately, in the case of carbon related behaviors there is no difference in behavior based on consumers' knowledge. Thus it appears that even high knowledge consumers may act, because they think it's the right thing to do but do not understand the underlying complexities of carbon offsets. This was even true when focusing on consumers who have high levels of general knowledge. From a theoretical perspective it may be possible that an mediating variable such as environmental attitudes or belief system may be the missing link in the relationship.

Given the complexities of carbon offsets, it may warrant special regulatory attention to prevent consumers being misled by inappropriate claims about carbon offsets, even though it is acknowledged that this may be difficult given the complexity associated with the science and variety of carbon offset programs. Consumers will have limited ability to determine whether a firm is potentially double counting its offsets or whether offsets are appropriately issued. Extensive governmental intervention, most likely across nations, may be necessary as multiple accreditation bodies would only make consumers less able to assess the integrity of these bodies. Thus a globally agreed set of standards related to carbon offsets would then allow consumers to have confidence with any third party accreditation body. This is dependent on some general agreement of what constitutes an appropriate carbon offset program, which would require extensive global consultative processes before an acceptable standard could be developed. If such agreement can be reached certification then will enable consumers to have confidence in issues which will have exceptionally low credence value. Thus, this is one area where regulation of claims may be highly valuable, as these organizations will be able to determine the 'real' effect of a given carbon claim and verify its veracity for consumers.

Table 1: Knowledge Levels of Consumers

		General Knowledge		Total
		Low	High	
Carbon Offset Knowledge	Low	53 (14.9%)	172(48.3%)	225 (63.2%)
	High	27 (7.6%)	104 (29.2%	131 (36.8%)
Total		80 (22.5%)	276 (77%)	356 (100%)

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CONSUMER ACCEPTANCE OF RENEWABLE ENERGIES – TARGET GROUP SEGMENTATION BASED ON THE CLASSIFICATION OF PRIVATE END USERS INTO LIFESTYLE TYPOLOGIES IN GERMANY

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ABSTRACT

Global challenges have moved the potential of renewable energies into the focus of science, society, and economy (e.g., Duncan 2001; Smil 2003; Schwartz et al. 2006). The usage of renewable energies is no longer merely a playing field of alternative tinkerers or idealists, but has emerged into a significant economic factor and job generator (e.g., Keppler 2007; Zoellner et al. 2008). The target group segmentation based on lifestyle typologies as developed in this empirical paper shall facilitate the target specific allocation of marketing budgets (e.g., Day 1981; Srivastava 1988; Hunecke 2007). The construct of acceptance is based on the three-component theory (affective, cognitive, conative) of attitude research (e.g., Rosenberg 1966; Ajzen 1989; Koufaris 2002). In constrast to attitude, acceptance is particularly manifested in the adoption of the product (e.g., Davis et al. 1989; Venkatesh et al. 2000). The components of the construct are *attitudinal and behavioral acceptance*, *acceptance to use* as well as *behavioral restrictions*. Furthermore, the acceptance of private end users is set into direct relationship with their lifestyles, in order to develop a lifestyle typology. For this reason, different variables are included into the study, which cover demographic and psychographic variables as well as various behavioural characteristics. The subsequent analysis follows the proceedings of a multi-stage market segmentation. Its first step thereby includes the differentiation between renewable-energy interested and non-interested. On the second level, the group of interested, the target group, is further classified into four homogeneous segments (Day 1981; Kotler 2000):

The Active Performance Oriented (31.4% of the sample, n=50, 50% male, 50% female) This segment is characterized by the lowest attitudinal and behavioral acceptance. The environmental consciousness of those affiliated with this cluster is lowest. Presumably because of the low income, this lifestyle type is characterized by the second highest willingness-to-save. With respect to their personal values and beliefs, the respondents value performance-orientation, diligence, proactiveness, self-fulfilment and a multifarious life higher than those in other segments.

The Technophile Educated (15.7% of the sample, n=25, 60% male, 40% female) The respondents in this segment are characterized by the second highest behavioral acceptance and acceptance to use of all segments. 20 percent use renewable energies. Technophility is highest in this cluster. With respect to personal values and beliefs, assets and property are of most interest. This segment is characterized by the lowest values with respect to tolerance, altruism, solidarity and the highest value with respect to egoism. An increased interest in nature and consumer magazines can be noticed.

The comfortable Bon Vivants (25.9% of the sample, n=41, 49% male, 51% female) The attitudinal acceptance is the second highest behind cluster four. However, the smallest number of respondents actually uses renewable energies (2.4 percent). Furthermore, members of this cluster show the second highest value with respect to environmental conciousness and act in the environmentally friendliest way. The willingness-to-save is by far the lowest in this cluster. Likewise are the values performance orientation, diligence and proactiveness. Only with respect to enjoyment of life this cluster dominates.

The Environnmentally Aware Social (27.0% of the sample, n=43, 72% male, 28% female) The strongest advocates of renewable energies belong to this lifestyle type. 60.5 percent of the private end users use renewable energies. Not only the acceptance to use, but also attitudinal and behavioral acceptance are highest in this segment. Furthermore, private end users in this cluster are by far the most environmentally conscious; accordingly, environmentally benign behaviour is above average as well. This is in accordance with the personal values and beliefs.

The strength of the approach as pursued in this paper lies in the breadth of considered and integrated marketing theoretic concepts and variables. While the case of Germany served as a viable example for a first empirical application of the introduced model – Germany has made significant progress with respect to renewable energies, technologically as well as economically –, climate change and energy shortage are global challenges so that the approach as suggested in this paper should be further pursued in an international context.

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WHO CARES ABOUT A FAIR TRADE LABEL? ON THE IMPACT OF CONSUMER ATTITUDES ON BRAND RELEVANCE OF FAIR TRADE PRODUCTS

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ABSTRACT

Today, Fair Trade issues are to an increasing degree placed on consumers' agenda. Buying Fair Trade products, customers can express their feelings of responsibility toward society as well as their appreciation of socially and often ecologically responsible firms and products. Consequently, companies switch to Fair Trade products, and thus, address customers' shift in values. Further, they indicate the environmentally and socially responsible production and delivery of goods and services using brands and labels, such as the Fair Trade label, and thus, differentiate from competitors. Against this background, the question arises to what extent such a label has an impact on consumers' buying decisions, i.e. how relevant the label really is? This question seems particular important with regard to the already existing and still increasing number of social, bio-, and eco-brands and labels. Further, considering the amount of money companies have to invest in order to switch to environmentally and socially responsible procurement and production processes, and thus, to obtain the Fair Trade label, the question of brand relevance gains substance not only from a consumer's but also from a managerial perspective. Although academicians agree that brands are not equally relevant to buying decisions in every market there is no common definition of the term brand relevance and opinion about the dimensionality of the construct. Literature review reveals that the number of studies investigating brand relevance still remains limited.

We suggest a conceptualization of brand relevance based on three specific core brand functions: (i) information efficiency, (ii) risk reduction, and (iii) imaginary benefit. Further, in order to provide valuable contributions in terms of consumer profiling and brand management, we include consumer attitudes in our model and investigate their impact on perceived brand relevance in Fair Trade. Thereby, we distinguish between socio-political attitudes towards (i) developing countries and (ii) ethical consumer behavior as well as product-related attitudes towards (iii) products from foreign countries (consumer ethnocentrism) and (iv) products from developing countries (country-of-origin effect). We postulate that perceived brand relevance depends on both socio-political as well as product-related consumer attitudes.

Empirical studies started with expert interviews conducted with marketing professionals and academicians. After pretesting the questionnaire, we published a web survey and the link was e-mailed to students as well as administrative and academic staff of Freiberg University of Technology. We employed structural equation modeling for analyzing the model.

Results reveal that positive consumer attitudes towards developing countries positively influence risk reduction as well as imaginary benefit. Further, positive consumer attitudes towards ethical consumer behavior have a positive impact on information efficiency, risk reduction, and imaginary benefit. Moreover, results show that positive consumer attitudes towards products manufactured in developing countries positively influence information efficiency as well as risk reduction. Finally, results reveal a significant effect of positive consumer attitudes towards products from foreign countries on risk reduction.

In summary, our research contributes to a more detailed understanding of the phenomenon of brand relevance, in particular in a Fair Trade context. First, we provide an overview over core brand functions, which we understand as dimensions of brand relevance. Second, we explicate the impact of general socio-political as well as specific product-related consumer attitudes on perceived relevance of a Fair Trade label, and therefore, respect the importance of consumer attitudes within purchasing decisions. Third, one of the most interesting results is that socio-political and product-related attitudes have only a weak or no impact on imaginary benefit. Consequently, the additional benefit of brands of helping customers to create a desired image is less important for buyers of Fair Trade products.

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THE NETWORK EFFECTS OF PRODUCT PORTOFLIO CHARACTERISTICS ON PARENT BRAND EQUITY

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ABSTRACT

The study addresses the network effects in brand extensions. The theory of network externalities from economics is used to explain the reciprocal network effects from the extension products to the umbrella brand. The study posits that three characteristics of the extension products' portfolio positively influence the parent brand equity: the portfolio size, the similarity among products in a portfolio and the presence of the attribute compatibility. Experimental findings firmly support these prescribed effects.

References Available on Request

NONPROFIT BRANDS: THE IMPORTANCE OF BRAND IMAGE IN CHARITABLE GIVING

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BACKGROUND AND OBJECTIVES

A better understanding of donation behavior is vital for all nonprofit organizations that depend on public generosity for survival. For some, public donations represent more than 50% of their operating budgets. In order to more clearly explain donation behaviors, marketing researchers have identified three key factors. First, there are variables linked to individual characteristics: socio-demographic factors (Bennett 2003; Grande and Vavra 1999; Kottasz 2004; Van Slike and Brooks 2005), personality variables (Eveland and Crutchefield 2004), personal values (Grande and Vavra 1999; Sargeant and Hilton 2005) and motivations (Mathur 1996). Secondly, there are variables linked to the stimulus used to solicit donations (Sargeant 1999; Sargeant and Jay 2004) and emotional states such as fear or guilt generated by the stimulus (Lindsey 2005 and 2007; Richardson and Chapman 2005). Finally, there are variables linked to perceptions of the association: brand image (Bennett and Gabriel 2003), reputation (Bennett and Gabriel 2003) and brand personality (Venable *et al*. 2005; Sargeant et al. 2008). Names of nonprofit organizations, as a form of identification, serve as a signpost for donors, function as a guarantee and can play a significant role in the decision-making process behind charitable giving. However, it is interesting to determine the dimensions of the brand image which have the most impact on giver behavior. Consequently, this study aims to develop a specific scale of charities' brand image and test the influence of nonprofit image on intention to take part in the organization (intention to volunteer, donate money, buy fundraising products).

METHODOLOGY

In order to identify the components of nonprofit brand image two qualitative research were conducted through individual interviews. An initial qualitative study was carried out with fifteen fundraising and communication professionals from various charities. A second qualitative study was conducted with 30 donors and non-donors. The quantitative data was collected by means of a questionnaire. It concerned six charities. the Red Cross, the AFM-Téléthon (French Muscular Dystrophy Association), UNICEF, Greenpeace, Handicap International and Doctors Without Borders. 577 people were questioned face-to-face in Study 3 and, 2,549 people by Internet in Study 4. Intention to give was measured by three items (intention to give money, time, or to purchase fundraising products).

RESULTS

According to the results, there are four dimensions to nonprofit brands: *usefulness, efficiency, affect* and *dynamism*. These dimensions allow us to explain up to 38% of giving intentions.

A global analysis of the model (studies 3 and 4) highlights their goodness of fit with the data which produced (Study 3 $chi^2 = 358.54$ /dl 109 $P<0.001$; AGFI =0.90; CFI=0.95; RMSEA= 0.06; Study 4 $chi^2 = 1102.76$ /dl 109 $p<0.001$; AGFI =0.91; CFI=0.95; RMSEA=0.06). Concerning relations between the dimensions of brand image and donation intention, our results show that *affect* and *efficiency* dimensions significantly explain intention to give. The two other dimensions, *usefulness* and *dynamism* significantly influence giving behavior only in Study 4. The model explains respectively 38% (Study 3) and 37% (Study 4) of intentions to give.

References Available on Request

A COMPARISON OF SELECTED REPUTATION MEASURES' CONVERGENT AND CRITERION VALIDITY

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INTRODUCTION

Companies are increasingly becoming aware that competitive advantages are obtainable more from intangible assets than from product-related sources. Numerous authors identify corporate reputation as the most important intangible asset (e.g., Ruth and York 2004, Eberl and Schwaiger 2005) as various studies show that reputation can give rise to lasting company success. Consequently, many researchers have measured corporate reputation in past years, leading to a variety of approaches (Chun 2005). However, research has not yet provided an empirical comparison of such approaches of corporate reputation with regard to their psychometric properties. The present article closes this research gap by reviewing and comparing six measurement approaches which emerge from different research concepts, including social expectations, corporate personality and trust (Berens and van Riel 2004). These measurement approaches are the America's Most Admired Companies index [AMAC] (Hutton 1986), Reputation Quotient [RQ] (Fombrun et al. 2000), Schwaiger's approach [SCH04] (Schwaiger, 2004), Helm's approach, [HEL05] (Helm 2005), Corporate Character scale [CCH] (Davies et al. 2004), as well as the Corporate Credibility scale [CCR] (Newell and Goldsmith 2001). To assess and compare their validities, we check the explanatory power of the scales when measuring relevant outside criteria. More specifically, we establish separate structural equation models and assess the impact of the measures on an overall single-item measure for corporate reputation as well as on customer satisfaction which is a well-established relationship in marketing research (e.g., Wiertz et al. 2004, Helm 2006).

RESEARCH DESIGN

To compare the measures' convergent and criterion validity, we revert to the adjusted R^2 which is the central criterion for evaluating the structural model the cross-validated redundancy measure Q^2 (Chin, 1998). To provide a further meaningful criterion for model comparison we also apply the FIMIX-PLS algorithm (Hahn et al. 2002; Ringle et al. 2009) to allow for a comparison of the different approaches by means of (adjusted) log likelihood values. The survey was conducted among undergraduate student volunteers from a major German university in June 2008 with respondents rating reputation and satisfaction indicators with regard to their mobile phone service provider.

RESULTS

To assess the scales' convergent validity, we compared the relationship between the different measurement models and the reputation single item by means of the endogenous construct's adjusted R^2 (R^2_{adj}) as well as the Stone-Geisser Criterion Q2 values. Overall, all models' values lie on a satisfactory level. In detail, Helm's (2005) scale outperforms the other approaches with the highest R^2_{adj} and Q^2 values. [CCR], on the other hand, performs considerably worse. Even though R^2_{adj} and Q^2 values are acceptable in absolute terms, they lie much lower than in [SCH04], [RQ] or [CCH]. This result suggests that [CCR] demonstrates a considerably lower level of convergent validity which is not surprising as the measured dimensions of trust are only one potential indicator for corporate reputation. Also Fortune's AMAC performs comparably weak, which provides support for the often-cited criticism regarding the insufficient theoretical underpinning of the approach. The analysis of the log-likelihood and the information criteria also supports these results and conclusions. Furthermore, we compare the approaches' criterion validity by using customer satisfaction as the endogenous construct. Again, the R^2_{adj} values of "customer satisfaction" are generally high across the different methods and the values for Q^2 lie all above zero. [SCH04] provides the best results, followed by the [RQ] and Helm's (2005) scale. Again the [CCR] falls behind showing weak results with the lowest R^2_{adj} and Q^2 value. [AMAC] as well as [CCH] that had shown satisfactorily results regarding convergent validity reveal a lack of criterion validity regarding "customer satisfaction". Confirming the prior results, [SCH04] shows the lowest information criterion values, thus providing the best model fit. [AMAC] and [CCR] fall behind, which suggests a reduced degree of criterion validity. This paper contributes to the wide range of reputation research by offering the first comparison of several measurement approaches for corporate reputation, including well-known concepts such as Fortune's AMAC or the RQ. Ensuring that these measures are valid is essential for both researchers and practitioners to guarantee accurate findings and implications for marketing and management decisions.

References Are Available on Request

THE VALUE OF CORPORATE REPUTATION FOR SHAREHOLDERS: EVIDENCE FROM GERMANY FOR DAX 30 COMPANIES

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INTRODUCTION

Looking for sources of unique and imperfectly imitable competitive advantage both, researchers and practitioners, have turned in the last decade their focus towards the examination of intangible assets (Lehmann 2004). In the quest for achieving sustained superior financial performance management of corporate reputation as a strategic intangible asset can be crucial for the long-term success of a corporation (Hall 1992). Reputation as relational asset facilitates a closer relationship between the corporation and its stakeholders. Hypothesizing reputation is meeting the propositions for market-based assets (Srivastava et al. 1998), it can be assumed the expected stock returns are higher for stocks of firms with higher reputation than for stocks of firms with lower reputation. Surveying the literature, it can be stated that only a handful of scientifically founded studies examined the relationship between corporate reputation and stock market performance (Black et al. 2000; Jones et al. 2000; Srivastava et al. 1997; Shefrin and Statman 1995). Consistent with recent definitions corporate reputation is considered as an attitude-related construct. Extending prior research, this study examines the roles of its cognitive ("competence") dimension and, in contrast to many other measurement approaches, affective ("likeability") dimension (Schwaiger 2004) in explaining stock market performance of German DAX firms.

METHODOLOGY AND DATA

Brown and Perry (1994) observe for the Fortune reputation scale a so called "financial halo effect": past financial outperformance is highly correlated with subsequently high reputation scores. In order to control for a potential financial halo effect in this study the difference between the actual competence respectively likeability scores and their predicted scores from two regressions with five factors (management efficiency, value characteristics, size, growth, and risk) identified by Brown and Perry are used as halo-removed scores. These idiosyncratic scores are used to study the influence of "non-financial" competence/likeability on future performance. In the next step the calendar-time portfolio approach is applied to test for abnormal stock returns. This method is suited as it eliminates the problem of cross-sectional dependency by aggregating the sample firms into specific portfolios (Lyon et al. 1999). The surveyed stocks are divided into groups with high respectively low idiosyncratic competence/likeability to be able to test differences in abnormal stock returns depending on the group-level of competence/likeability. To compute the abnormal returns, the standard three factor Fama-French financial benchmark model (Fama and French 1993) controlling for the market, size, and book-to-market risk factors is augmented with a fourth risk factor (Carhart 1997) to control for the momentum anomaly (Jegadeesh and Titman 1993). The regarded securities market consists of all firms who were between 30th December 2005 and 25th November 2008 member of the Deutsche Aktienindex (DAX) as the major German stock market index consisting of the securities of the 30 leading German corporations. The financial market data is obtained from DATASTREAM. The reputation data is based on six consecutive surveys between 2005 and 2008 of representative samples of the German public (N ranges from 1,251 to 2,465).

RESULTS

Results show that only 3.5% of the variance of the competence dimension and 14.1% of the variance of the likeability dimension are explained by the financial halo effect. After decomposing the variances of the reputation dimensions the idiosyncratic competence and likeability scores are used to form the portfolios. To avoid the problem of biased confidence intervals a "heteroscedastic-consistent" OLS estimation procedure is applied (Long and Erwin 2000; MacKinnon and White 1985). The low competence and low likeability portfolios are performing worse than the DAX (used as market benchmark): the low competence portfolio's abnormal return ($\alpha_P = -.64\%$; $p < .10$) and the low likeability portfolio's abnormal return ($\alpha_P = -.73\%$, $p < .05$) are statistically significantly smaller than zero. However, the intercepts of the high competence and high likeability portfolios are not statistically significantly different from zero. Different kinds of market benchmarks (MSCI Germany, MSCI Europe, and MSCI World) and periods (bull vs. bear market) are used for robustness tests in order to substantiate the results. In summary, this study is able to provide empirical evidence for the assertion corporate reputation is a strategic intangible asset generating value for shareholders. This study also provides evidence that these expectations are basically equally driven by facts (competence, expertise) and emotions (likeability, sentiment). This makes a strong point in favor of a multi-dimensional view of corporate reputation.

References Are Available on Request.

CHARTING CHATTER: WHAT CONSUMER GENERATED ADVERTISING SEEMS TO BE SAYING ABOUT BRAND PERSONALITY

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ABSTRACT

Measuring response to consumer generated advertising is, for a variety of reasons, difficult to do using traditional advertising measures. In this paper we present an approach to better understanding response to consumer generated advertising. Using the comments posted about four consumer generated advertisements hosted on YouTube, we demonstrate how content analysis can be conducted on this information so as to reveal the underlying brand personality dimensions contained within the discussion. Of notable value is the ability of this approach to summarize vast sets of textual data. After describing and conducting the analysis, results are provided and interpreted both in terms of future research as well as managerial implications.

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THE EFFECT OF COMPLAINT HANDLING ON CONSUMER WORD-OF-MOUTH: ASSESSING DIFFERENCE BETWEEN WOM GIVERS AND RECEIVERS

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ABSTRACT

This study compares how consumers who experience a successful service recovery differ in their assessment of the encounter from consumers who hear about the event through word of mouth (WOM). We test whether givers of WOM focus more on the recovery while receivers focus on the failure in evaluating the event.

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FACILITATING THE DEVELOPMENT OF FIRM-CUSTOMER RELATIONSHIPS IN ONLINE RETAILING CONTEXTS THROUGH VIRTUAL COMMUNITY CULTIVATION

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ABSTRACT

Past studies have generally demonstrated that virtual community building is an effective marketing approach for forging deep and enduring affective bonds with consumers. This study extends previous research by proposing and testing a model that investigates the key mediating processes that underlie the relationship between virtual community participation and consumer loyalty. The authors test their hypothesized model on data obtained from three large online retailing stores. Their results show that virtual community participation significantly enhances customer loyalty both through community identification and through psychological processes (i.e., trust and satisfaction). As consumers identify increasingly with the community, they perceive themselves and the focal community as sharing the same core or defining attributes and see themselves as typical representatives of the group. Moreover, through encouraging virtual community participation, online retailers can gain greater levels of knowledge about consumers' past purchases, and thereby form an appropriate response to their customers' desires and needs.

In addition, their findings provide insights into the complex interrelationships among community identification, satisfaction, and trust. They demonstrate that when consumers are satisfied with their relationship with an online retailer then they are likely to have feelings of attachment and belongingness to the associated community. It is noteworthy that in this study identification, as the immediate determinant of loyalty intentions, is the pivotal concept in the community participation-consumer loyalty relationship. Furthermore, social identification, trust, and satisfaction together totally mediate the effect of community participation on consumer loyalty. This result is interesting, particularly in light of the emphasis placed on the direct effect of community-building on repurchase intentions in the e-commerce literature.

Finally, they suggest that virtual community cultivation programs should be seen as strategic investments by online retailers. This is justified on the grounds that they create intangible assets that strengthen consumers' confidence in relationship exchanges. Moreover, cultivating online communities not only increases a consumer's resistance to leaving the family but also improves a firm's knowledge about the consumers' preferences. It should be noted that initiating a virtual community may not necessarily result in enhanced consumer loyalty. In the long term, the success of a virtual community critically depends on its members' proactive participation. Thus, marketers should design reward systems that properly reward members for participation, especially for their citizenship behaviors in the virtual community.

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LINKING BRAND EQUITY TO ORGANIZATIONAL OUTCOMES

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ABSTRACT

In the recent years there has been an increased interest and importance placed on linking marketing actions to financial measures and firm value. In this quest intangible assets especially brand equity attracted special focus among marketing scholars but the ongoing debate about different perspectives and approaches of how to measure brand equity limits the output of this research area. Additionally scholars focused on results related to consumer markets such as sales and market share numbers but the link to financial outcomes and stock returns are lacking. In order to address this concern, this paper attempts to develop a theoretical model which examines the effect of firm-based and consumer-based factors on brand equity and the possible organizational outcomes that can result from brand equity. The primary objective is to provide a better understanding of brand equity while simultaneously examining for the effects of the two competing approaches to brand equity.

Firm-based antecedents are conceptualized as marketing communications elements such as advertising and promotion, research and development, level of internalization and country of origin. Consumer- based factors are conceptualized as brand loyalty, perceived quality, brand associations and brand awareness. Culture and reference groups are included as moderators that will affect the consumer attitudinal variables. Combination of distinct firm-based and consumer-based factors can give us a better picture and understanding of brand equity. Second part of the model examines the effect of brand equity on organizational outcomes. In addition to sales and market share, this study proposes to examine the effect of brand equity on stock prices and firm value in order to better link the effect of marketing actions to financial outcomes and eventually firm value. Furthermore investigation of consumer- based attitudinal factors signals that this proposed relationship can be better understand by dynamic models rather than point of time examinations as consumer attitudes can change over time due to marketing activities implemented by the firms.

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THE FEELING OF REGRET IN EBAY AUCTIONS: THE ROLE OF SNIPERS

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ABSTRACT

Shopping by using online auction has become a fascinating exchange tool in the past decade. Buyers are able to compare the prices of the identical items listed by hundreds of sellers in the online auction marketplace. In fact, it can be argued that the auction-based electronic markets best represent the changes to business inherent in e-commerce. The significance of online auction for today's business inquires more attention on the topics regarding effectiveness of buyers' bidding strategies and efficiency of auction system design. Although a great deal of papers on auction has been published every year, there is certainly great demand for attention on consumers' behavior in online auction (Bazeman 2001).

The present study is conducted to investigate how snipers- the bidders only submit their bid in the closing moments of an auction- influence other auction participants' feeling and following behavior response. To understand different bidding strategies on eBay, one must first understand the underlying auction mechanism adopted by eBay Corporation. First, eBay allows a bidder to submit a maximum price and has the proxy (eBay) to use this maximum price to bid for the bidder. The winning price for the item will be one bid increment above the maximum bid offered by the second-highest bidder. Second, eBay uses a hard-close timing rule for ending an auction. Comparing to other online auction providers (e.g., Amazon), eBay will end the auction when the time runs out. The timing rules and pricing rules provide plenty of room for the so called "sniping" behaviors on eBay.

Negative emotions felt by bidders during the auction process will, of course, influence their bidding experiences and future behavior intentions. Regret is a counterfactual thinking construct that can help marketing researchers and practitioners to understand online bidders' emotional response when they fail the auction. The role of regret in individual's postfactual thinking was first introduced by the economists Loomes and Sugden(1982,1987) and Bell (1982). According to regret theory, regret is caused when one compares an occurred outcome with a better but not attained outcome had the individual chosen to act differently (Zeelenberg et al. 1998a, 1998b). Under online auction context, the participation of sniper may induce other bidders' counterfactural feelings when they have the chance to review their bidding decision. eBay's auction rule allows bidders easily review bidding history after the auction. Thus, one can easily find out whether or not sniping happens in the last seconds using a post auction review instead of sitting in front of the computer screen during live auction. The availability of sniper's participation may lead the losers (e.g., stalkers and nibblers) to regret that they do not post a higher bid in advance. The losers (e.g., stalkers and nibblers) may regret that they do not follow eBay's suggestion that one should submit the absolute maximum offer that one is willing to pay for a target in advance(Roth and Ockenfels 2002). Further, such negative emotions may influence losers' behavioral intention.

Regret literature suggests that regret is generated when one feels he is responsible for the undesired outcome. Thus, responsibility is suggested as a driver of regret (e.g., Gilovich and Medvec 1994). Regret may also be influenced by the irreversibility of the outcome. One is more likely to feel high level of regret when the outcome is irreversible than outcome is reversible (Landman 1993). Based on the previous discussion, we predict that availability of alternatives may moderate the effect of snipers' participation on other bidders' regret. We define availability of alternative as the difficulty for one to search an identical or similar target on eBay. If one lost an auction, he may experience a lower level of regret if he can easily start another bid for the same/similar item than he need to search two weeks to find another object and vice verse.

In this paper, we introduce several popular bidding strategies used by bidders on eBay auction and the underlying mechanism of eBay auction. We then review regret literature from economic and behavioral perspective. Next, we propose a research framework and related research propositions. Our research questions focus on how snipers' participation brings negative feeling to other players. Further, we also posit the effect of the unfavorable regret feeling on other bidders' behavioral response. Our study focuses on the emotional and behavioral consequences of sniping. Future study may examine other types of postfactural emotions such as disappointment, angry, frustration, sadness, etc.

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IS MARKET SEGMENTATION DEAD? A CONCEPTUAL MODEL OF THE EFFECT OF SEGMENTATION CHOICES ON MARKETING PERFORMANCE

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ABSTRACT

Market segmentation is generally accepted as a fundamental concept in marketing (Wind, 1978), "one of the most widely held theories in strategic marketing" (Piercy and Morgan 1993). It involves activities designed to group customers with relatively homogenous buying requirements into segments (Frank, Massy and Wind, 1972). More recently, several authors have challenged the usefulness of the market segmentation concept and contrasted it with newer approaches, e.g. one to one marketing, mass customisation, database marketing and interactive marketing (Dibb, 2001; Sheth *et al*, 2000; Wedel, 2001; Kara and Kaynak, 1997). Early conceptual evidence is divided between arguments for the co-existence of the segment of one and traditional segmentation approaches (Dibb, 2001; Storbacka, 1997; Weinstein, 2004; Wedel, 2001; Steenkamp and Hofstede, 2002) and arguments for segments of one as the final advancement in market segmentation (Kara and Kaynak, 1997; Geib *et al*, 2005). Furthermore, postmodernist marketing scholars argue that the increased market fragmentation "render segmentation strategies and techniques founded on the traditional bases of segmentation less and less useful…For postmodern consumer markets, using segmentation strategies that try to constrain or anchor consumers to a single, consistent, stable way of behaving is likely to lead to marketing failure" (p. 197). As a result, the question of whether market segmentation becomes obsolete has been raised, also led by changes in market behavior and increasing evidence of the complementary use of several types of marketing practices (Brodie et al, 2008). Therefore this paper aims at identifying the choices and outcomes of market segmentation and developing hypotheses of their effect on marketing performance. The market segmentation choices fall in three different paradigms of segmentation. The first one is the research technique, whereby market segmentation is seen as the process of separating a market into groups of consumers such as that the members of each resulting group are more like the other members of that group than like members of other segments (Bonoma & Shapiro, 1983). As such, it can be associated with the activity of marketing research, involving collection of market data and consumer preferences and behaviour that are analysed with various statistical techniques. These require decisions on the bases, methods and scope of segmentation. The second paradigm views market segmentation as a decision making tool for the marketing manager in the crucial tasks of selecting a target market for a given product and designing an appropriate marketing mix (Tynan and Draighton, 1987). Within this view, there are two choices to be made, regarding the purpose for and evaluation of segmentation activities. The third paradigm views market segmentation as a competitive strategy, involving the selection of a narrow competitive market which is compatible with the core competencies of the firm (Porter, 1980). The two essential factors that lead to a segmentation strategy are heterogeneity of needs and wants and competition (Winter and Thomas, 1985). Therefore, a strategic view on market segmentation involves the following aspects: the decision to segment, the degree of segmentation and alternative strategies. The outcomes of a market segmentation strategy, in particular competitive advantage, have been referred to only in fragmented and cursory arguments, rather than explanatory models or strong empirical evidence. There is little empirical evidence on the success of certain segmentation strategies under specific market conditions, particularly the kind of evidence that would be useful to managers who want to obtain more than purely theoretical guidance with regard to optimal segmentation strategies in given market conditions (Dolnicar, Freitag & Randle, 2005). Based on the three paradigms of market segmentation highlighted before, I develop a conceptual model that explains the mechanism by which segmentation choices lead to segmentation outcomes which then lead to marketing performance indicators. A comprehensive analysis of extant literature highlights six main outcomes of segmentation: tailored product/service, tailored marketing offer, increased targeting capability, efficient resource allocation, identification of market opportunities and a competitive market positioning. These six outcomes are hypothesized to lead to three types of marketing performance indicators put forward by Walker and Ruekert (1987) and tested by Clark (2000), who found that marketing performance is perceived in practice to have a multi-dimensional nature, consisting of three elements: effectiveness - the success of a business' products and programs in relation to those of its competitors in the market, efficiency - 'the outcome of a business' programmes in relation to the resources employed' and adaptability - the business' success in responding over time to changing conditions and opportunities in the environment (Walker and Ruekert, 1987). The paper develops several hypotheses, integrated in a conceptual model, of how the three segmentation paradigms, and the choices that need to be made within each of them, leads to a combination of segmentation outcomes and how the segmentation outcomes lead to three types of marketing performance. However, it is important to acknowledge that the quality of implementation of segmentation choices will have an indirect impact on the quality of outcomes obtained and therefore on the level of marketing performance that can be expected.

References Available on Request

MARKET-ORIENTED SEARCH IN DIFFERENTIATED INDUSTRIES

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ABSTRACT

How is the success of a firm's market-oriented activities influenced by the marketing mix? This paper contributes to existing marketing research by advancing our understanding of the process by which market orientation transforms into superior performance. This process is investigated on the basis of appropriate organizational search models drawn from the behavioral theory of the firm. Specifically, we draw on the NK model to develop testable propositions that substantiate and extend prior theoretical market orientation research. Our results provide new insight into organizational characteristics and consequences of responsive and proactive marketing behaviors, as well as the allocation of attention towards customers and competitors.

THEORY AND CONTRIBUTION

We infer from Day (1994), Slater and Narver (2000), and Kyriakopoulos and Moorman (2004) that the advantage of market orientation is that it enable firms to position products more successfully in the market. However, the process by which market orientation via advanced positioning transforms into superior performance still remains unclear. We propose to treat the managerial challenge of finding a marketing mix and configuring one's market-oriented activities as a problem of organizational search (Cyert and March, 1963).

Looking at related and influential management research, prior marketing and market orientation research has incorporated theories of organizational learning (Cyert and March 1963; Argyris 1977; Argyris and Schön 1978; Senge 1990; March 1991; Cohen 1991; Cohen and Levinthal 1990; Huber 1991) to enhance our understanding of how organizations develop, process, and absorb new market knowledge to improve performance (e.g., Sinkula 1994; Slater and Narver 1995, 1998; Day 1994a; Atuahene-Gima et al. 2005; Rindfleisch and Moorman 2001; Kyriakopoulos and Moorman 2004). Crucially, this research does not address how firms' market-oriented activities enable firms to select superior product or service attributes demanded by current and prospective customers. Rather, prior research offers only a cursory explanation, by pointing out that a firm needs to have a capability for it. The actual process of finding and selecting attributes of the marketing mix remains a black box. This appears to be a puzzling limitation of current marketing research. To open this black box, the insights from organizational search prove to be a useful key. From an organizational search perspective, the boundedly rational (Simon, 1997) marketing manager faces sets of alternatives (i.e., different configurations of the marketing mix) constructed through a process of costly search (i.e., responsive or proactive search based on customer or competitor information). Despite much robust research on organizational search in the management literature (Cyert and March 1963; Nelson and Winter 1982; Levinthal 1997; Greve 2003; Rivkin 2000; Gavetti and Levinthal 2000; Knudsen and Levinthal 2007; Hodgson and Knudsen 2006), the organizational search processes underlying the selection and adoption of the marketing mix has received little, if any, attention in marketing research. For this study the three main elements in organizational search are: a) search profile – we argue that proactive and responsive approaches to market orientation represent two very different search profiles, with their effectiveness depending on organizational and environmental factors, b) allocation of attention towards customers and/or competitors, and c) market complexity, represented by the interrelatedness of the components of the marketing-mix.

This paper contributes to existing marketing research by advancing our understanding of the process by which market orientation transforms into superior performance. We also propose a conceptual platform for further empirical and theoretical research on market orientation. In our contribution, we analyze how firms search for and select the attributes of the marketing mix. Specifically, we draw on the NK model of organizational adaptation (Levinthal 1997) to study the market orientation of firms. While the NK model has been widely applied to issues in organization theory and strategy (for reviews, see Sorensen 2002; Chang and Harrington 2006), prior research has so far not examined the relevance of this model for marketing problems. Our aim here is not to provide a rigorous modeling of a particular aspect of the search problem, but rather a systematic exploration of the model's relevance for understanding the underlying processes of successful firms' market orientation. Analytically, we draw on existing contributions from well-established management and organization research and relate them to market orientation. Our analysis thus validates existing empirical research on market orientation, develops new propositions for further research, and provides a conceptual platform for further market orientation research.

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CORE BUSINESS PROCESSES LINK MARKET ORIENTATION AND BUSINESS PERFORMANCE

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ABSTRACT

This paper demonstrates how the three core business processes link market orientation and business performance. Analysis of 1157 survey responses empirically verifies the mediating role of business processes. As such, this study supports and extends prior findings on market orientation's importance, while it advances the research into explaining performance mechanisms.

INTRODUCTION

The relationship between market orientation and business performance has been a key research theme during the past two decades. A positive link between the two has been evidenced by several marketing scholars (e.g. Ellis 2006). Kirca et al. (2005) found that internal processes have greater influence than organizational structure in implementing market orientation. Accordingly, value-generating business processes are considered here as the operative mechanisms that translate organizational culture and customer needs into business performance. Srivastava et al's framework (1999) aims at a cross-sectional, integrated understanding of marketing as parts of core business processes contributing to shareholder value: product development management, supply chain management, and customer relationship management. While Srivastava et al. focused on the business processes and their potential role as cash flow drivers, we forward the discussion by approaching market orientation and its performance implications from the business process perspective. As the three business processes arguably all have market orientation (e.g. Narver and Slater 1990) as their theoretical antecedent, studying the component roles of the three processes is a move towards an advanced understanding of the relationship that has gained considerable academic interest.

Understanding the mechanisms through which market orientation influences performance is vital for managers (Kirca et al. 2005). Therefore, this study also aims at providing concrete implications for practitioners. To this end, we attempt to answer the following three questions: 1) What is the role of market orientation in building and enhancing the core business processes? 2) How strong is the relationship between the core business processes and business performance? 3) How does linking market orientation and business performance with core business processes enhance managerial cognitions, decisions and actions?

THEORETICAL BACKGROUND

Kohli and Jaworski (1990) approach market orientation as a prioritization of generating, disseminating and interpreting information on customer needs, whereas Narver and Slater (1990) define it as the degree to which company culture is geared towards meeting customer needs and overcoming competitors. Despite the different performance antecedents of these approaches, research has rather consistently established the relationship between market orientation and business performance (e.g. Ellis 2006; Kirca et al. 2005). Several studies also suggest that intermediate performance measures, such as innovativeness and customer loyalty, mediate the effect of market orientation on terminal performance measures (Baker and Sinkula 2005; Kirca et al. 2005). It is somewhat surprising that, to our best knowledge, business processes have not been included into models that examine the link between market orientation and business performance. It is this research gap we attempt to partly fulfill with the present study. Past research gives sufficient basis to present the first research hypothesis:

Hypothesis 1: Market orientation is positively related to firm business performance.

The study by Slater and Narver (1994) identifies innovation and *new product development (NPD)* as core capabilities that convert market orientation into organizational performance. Among others, Kirca et al. (2005) and Han et al. (1998) confirm market orientation to augment innovativeness and new product success, which in turn leads to enhanced organizational performance. For example, market information processing capabilities and generative learning are seen to facilitate quick adaptation to changing customer needs (Baker and Sinkula 2005). A market oriented approach to NPD emphasizes close relationships with entities both internal and external to the organization and the significance of creating and exploiting market knowledge in designing and developing superior products (Srivastava et al. 1999; Kohli and Jaworski 1990). Such an approach is suggested to strongly influence NPD and its outcomes (Han et al. 1998). The ability of NPD to translate into superior organizational performance depends on both its efficiency and effectiveness. Efficiency refers to the cost efficiency in developing and producing new product concepts, whereas effectiveness refers to the ability to conceptualize products that are superior in terms of meeting customer needs, and is directly influenced by market orientation (Baker and Sinkula 2005). Market orientation additionally creates superior value for customers, which in turn translates into higher profit margins (Slater et al. 2004) and market share gains (Baker and Sinkula 2005). We thus hypothesize that:

Hypothesis 2: Market orientation is positively related to NPD process capability.
Hypothesis 5: NPD process capability is positively related to business performance.

Customer Relationship Management (CRM) refers to the collection of activities that aim to acquire and retain customers (e.g. Srivastava et al. 1999). These activities include processes that facilitate co-creation of value, as well as activities that discover and inject customer information for organizational use. The development of a relationship is essentially about learning between parties and actively aligning interests based on learning, market sensing and inter-functional coordination, central characteristics of a market oriented culture. Previous studies have shown that CRM process increases customer satisfaction, which in turn drives performance (Mithas et al. 2005). Srivastava et al. (1999) further propose that CRM process can be regarded to embody all the activities an organization takes to learn about current and potential customers, interact with them and to develop their trust and loyalty, which ultimately drive performance. This leads us to hypothesize that:

Hypothesis 3: Market orientation is positively related to CRM process capability.
Hypothesis 6: CRM process capability is positively related to business performance.

Supply chain management (SCM) incorporates acquisition of all physical and informational inputs and transformation of these into customer solutions (Srivastava et al. 1999), thus including the simultaneous integration of customer requirements, internal processes and upstream supplier performance (Tan et al. 1999). Market oriented SCM focuses on value and benefits experienced by the end user by coordination and integration of supply chain tasks and activities. As such, market oriented SCM requires both managing tangible assets that support supply chain infrastructure, as well as close relationships and networks with suppliers and distributors (Srivastava et al. 1999). A supply chain that is based on external networks provides a firm both information on new opportunities and collaboration to exploit these opportunities (Min et al. 2007). The association between market orientation and SCM thus appears logical. Min et al. (2007) shows that market orientation has a strong positive impact on both supply chain orientation and SCM, and that both have in turn a positive impact on performance. Tan et al. (1999) also show a linkage between effective SCM practices and firm performance. It is thus hypothesized that:

Hypothesis 4: Market orientation is positively related to SCM process capability.
Hypothesis 7: SCM process capability is positively related to business performance.

METHODOLOGY

An empirical study was deployed to test the hypotheses. The data were collected with an online questionnaire among Finnish managers in 2008. A pilot study was conducted to refine the survey instrument. Services and goods companies from both B-to-C and B-to-B sectors were included to the sample frame. It comprised all identified top managers (CEO or equivalent) in Finnish companies with more than five employees available from a business database partner. We received 1 157 usable responses from 1 099 different companies. As such, the total response rate was 7.25% in terms of respondents and 16.00% on the firm level. Considering the seniority of the respondents and the considerable length of the questionnaire, the response rate was considered adequate.

Narver and Slater's (1990) frequently used scale was deployed to measure market orientation. For the three business processes, majority of the items were adopted from Vorhies and Morgan (2005) and Srivastava et al. (1999). Additionally, some new measures were developed. Newly developed items were derived from detailed literature review, expert opinions, and field interviews. Business performance scale has been previously validated in several studies. All items, except those of market orientation, were measured on a seven point advantage scale. Market orientation was assessed internally. As majority of the measures have been in use in previous studies, we used confirmatory factor analysis (CFA) in model development and assessment. Subsequently, as a principal statistical method in this study, structural equation modeling (SEM) was used.

ANALYSIS AND RESULTS

CFA was used for scale construction and validation. Several items were excluded from the model to achieve appropriate levels of unidimensionality. Then, the goodness-of-fit indicators of the measurement model were found acceptable: root mean square of approximation (RMSEA) = 0.064; goodness of fit index (GFI) = 0.89; comparative fit index (CFI) = 0.96; non-normed fit index (NNFI) = 0.96. Reliability measures and correlation matrix for the latent variables are shown in Table 1. Correlations between the constructs are reasonably low, and practically all values for composite reliabilities (CR) and average variances extracted (AVE) are above the recommended thresholds of 0.6 and 0.5, respectively. Thus, taking all the above statistics into consideration, a set of adequately reliable and valid metrics for the constructs is provided.

Hypotheses were tested simultaneously using structural equation modeling in LISREL 8.80. The overall model fit indices (RMSEA=0.068; GFI=0.87; CFI=0.96; NNFI=0.95) refer to sufficiently good general fit between the model and data. Figure 1 shows the final structural model with standardized path estimates. All estimates are statistically significant at the $p<.05$ confidence level. For the relationship between market orientation and business performance, we found a statistically non-significant negative (β= -.08; t-value = -1.82) direct effect. However, we identified a statistically significant, positive total effect between the constructs. Therefore, hypothesis H1 was supported. Moreover, market orientation positively and highly significantly relates to NPD (β=.44; 12.69), CRM (β=.62; 16.96) and SCM (β=.32; 9.70). Thus, strong empirical evidence for hypotheses H2, H3 and H4 is provided. Further, positive relationships were identified also between business processes of the study and performance. NPD (β=.13: 3.92) and CRM processes (β=.42; 9.86) have highly significant path estimates with business performance, supporting hypotheses H5 and H6. Hypothesis H7 is also verified, as the SCM process was detected to positively (β=.07; 2.36) relate with performance, albeit with lower significance. In summary, empirical evidence was found for all hypotheses. The results suggest that market orientation especially strengthens CRM. While also the effects of NPD and SCM are significant, CRM is the only business process to considerably affect business performance.

DISCUSSION

Theoretical implications

This paper contributes to the theory by providing further evidence on the interplay between market orientation, the core business processes, and financial performance. Our study benefits the discourse, as it offers a more concrete and detailed understanding on the performance-generating mechanisms of market orientation. Our model stems mainly from the evident research gap identified from Srivastava et al. (1999). It excludes potential feedback loops from performance as to maintain a sufficient level of simplicity and applicability for practical implications of the study.

The results indicate that high market orientation provides an environment that is concurrently innovation-friendly, relationship-focused and supply-chain friendly. We, nevertheless, suggest that CRM process capabilities mediate the performance impact of market orientation stronger than the other process capabilities. This might be so because customer orientation is inherent to the majority of market orientation conceptualizations. The direct link between market orientation and business performance is not statistically significant, whereas the paths mediated by the three business processes are. Market orientation could thus be considered as a resource: as capabilities are bundles of specific skills, procedures and processes that can leverage resources into competitive advantage, resources alone are insufficient.

Managerial implications

From a practitioner perspective, research linking market orientation, business processes and business performance has two primary goals. Firstly, it can develop management cognition about the role of business processes and thereby create a better functioning set of marketing actions. Secondly, it can be used to justify investments into improving market orientation. This is best done by being able to convince a wider audience of practitioners within a company. The mediating effect of core business processes complements the earlier meta-analytical findings and, thus, forms a more solid basis for believing in the benefits of market orientation. As detailed and comparative studies partitioning market orientation to the activity level is needed, the step to distinguishing the role of core business processes is a step in the right direction. We argue that finance directors and financially oriented boards and CEOs are particularly important new audiences for this kind of information.

This paper succeeds at providing a novel empirical verification of business process level mediating effect of market orientation. Where Slater and Narver (1990) outlined the comparative strengths of market orientation, the mediation add the ”how” element and the empirics in this study add focus and weight. The concrete question is, thus, how the comparative benefits of the market orientation approach should actually be realized in the core business processes. In Table 2, examples of the ways in which these advantages can be reinforced and internalized are outlined. As the results suggest, talking and thinking about market orientation should always work through the core business processes. Thus, evaluating, selecting and executing any activity should always include an assumption of which business process this market orientation activity serves. The results further address that, with high market orientation, companies can enhance their process capabilities and, thus, get even more out of the processes. It seems that market orientation is a block that needs to be built into organizations before they can fully enjoy the benefits of other organizational resources and capabilities. It also makes a difference whether a company incorporates principles of reactive or proactive market orientation (Narver et al. 2004). Firms should probably strive for a balanced situation where both expressed and latent market needs would be identified and – in best case – satisfied.

Limitations and avenues

Despite its considerable merits, the present paper is unable to answer "What works, why, and how?" in detail. To do that, the contents of the core business processes should be partitioned into lists of activities, and those analyzed one by one. For further research, empirical analysis should also be able to identify potential sensitivity to firm size, business strategies, industry, the country of origin or turbulence of business environment, for example. Furthermore, the lack of understanding how empirical evidence changes managers' perception of market orientation is a weakness. Additionally, the business processes are considered as parallel, although it could be more realistic to let the processes interact with each other. For example, capabilities in NPD could be a precondition for the development of SCM capabilities. The potential combined effect of different business process capabilities is also not considered. Finally, the direction of the links or feedback loops between the constructs is not self-evident, partly due to the cross-sectional data used in this study.

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TABLES AND FIGURES

Table 1 Construct reliabilities and correlations

	CR	AVE	MOR	NPD	CRM	SCM	PERF
MOR	0.87	0.44	1.00				
NPD	0.85	0.49	0.44	1.00			
CRM	0.86	0.50	0.62	0.27	1.00		
SCM	0.87	0.53	0.32	0.14	0.20	1.00	
PERF	0.97	0.91	0.26	0.22	0.42	0.15	1.00

Table 2 Examples of business process decisions reinforced their by empirically verified role in market orientation

Market orientation characteristic	Examples of ways of putting in practice in core processes
Latent needs (instead of expressed wants) as the basis for strategic orientation	CRM: Opting out of trend-based business opportunities SCM: Keeping suppliers as suppliers, living with sufficient delivery quality NPD: Systematic versioning and category management aimed at facilitating cream-skimming and active pricing programs
Proactive (instead of reactive) adjustment style	CRM: Active push of business model changes to e.g. servicizing customers SCM: Moving supplier communication to e-mediated channels to gain efficiencies NPD: Killing products to make space for new ones
Long-term (instead of short-term) temporal focus	CRM: Longer payback times and/or larger customer-specific investments allowed SCM: Patience in waiting supplier to set up operations in new markets instead of finding new one NPD: Blue ocean instead of versioning
Customer value (instead of customer satisfaction) based objectives	CRM: Demonstrating benefits beforehand, not afterwards SCM: No-frills supply concepts NPD: Increased role of value-in-use analysis in NPD decision-making
Generative (instead of adaptive) learning	CRM: Thinking on behalf of the customer, not having to do something differently because of competitive pressure SCM: Continuous improvement thinking in procurement NPD: New products validated by market research, not by customers expecting there to be novelties
Changes in business development and learning processes	CRM, SCM and NPD: Lead-user relationships, continuous experimentation and selective partnering (instead of key account relationships, focus groups and concept testing)

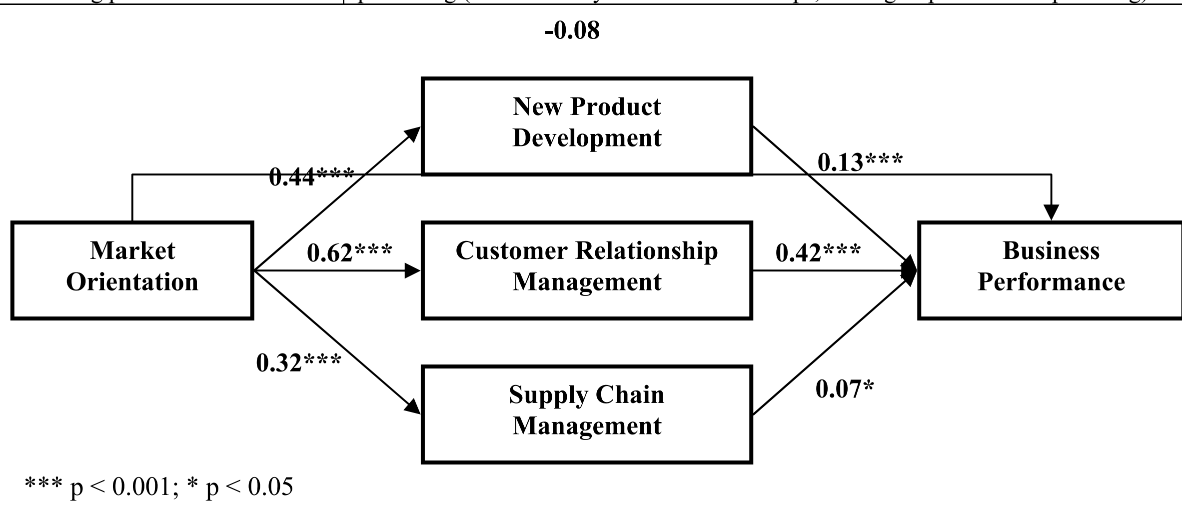

Figure 1 Structural equation model: standardized path estimates

A STEP FORWARD TOWARD DISCERNMENT OF CO-BRANDING STRATEGY

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ABSTRACT

No rigorous research exists to distinguish co-branding from other types of brand alliances. The current paper first through in-depth review of existing literature proposes a clear definition of co-branding. Second, it recognizes the potential antecedents, and consequences of co-branding formation. Finally, it provides multiple future venues for research in co-branding.

INTRODUCTION

Currently, there is no comprehensive conceptual framework of co-branding that put together most of the proposed but fragmented antecedents and consequences of co-branding strategy in the literature. A conceptual framework will enable researchers to shed light on the similarities and differences among various types of brand alliances, to organize existing knowledge better, to propose more challenging and complex questions, and to set an agenda for future research. This paper purports to take the first step toward development of a comprehensive conceptual framework by recognizing the potential antecedents, and consequences of co-branding. Meanwhile, this study outlines a valid unified definition for co-branding by comparing the similarities and dissimilarities between the elements of definitions provided for any other brand partnerships (e.g., co-branding, ingredient branding, joint venture, brand alliance, dual-branding, co-sponsorship, joint promotion, co-promotions, composite brand extension, and joint branding) in the existing literature. Finally, the author after a thorough review of prior research identifies multiple directions and future venues for research in co-branding literature.

A FOUNDATION FOR CO-BRANDING RESEARCH

Definition

This paper establishes a new definition for co-branding strategy based on the thorough review of the brand alliance literature. Co branding is defined as a long-term type of co-operation between two or more brands with equal (or non-equal) brand image in which the identity of the associated brands is communicated through the inclusion of the brand name on the product or product packaging. This strategy results into the creation of a single new product in the existing or a new market to add value greater than the value of each participating brands.

Variables

To date, existing literature has identified following factors that can directly or indirectly impact the evaluation of co-branding strategy. They are pre-attitude toward each partner brand, partner image congruity/brand fit, brand image and product category schema consistency, product fit, brand familiarity, and country brand image. Meanwhile, some scholars have investigated the financial and non-financial consequences (positive and negative) of co-branding strategy such as product differentiation, leverage of customer and brand equity, positive royalty income, and positive affect and attitude transfer.

Future Research Venues

First, in co-branding research to levels of fit should be studied. One is the fit (typicality) between product categories of participating brands. Another is the degree of overall fit between the co-brand and new product extension. The existing literature has overlooked latter form of overall fit. Second, brand image fit is conceptualized as unidimensional construct. It is apparent that brand image encompasses different brand associations that can not be represented by single item. Further construct development is required to elaborate this issue in the current body of literature. Third, dual process models such as Elaboration likelihood model (ELM) are neglected. Fourth, There are very few attempts in the literature to compare the effectiveness of co-branding over the solely brand extension. Finally, research on co-branding from a firm perspective has been overlooked.

References Are Available Per Request.

ATTRIBUTE ALIGNABILITY AND VALUE RELEVANCE IN A LATE ENTRANT STRATEGY

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ABSTRACT

Early entrant advantages indicate the phenomenon where a brand that became successful in the early market development enjoys dominance for many years. In recent years, consumer researchers have paid increasing attention to this latter aspect of early entrant advantage, particularly in the context of how late entrants should be positioned to compete with successful early entrants. This is an important issue as late entrants are more common than the pioneers of any given industry. This study thus addresses how late entrants can compete with a successful early entrant. In particular, we examine the types of attributes that a late entrant should strengthen to best differentiate itself from a pioneer, following a category-based learning perspective.

Category-based learning posits that a new stimulus is learned through a comparison process with the existing knowledge. If a new stimulus matches the existing category knowledge, the existing knowledge is quickly retrieved and applied to the learning of the new stimulus. If a new stimulus does not match the existing category knowledge, people review and evaluate the new information piece by piece. The pioneering brand often has an important impact on consumer preference formation and significantly affects consumer expectations about the product category (Carpenter and Nakamoto 1989). A new product often comes with both matching and mismatching features. For common attributes, consumers may evaluate it quickly by retrieving and applying category knowledge. For unique attributes, consumers need to evaluate the attributes piece by piece, and then make a judgment accordingly. A follower with an enhanced strategy on alignable attributes can overcome the first-mover advantage and is preferred to the pioneer because the superiority on alignable attributes are easily comparable, identifiable, and justifiable. It is, however, not difficult to find incompatible cases to the argument that differentiation through nonalignable differences is rarely effective. Specifically, nonalignable attributes found to be relevant to value can have a significant impact on consumer decision making. We thus predict that a late entrant that has superior performance on nonalignable attributes will be preferred to an early entrant if and only if the attributes are relevant to value.

We followed the methodology employed by Kardes and Kalyanaram (1992), and Zhang and Markman (1998). The early entrant is created by manipulating the order of entry and number of exposures. The early entrant is the only brand presented to the subjects during session 1. Two new entrants, along with the early entrant, are presented during session 2, which occurs one week after session 1. Presenting the early entrant in two successive sessions promotes familiarity as early entrants are often more frequently encountered than later entrants. Participants read the brand description given as a list of attributes and were asked to allocate 100 points across the three brands. The results indicated that, for nonalignable and the value relevant condition, the enhanced late entrant (M = 41.82) was preferred over the early (M = 31.45) and late entrant (M = 26.62). These differences were statistically significant (F (2,99) = 17.69, p<.05; LSD, p<.05). The difference between the early entrant and late entrant, however, was not statistically significant (LSD, p>.05). For nonalignable and value irrelevant conditions, we found that the early entrant (M = 43.11) was preferred to the enhanced late entrant (M = 31.33), and the difference was statistically significant (F (2,105) = 31.07, p<.05; LSD, p<.05). We thus accept our proposition.

Previous studies indicate that late entrants with superior performance in nonalignable differences are not favored as their attributes are incomparable to early entrants. Our results, however, show that an enhanced late entrant is preferred when it is perceived to be superior in attributes with high value relevance, independent of whether those attributes are aligible or nonalignable. That is, even a late entrant whose performance is superior in regards to nonalignable attributes will be preferred over early entrants if the differences are relevant in generating value. That is,when a late entrant intends to compete with a differentiation strategy, it is critical to examine the value relevance of attributes even more so than the alignability. The authors of this study recognize that the results of this study were drawn from experimental research. Future investigations need to consider other significant variables which may appear in the actual market for the effective differentiation of late entrants.

References Available on Request.

MULTIPLE BRAND ALLIANCES: A PORTFOLIO DIVERSIFICATION PERSPECTIVE

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ABSTRACT

In this paper, we contribute to the growing body of brand alliance research by investigating the risk reduction hypothesis as a process explanation in the context of multiple brand alliances using a portfolio diversification approach. Most of published brand alliance research have focused either on alliances between one unknown brand and one established brand or on alliances between two well-known brands (e.g., Simonin and Ruth 1998; Rao, Qu, and Ruekert 1999). However, a common observation is brand alliance partnerships consisting of one focal brand with multiple brand allies. We call this latter type a multiple brand alliance and the former a single brand alliance.

Published research has convincingly demonstrated single brand alliances effect; that is, when two brands appear together in marketing a product there is an effect on consumer's evaluations of the participating brands. However, there is less empirical support for the effects of multiple brand alliances. In addition, previous empirical work seems to question the marginal value of multiple brand allies (Voss and Gammoh 2004). Because of its use in prior research, we take a signaling theory perspective in this research. Within the signaling literature, risk reduction has emerged as a process explanation for the signaling effect (Montgomery and Wernerfelt 1992). In this paper, we investigate risk reduction as a process explanation in the context of multiple brand alliances using a portfolio approach. More specifically, we examine the role of brand allies' heterogeneity and homogeneity in shaping participant evaluations of the focal brand.

One hundred and sixty five randomly assigned participants were exposed to a product concept description for a new product in the SmartPhone category. Fictitious brand and corporate names, Pacific OnePhone by Pacific Electronics, Inc., were selected via pre-test. We also pre-tested potential allies from several potential complementary product categories. The product categories were cellular phone service providers, software publishing companies, and computer chip manufacturers. All of the potential allies were highly rated by our pretest participants, who each rated one individual ally. The three highest rated in terms of attitude toward the brand were Intel, Microsoft, and Cingular Wireless. Since these three compete in different product categories, they comprised the heterogeneous group. Because Microsoft was rated highly in terms of both attitude toward the brand and PQ, it was chosen as the anchor brand for this experiment. Thus, we used Microsoft Office as the single brand ally and software publishing firms as the homogeneous group. Joining Microsoft in the homogeneous group were Adobe Photoshop and Intuit's Quicken. Accordingly, we have a single factor design with four levels: no ally (control), one ally (Microsoft Office), three homogeneous allies (Microsoft Office, Adobe Photoshop, and Intuit's Quicken), and three heterogeneous allies (Microsoft Office, Intel, and Cingular Wireless).

Our results replicate previous findings that the presence of a well-known ally can improve subjects' perceived quality (PQ) ratings of an unknown brand. In addition, as hypothesized we found that alliances with three brands, either a homogeneous group or a heterogeneous group, increased PQ evaluations of the focal brand relative to the no ally control group. However, our results show a lack of support for the proposition that adding three heterogeneous well-known, reputable allies will provide a marginal improvement in consumer evaluation of the focal brand relative to three homogeneous allies or a single ally. In addition, our findings are supportive of our proposition that the risk reduction hypothesis is a potential process explanation of the brand alliance effects observed in the literature. Risk reduction mediated the effects of the ally on PQ evaluations in this study. We found that both the homogeneous and heterogeneous groups of three allies were marginally higher than the single ally condition. Thus, we are forced to conclude that multiple allies do not universally increase PQ evaluations of a previously unknown brand. The results suggest that more research is necessary as to when and why multiple allies might be beneficial. Our data do not allow a detailed exposition of the marginal effect of additional allies on participants PQ evaluations. It is clear that further investigation of how the use of multiple brand allies effects risk reduction and perceived quality estimations is necessary and desirable. Controlling for risk reduction is a critical in understanding the effects of brand allies on evaluations of focal brands.

References Available on Request.

NEW THOUGHTS ON BRAND DISPOSAL STRATEGIES OF MULTINATIONAL FIRMS

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ABSTRACT

The rapid growth of Asia and Latin America as large consumer bases in the last decade has given rise to a broader variety of brands that multinational firms have brought to foreign markets. Some of these brands are global and are commonly found across different national markets. Others are local and unique to a particular country or region. The existence and operation of global and local brands has been well established in international marketing and business literature (Van Gelder 2004; Yu 2004) although the exact definitions of these respective terms are broad.

With this rapid introduction of new global brands, there is a clear need to ultimately examine brand exit decisions. Using the capability perspective, in which firm capabilities act as the precursor to deploy resources, we address the broad question of how multinational firms manage their portfolio of global and local brands such that competitive advantage is sustained. We introduce a new theoretical framework for the explanation of brand disposal and brand exit strategies among MNCs. Our work categorizes these exit strategies by the relatedness of underlying brand capabilities and the entry mode of the brand.

This study makes an important contribution in an under-researched area of international business and marketing. In addition, this study is one of the relatively few brand-level studies (as opposed to firm level or subsidiary level studies (Li 1995) that have dominated the international business literature), allowing greater micro-level insights to emerge.

References Available on Request.

CONNECTING WITH CUSTOMERS: THE EFFECTS OF CULTURAL DIFFERENCES ON SERVICE ENCOUNTERS

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ABSTRACT

Foreign born workers are nearly one and a half times more likely to be employed in the service industry than U.S. born workers and they account for a significant portion of the industry's net increases in employment. Many foreign-born service workers occupy frontline service positions where they interact directly with consumers and act as the representative of the service organization. The growing diversity of the population has lead to greater opportunities for individuals of different cultural backgrounds to interact in the service environment. This article describes theory and research which suggest that a potential explanation for the effects of cultural differences on service encounters. Results from a study find that service evaluations are negatively affected when culture is made salient during the service encounter. A plan for future research is proposed, as well as a discussion of the current results.

References Available on Request.

FROM SENTIMENT TOWARDS ADVERTISING TO MATERIALISM AND VANITY: AN ASSESSMENT FROM THE MIDDLE EASTERN PERSPECTIVE

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ABSTRACT

This paper presents the results of a study conducted in Dubai, United Arab Emirates, and aims to analyze the relationships between the concept of sentiment towards advertising, vanity and materialism. A conceptual framework is developed and analyzed via structural equation modeling.

INTRODUCTION

Advertising is powerful and is increasingly turning the world into a global consumer culture. No more is this evident than in a place like Dubai, where a globalized consumer culture is developing, some would argue, due to increasing advertising. Various studies show advertising as one of the most powerful medium to "manipulate" consumers (Lasch 1978; Lasch 1984). The genius of manipulative advertising as claimed, relies on creating a false consciousness praising self-expression through materialism (Abela 2006; Durvasula and Lysonski 2008) and vanity. Although most critics affiliate the development of advertising to the acceleration of materialism in consumer culture and to the development of vain lifestyles, questions remain on its causal relationships. A thorough review of the literature indicates that, despite numerous theoretical discussions on the relationship between advertising, materialism and vanity, very few studies empirically demonstrate strong causal relationships between each concept.

RESEARCH OBJECTIVES AND HYPOTHESES

For this research, we question whether the development of what Guy Debord calls the "society of the spectacle" is related or not to the development of increasing materialism (Debord 1995). Specifically our research asks: does the development of global advertising strategies engender an increase in materialistic values? If so, is there a positive association between materialism and one's vanity level? Moreover, does sentiment towards the advertising in fact affect one's vanity or is vanity more of an innate property? Based on the conceptual framework developed in the study, a number of hypotheses were developed and tested. We measured three basic relationships illustrated by the following aggregate hypotheses:

H_1: The more positive an individual's sentiment toward advertising, the greater their materialism (measured by their personal materialism and general materialism).
H_2: The more positive an individual's sentiment toward advertising, the greater their vanity (measured by their concern for physical appearance, view of their physical appearance, concern for achievement, and view of their achievement)
H_3: The greater an individual's materialism (measured by personal materialism and general materialism), the greater their vanity (measured by their concern for physical appearance, view of their physical appearance, concern for achievement, and view of their achievement).

RESULTS

The main findings of the paper indicate that sentiment toward advertising positively influences an individual's personal and general materialism. The results also indicate that an individual's personal materialism has a strong impact on their view and concern for one's physical appearance and personal achievement. However, a person's general materialism was found to be positively associated with their view of their personal appearance. Sentiment towards advertising, however, has no direct effect on any vanity trait, suggesting vanity is more an internal personal trait not impacted by environmental conditions.

References Are Available on Request.

AN EXPANDED MODEL OF CONSUMER EVALUATIONS OF LIVE MUSICAL PERFORMANCE: ANTECEDENTS AND BEHAVIORAL OUTCOMES

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ABSTRACT

In this paper we test a model of satisfaction with live musical performance. The model redresses the paucity of research in this services area by expanding our understanding of the multiple attributes impacting satisfaction and its behavioral outcomes. It is this emphasis on attributes that provides managerial insights necessary to maximize profitability. The next sections will propose a model of satisfaction with live musical performance using the services literature; developing a more robust model including hyperinvolvement. Behavioral intentions, with respect to both the venue and the band, and consumer spending, in terms of both time and money, are also incorporated into this model. Finally, managerial recommendations are made based on findings and extensions into other service settings are proposed.

Overall satisfaction is conceived as a second-order construct incorporating elements of the musicians, their surroundings, and the social elements engendered by the performance (Minor, et al. 2004). Despite empirical testing by these authors, the factor structure of this construct appears murky as they detected six components, rather than the four hypothesized. The assumption made by Minor and his colleagues (2004) is that these four elements reflect a linear relationship with satisfaction. However, extant literature hints at a more complex pattern of relationships whereby much of the effect of the musician factors and facilities were mediated through social interaction and staging in their effects on overall satisfaction. For instance, we know that the effect of music on store evaluation is fully mediated by affect transfer from music to servicescapes, suggesting a mediated relationship of other factors through staging in their effect on satisfaction (Morin, Dube, and Chabat 2007). Hui, Dube and Chabat (1997) also detected an effect on satisfaction mediated by interactions with providers, suggesting that interactions among patrons, social interaction, might similarly mediate the relation between the other factors and satisfaction. Moreover, components of music have demonstrated both main and interaction effects on consumer evaluations (Bruner, 1990). Thus, both direct and mediated models were evaluated

The fit of the linear model was deficient in both samples, instead supporting a mediated model. An interesting aspect of this was the lack of relationship between staging and satisfaction, as proposed in H_1, which was instead mediated through social interaction. While not anticipated, since existing studies are fragmented or inconclusive, this makes sense as all elements of the performance are perceived in a group setting and likely spark exchanges of conversation, both verbal and non-verbal, that reflect social interaction. H_3 and H_4 were both supported by positive, significant relationships between hyperinvolvement and satisfaction and between satisfaction and both types of behavioral intentions (to visit the venue again and to see the band again).

An important consideration in this research is its possible application to other contexts. While the factors affecting satisfaction and hyper-involvement might be limited to the musical context, the role of hyper-involvement and satisfaction in behavioral intentions might hold in other situations. For instance, the emotional escape and release experienced by shoppers in certain situations might be an expression of hyper-involvement with the shopping experience (Attaway and Singly 1995). Rook (1987) detected a similar effect in his qualitative study of impulse buying. An empirically interesting question relates to the role of hyper-involvement in consumers' enjoyment of fantasy enclaves, such as Star Trekkers and mountain men (Belk and Costa, 1998; Kozinets, 2001). In fact, many leisure activities and vacation venues, such as Disney World and athletic competition may gain their appeal, at least in part, through generating hyper-involvement. This supposition is based in the evidence cited earlier suggesting the related concept of flow appears an important determinant in consumer motivations toward extreme sports, such as those depicted in Celsi, Rose, and Leigh (1993).

References Available on Request.

REAL-TIME SERVICE ENCOUNTERS AND CUSTOMER SATISFACTION: ONLINE MONITORING OF CORE SERVICE DELIVERY

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ABSTRACT

Previous research suggests that technology infused service encounters have the potential to delight, satisfy, irritate or enrage customers. But what if the technology encounter is secondary to a primary service encounter (e.g. tracking a pizza delivery online)? To address this gap in the literature, an empirical experiment is proposed.

INTRODUCTION

The Internet is part of an increasing infusion of technology into service encounters, from automated telephone routing systems and self-service kiosks to database-enabled customization. It is difficult to overstate the importance of the service encounter -- defined as the moment of interaction between a customer and a firm (Czepiel et al. 1985) -- in the formation of customers' perceptions and attitudes toward the firm. Indeed, from the perspective of the customer, this moment of interaction *is* the service (Bitner et al. 1990). Thus, consumers form their attitudes about the service delivery – perceived quality and satisfaction – from the moment of interaction.

An emerging stream of research examines the ability of technology to improve both the quality and value of service encounters (e.g. Bitner et al. 2000; Parasuraman and Grewal 2000). Through the Internet, companies have ability to shift service transactions to the care of the consumer, creating online self-service encounters (Meuter et al. 2000). Self-service encounters on the Internet are generally conceptualized as falling into one of two categories: information acquisition tasks, such as researching brands and products, and transaction tasks (making a purchase). However, a hybrid of these two taxonomies has become an increasingly important part of the service encounter. In this third category of service encounter, consumers use technology to supplement another offline service encounter. For example, a Domino's customer may use newspaper coupons to research current menu offerings and specials and then place the order via telephone. Through the Pizza Tracker, however, the consumer may initiate a secondary technology-infused encounter that supplements the core service – the actual delivery of the pizza.

More and more interaction between companies and consumers is being conducted through technological intermediaries – banking through ATMs and paying for groceries using self-service scanners, for example – and a number of studies have examined these human-machine interactions. Most of the research, however, conceptualizes the technology aided interaction as the core service encounter and measures satisfaction with the technology-mediated encounter. But what if the core service encounter occurs offline, with the technology serving as a secondary, supplementary encounter? What, if any, effect will the secondary encounter have on customer evaluations of the core service encounter? There have been no empirical studies to evaluate perceptions of service quality in that context, and this paper addresses this gap in the literature.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

There is a rich stream of extant research on services marketing and the importance of individual service encounters. Kotler (1994) conceptualizes services marketing as having an added dimension of complexity over the marketing of goods, and uses a "services marketing triangle" to capture the additional complexities. Internal marketing, external marketing and interactive marketing form the three sides of the triangle model. External marketing consists of the "Four P's" of product, price, promotion and place/channels of distribution. Internal marketing treats service employees as customers, providing them with training, support, motivation and rewards for effectively serving the external customers. Interactive marketing is the effective provision of services by the internal customers to the external customers.

Parasuraman (1996) expands the model by conceptualizing technology as a fourth point on the triangle that forms the base of a pyramid. Technological advances such as customer relationship management (CRM) systems and self-service Internet portals serve as crucial facilitators of interactions between the company, internal and external customers. They do not replace, but rather enhance, the direct interactions between the three points of the triangle. Parasuraman and Grewal (2000) conceptualize this technological integration as part of a "quality-value-loyalty chain" in which service quality enhances perceived value, which then increases customer loyalty (Heskett et al. 1997; Reichheld 1996). The pyramid model consists of three technology linkages: technology-company, technology-employee and technology-customers.

Although Parasuraman and Grewal (2000) propose the pyramid as a framework for future research and appropriately conceptualize these linkages as two-way channels for information, most of the extant literature focuses on the flow of information from customer to technology, which is then disseminated to employees and the company. Information about customer transactions is collected in databases, stored, analyzed and used to segment and target consumers. Indeed, this process is the core of what has come to be known as customer relationship management, or CRM, which for many companies is the functional technology linkage in the pyramid.

The bulk of technological focus has been on using customer information – items purchased or viewed, demographic or geographic targeting, etc. – to target or personalize communication to the customer. While this provides value to the customer in the form of relevance, in the triangle framework, it is simply information from the customer to technology and back to the customer. Increasingly, however, customers are able to receive useful information about the employee or company through Internet, particularly in service-oriented industries. The Domino's pizza chain, for example, recently integrated its in-store order tracking systems into the customer ordering system. As a result, the customer can monitor the production of his or her pizza from the time it enters the oven until the time it arrives on the door, including the name of the delivery driver. Similarly, American Airlines has integrated its baggage tracking system into its Web site, allowing consumers to track the status of delayed baggage. These are examples of using technology to facilitate the flow of information about the company and its employees to the customer. Although there is a lack of empirical evidence regarding the effect of such information on perceived service quality, it can be inferred that consumers will perceive both the process and outcome of the service encounter more positively when it is reinforced through these communications.

> **H_1:** The availability of online monitoring of core service delivery is positively related to customers' favorable overall service quality attributions.

Service failure recovery. In spite of their best efforts, even the most quality-conscious firm will experience instances in which their service delivery does not meet the customer's expectations. A wealth of extant research suggests that how the firm reacts is just as important – if not more so – than the nature of the service failure itself. A *service failure* is defined as service performance that falls below a customer's expectations (Hoffman and Bateson 1997). The actions a service provider takes in response to a service failure are known as *service recovery* (Grönroos 1988).

Service failures, along with subsequent failed recoveries, have been shown to cause a large proportion of switching behaviors among customers of service firms (Keaveney 1995). Thus, managing service failure is of utmost importance to managers, which is reflected in the quantity of academic research on the topic (e.g. Choi and Mattila 2008; DeWitt and Brady 2003; Kelley and Davis 1994; Tax et al. 1998). Indeed, the importance of service recovery is underscored by the suggestion of a "service recovery paradox" in which a satisfactorily executed service recovery from a service failure results in higher satisfaction than no service failure at all (Smith and Bolton 1998). A successful service recovery is an opportunity for organizations to strengthen bonds with customers (Berry and Parasuraman 1991) and increase customer satisfaction and retention (Bell and Zemke 1987; Hart et al. 1990).

Online self-service technology may contribute to service recovery in several ways. First, it may reduce uncertainty about the nature of the failure. According to attribution theory, consumers try to determine why a product or service fails in order to formulate a response (Bettman 1979; Folkes 1984). They cannot formulate an appropriate reaction until they can determine an explanation for the failure. Implicit in this process is that uncertainty about the cause of a failure will result in its own level of frustration or dissatisfaction

Next, attribution theory holds that consumers evaluate service failures and form their attitudes and responses using two dimensions – the perceived stability of the failure (the likelihood of the failing to be permanent or recurring) and the company perceived control over the failure (whether the firm could have prevented it). Online technology can influence both of these perceptions. The perceived stability of a service failure – at least during the core service delivery – is related to the previously mentioned element of uncertainty. A service failure will result in some level of perceived harm to the consumer, regardless of the ability of the consumer to monitor the delivery of the core service through online self-service technology. This perceived harm is likely to reduce the customer's perception of service quality, and negatively impact the customer's attitude toward the firm and future purchase intention. However, because of the reduced uncertainty and customer attributions, the ability to monitor the service delivery will mitigate the effect of perceived harm on satisfaction and future intentions.

H_2: In the event of a service failure, perceived service quality will be lower (versus no service failure).

H_{3a}: The level of perceived harm from the service failure will be negatively related to satisfaction with the firm.

H_{3b}: The level of perceived harm from the service failure will be negatively related to future purchase intentions.

H_{4a}: The ability to monitor the service delivery online will moderate the negative relationship between customers' perceived harm and satisfaction with the firm.

H_{4b}: The ability to monitor the service delivery online will moderate the negative relationship between customers' perceived harm and future purchase intentions.

Spontaneous delight. Providing consumers with an unexpected positive experience – through better-than-expected service quality or additional services that they did not anticipate – can increase levels of consumer satisfaction (Bitner et al. 1990). This act of pleasantly surprising a consumer to generate delight -- "an extreme expression of positive affect" (Oliver 1997, p 27) -- is conceptualized as *spontaneous delight* (Bitner et al. 2000). Technology can be particularly effective in providing consumers with these unexpected delight-producers. In fact, one study found that 21 percent of satisfactory service encounters with self-service technologies were directly attributable to the positive surprise factor (Meuter et al. 2000).

There are several ways in which service firms can use their technological infrastructure to spontaneously delight consumers. First, because the ability to use the Internet to monitor core service delivery is in its emergent stage, the availability of the information may in itself produce spontaneous delight. Second, the firm can use its monitoring technology to automatically generate coupons, account credits or other forms of compensation when service levels fall below acceptable levels. This should increase the consumer's perception of distributive justice – the equity of the outcome of the firm's handling of the service failure (Tax et al. 1998). But because such steps are taken *prior* to any consumer complaining behaviors, it may also be viewed through the prism of spontaneous delight.

H_5: When provided with the ability to monitor core service delivery online, the consumer's level of spontaneous delight will be positively related to satisfaction with the service encounter.

H_6: In the event of a service failure, an unsolicited offer of compensation will be positively related to the customer's (a) perceived distributive justice, (b) perceived procedural justice and (c) perceived service quality.

METHODOLOGY

The hypotheses will be tested using a 2 (involvement: low vs. high) x 2 (service monitoring: available vs. not available) x 3 (service delivery: failure with compensation vs. failure with no compensation vs. no failure) between-subjects experimental design. Participants will be recruited from undergraduate business classes at a large Southwestern university. The experiment, conducted online and accessible from any computer, will present students with a scenario in which they initiate a service encounter offline. The students will be randomly assigned to one of 12 experimental groups. The first manipulation will be the involvement level of the product in the scenario, with different scenarios for each group. The subsequent manipulations will occur within the scenarios themselves.

Manipulations

Low involvement. For the low-involvement condition, participants will be presented with a scenario in which they call a pizzeria to order a pizza. The order-taker requests their phone number and, using previous order history, confirms their address and e-mail address and asks if they would like to duplicate their last order. In the scenario, the participant orders a different pizza, and the person on the phone provides them with an estimated delivery time of 30 minutes and says a confirmation e-mail will be sent. The second manipulation occurs at this point. Participants in the no-monitoring condition will be presented with a simulated e-mail confirming the delivery time estimate and a phone number to call with questions. In the monitoring condition, however, the simulated e-mail will include a URL link to track the progress of their pizza.

The failure/no failure manipulation occurs at this point. Students will be guided through a series of pages giving the time (in 10-minute increments) and short continuations of the scenario. (Students will be able or unable to monitor the progress depending on their assignments.) At the 30-minute mark, participants in the no-failure condition will be told that their pizza arrives, hot and as ordered – ending their scenario. Participants in both failure conditions (either with or without recovery), however, continue to view 10-minute intervals in which the pizza still has not arrived. The monitoring condition allows the participant to see where the pizza is in the process (it is delayed in the cooking), provides them with a reason (high volume) and at each step provides an updated delivery time of 1 hour. In the no-recovery condition for both monitoring and no-monitoring, the delivery driver simply provides the pizza, collects the money and offers no explanation or apology. In the recovery condition, participants in the monitor group receive an e-mail at the 45-minute mark apologizing for the delay and providing a coupon for a free pizza on their next order. In the recovery/no-monitor condition, the driver apologizes and says if the customer calls the manager, the customer will receive some form of compensation.

High involvement. In the higher-involvement condition, the scenario will involve a minor automobile collision resulting in the participant's vehicle being taken to a body repair shop. The service manager promises the car will be ready in three days and will contact the customer when it is ready. In the scenario, participants provide the body shop with their contact information, including e-mail address. They all receive an e-mail with a copy of their estimate. In the monitoring condition, the e-mail tells them they can monitor the progress of their repair online and provides a URL. The scenario continues in one-day increments, and in the monitoring condition, participants are able to see their vehicle's progress. For the failure manipulation, participants in the no-failure condition are notified at Day 3 that their vehicle is repaired and ready.

In the failure condition, participants continue to view daily scenarios for four more days. Each day their vehicle is delayed, and they are faced with transportation problems. Participants in the monitoring condition see the progress of their repair, while no-monitoring participants receive no explanation. The final manipulation occurs at Day 5 (two days past the promised date). Monitoring/recovery condition participants receive an apology and explanation – their paint color was a special mix that had to be back-ordered from the vehicle manufacturer – along with a coupon for free oil changes for a year and a new estimated pick-up day of Day 7. No-monitoring/recovery participants receive a phone call with the same explanation and offer. No-recovery participants in both groups receive no explanation or apology – they are just notified at Day 7 that their vehicle is ready for pick up.

IMPLICATIONS FOR MARKETING THEORY AND PRACTICE

While its focus is managerial, this study has implications that will contribute to the wider body of marketing knowledge, as well. The contributions to marketing practice are fairly obvious; improving perceived service quality, mitigating service failures and generating spontaneous delight will result in increased loyalty and future purchasing intentions among consumers of services. However, it contributes to some basic understanding of consumer evaluation behavior, as well. The role of uncertainty in evaluating service quality is not well-studied in the extant literature, and this research explores its effect on not only the general evaluation of overall quality, but also how it interacts with service failure and recovery.

In addition, this study addresses some of the gaps in the extant research related to customer relationship management (CRM) systems and customer encounters with self-service technology. Previous research has conceptualized encounters with self-service technology as a stand-alone point of contact between the customer and the firm. This study draws heavily from the pioneering work on the topic (McCollough et al. 2000; Meuter et al. 2005; 2000), and particularly the frameworks of Bitner and colleagues (2000). However, it expands the context of the technology infused service counter beyond the technology interaction itself to examine its effect on the overall service experience, and the resulting consumer evaluation of the service delivery. This is an important distinction, and one that builds upon the previous works on the topic.

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MARKET PERFORMANCE INFLUENCED BY MILES & SNOW'S BUSINESS TYPOLOGIES, WITH NARVER & SLATER'S MARKET ORIENTATION AND HREBINIAK & JOYCE'S ORGANIZATIONAL ADAPTATION AS MODERATORS

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ABSTRACT

Whether a firm is market oriented or whether it is customer oriented (Slater and Narver 1994), or whether a firm is a prospector, defender, analyzer, or reactor (Miles and Snow 1978), or whether it has strategic choice or environmental determinism (Hrebiniak and Joyce 1985) may all be related. The commonalities of these different orientation typologies, and pursuit of organizational adaptation will be analyzed and examined to put forth several hypotheses which can be tested. The pros and cons of each descriptive category will be discussed. A three-dimensional model will be proffered.

INTRODUCTION

A firm's increased market orientation is positively related to its increased profitability: "A business that increases its market orientation will improve its market performance" (Narver and Slater 1990, p. 20). Also, depending on what typological strategy one chooses to follow; that is, a prospector, defender, analyzer, or reactor, will influence the firm's market performance (Miles and Snow 1978). Finally, how and why an organization adapts either through strategic choice versus being led by environmental determinism (Hrebiniak and Joyce 1985) will also influence the firm's market performance. Figure 1 at the end of the paper is an "influence chart," which shows the direction of influence of the *independent variable* (i.e., typological strategy) on the *dependent variable* (i.e., market performance), with *moderating variables*: marketing orientation and organizational adaptation. From this analysis, one could determine how optimal market performance could be achieved, depending on what typology a firm fits within, what is the firm's market orientation, and what is firm's philosophical view on if they are guided by strategic choice or environmental determinism. Empirical research will be devised.

Typology Strategy

Miles and Snow (1978) proposed a typology of four (4) business strategies in their landmark study:

<u>Prospectors</u> – seek to innovate, take risks, seek out new opportunities and grow (i.e., *competitor orientation*).

<u>Defenders</u> – are the opposite of prospectors. They desire stability and perhaps even retrenchment if the environment becomes too uncertain. They want to develop internal efficiencies and produce reliable, high-quality products for their customers (i.e., *customer orientation*).

<u>Analyzers</u> – try to maintain some semblance of stability in their operations, but also want to innovate at the margins. In a sense, they are both prospecting firms and defending firms (i.e., *interfunctional coordination*).

<u>Reactors</u> – do not really have a strategy at all. They simply *react* or *respond* to whatever is happening in their environment at the moment.

While the Miles and Snow's (1978) typology might be useful for categorizing where an organization might be at present (and this can be done by assessing your organization against the descriptions of each typology), it does not provide much assistance in helping the organization determine: 1) if they have the correct strategy given the nature of their environment; or 2) if they have chosen the correct strategy (and have they chosen the appropriate structure with which to implement their strategy). But knowing what business strategy (Miles and Snow 1978) one employs and determining what market orientation (Narver and Slater 1990) they have (i.e., *customer orientation*, *competitor orientation*, or *interfunctional coordination*), market performance could be <u>*affected*</u> positively (or negatively).

Market Orientation

Market orientation is illustrated in Figure 2 at the end of the paper by a continuum on which you can determine where the firm lies, with *customer orientation* and *competitor orientation* at the extremes. "A *customer orientation* requires that a seller understand a buyer's entire value chain (Narver and Slater 1990: Day and Wensley 1988; p. 21). A customer orientation will be consistent with knowing everything about the customer in order to *defend* the seller's turf, and not *prospect* for new business (Miles and Snow 1978).

Competitor orientation means that the seller knows everything – short-term, long-term, strengths, weaknesses, capabilities (know-how), strategies (tactical and long-term) – about major competitors, with less focus on the customer (Narver and Slater 1990). This orientation is surely consistent with *prospecting* (Miles and Snow 1978).

The third market orientation is interfunctional coordination, and it is explained as: "the coordinated integration of the businesses resources in creating superior value for buyers obviously (that) is tied closely to both customer and competitor orientation" (Narver and Slater 1990, p. 22). This orientation is consistent with *analyzing* (Miles and Snow 1978); that is, with being both a *prospector* and *defender*. Thus, they face the complex dual problem of honing what they are doing and developing efficiency and experience benefits, thereby reducing costs by economies of scale and economies of scope (i.e., *defending*); and remaining flexible enough to pursue new business opportunities (i.e., *prospecting*).

Organizational Adaptation: Strategic Choice and Environmental Determinism

Much has been written about *strategic choice* and *environmental determinism* (Astley and Van de Ven 1983) within and outside of the business world. In newer industries (e.g., entertainment [portable media players], really iPods), there is much *strategic choice*. In older industries (e.g., furniture), much of what can be done is determined by *environmental determinism*. Strategic choice means it is up to the firm to develop a strategy(ies), implement strategy(ies), and make choices that positively (or negatively) affect the firm. On the other hand, environmental determinism is more reactive to the environment. "At issue is a view of adaptation as a process reflecting choice and selection versus one in which it is a necessary reaction to peremptory environmental forces" (Hrebiniak and Joyce 1985: Child 1972; Aldrich 1979; p. 336).
Now knowing what *business strategy typology* (Miles and Snow 1978) one employs, and determining what *market orientation* (Narver and Slater 1990) and what *organizational adaption* philosophy (Hrebiniak and Joyce 1985) one has, could have a *greater affect* (than just know *market orientation*) on market performance (positive or negative).

Research Hypotheses

Hypothesis 1: A firm that is a *"prospector"* will yield *above average* market performance if their market orientation is a *competitor orientation*.
Hypothesis 2: A firm that is a *"defender"* will yield *above average* market performance if their market orientation is a *customer orientation*.
Hypothesis 3: A firm that is an "analyzer" will yield *above average* market performance if their market orientation displays *interfunctional coordination*.
Hypothesis 4: A firm that is a "prospector" will yield *well-above average* market performance if their market orientation is a competitor orientation and their organizational adaptation is guided by strategic choice.
Hypothesis 5: A firm that is a "defender" will yield *well-above average* market performance if their market orientation is a customer orientation and their organizational adaptation is guided by environmental determinism.
Hypothesis 6: A firm that is an "analyzer" will yield *well-above average* market performance if their market orientation displays interfunctional coordination and their organizational adaptation is guided by high strategic choice and high environmental determinism.

Moderators and Mediators

In Model 1 shown at the end of the paper, there are two (2) moderators: *market orientation* (customer, competitor, or interfunctional) and *organizational adaptation* (strategic choice or environmental determinism), which will affect the direction and power between the independent variables (i.e., Miles and Snow's typologies) and the dependent variable (i.e., market performance). There are no mediator variables in this case.

METHODOLOGY

Though this is a conceptual paper, the beginning of an empirical effort is presented here. The instrument used in an empirical test of Miles and Snow's typology (Augur 2004) will be used to determine the appropriate strategic typology of a sample of firms. The Narver and Slater (1990) instrument measuring market orientation will be used to determine the market orientation construct. A **new** 5-point Likert scale survey will be constructed to determine philosophical belief of a firm, as to whether it has strategic choice or whether it is governed by environmental determinism (Hrebiniak and Joyce 1985). Of course, face validity, content validity, construct validity, and a reliability analysis will have to be done to assess that the instruments are indeed valid and reliable.

RESULTS

With a selected sample of 150 strategic business units and the determination of their market performance (i.e., below average, average, above average, or well-above average) they will be shown that their decision-making is governed by them being a prospector, defender, analyzer, or reactor, relative to their market orientation, and their decision-making is also subject to their having strategic choice or whether they are governed by environmental determinism. Results could indicate that these three (3) marketing and strategy concepts are interrelated.

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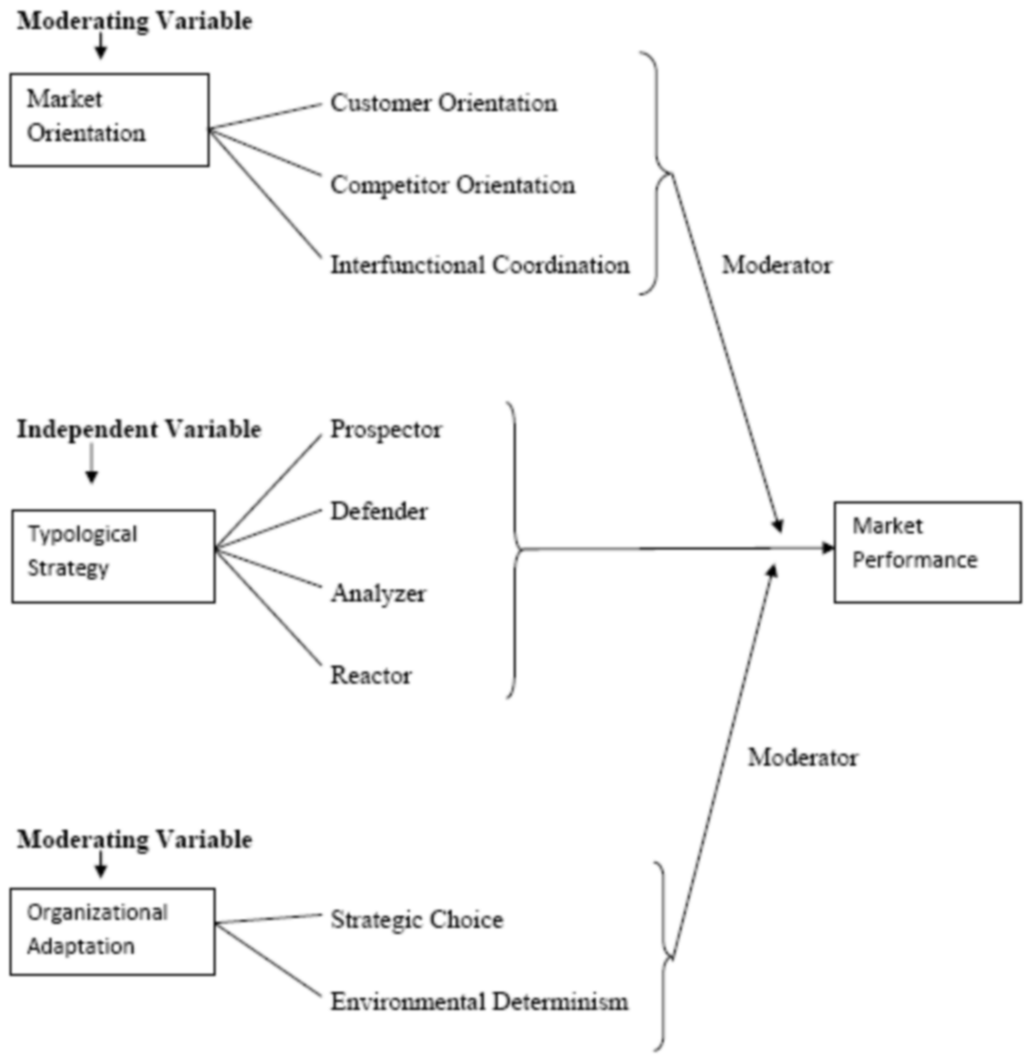


Figure 1. Typological Strategy Moderated by Market Orientation and Organizational Adaptation

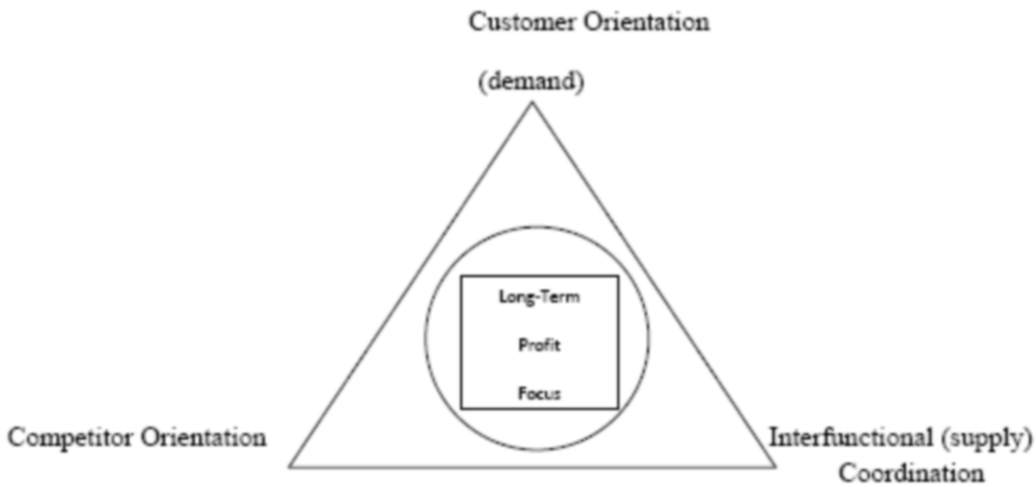
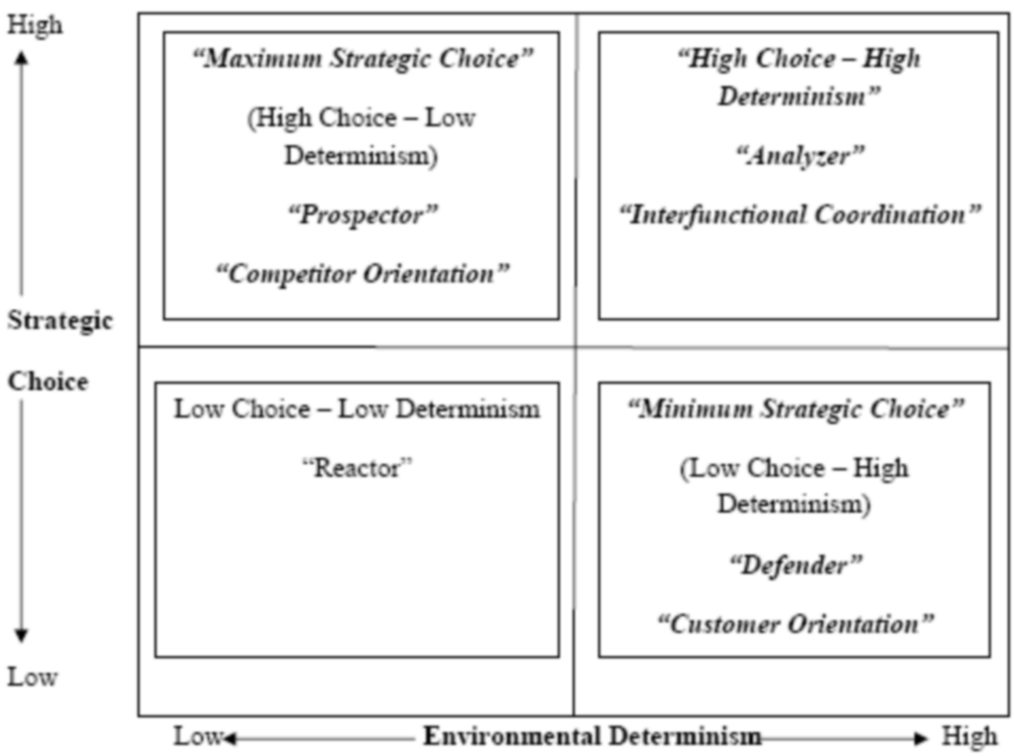


Figure 2. Market Orientation (from Narver and Slater 1990)

Model 1: Hrebiniak & Joyce's Matrix Overlaid with Miles & Snow's Typologies and Narver & Slater's Market Orientation



THE MARKETING EFFECT ON THE FIRM VALUE

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ABSTRACT

This paper intends to examine the relationship between the marketing measures and the firm value by using a sample of non-financial Taiwanese firms from 2005 to 2007. Results show that both main effects of marketing activities and interactional effects of the firm's resources on firm value are supported. Marketing expenditure is positively associated with the firm value. R&D assets positively moderate the proposed relationship between marketing effects and firm value.

INTRODUCTION

Internationalization theory suggests that firm value can be increased through international expansion. What may interest both academics and practitioners is how marketing activities and strategies influence the firm value. Internationalization theory indicates that multinational companies (MNCs) may engage in marketing activities by starting internationalization, and the force drives MNCs to move toward international markets has been widely discussed in internationalized literature. China, for example, as the closest international market, has been targeted by the Taiwanese firms to invest. In fact, such foreign direct investment (FDI) of Taiwanese firms has become more significant recently and is deemed the cause of better performance. The argument that the firm value can be increased through internationalization has been confirmed, and whether MNCs' international subsidiaries are able to benefit and grow is subject to the firm's tangible and intangible resources from their headquarters. Among the expansion activities, what interested and needs to clarify is whether there is impact of marketing activities on firm value.

LITERATURE REVIEW

Market imperfection explains why a firm will internalize the transaction since the cost of transaction with intermediaries is greater than that of executing the transaction. Similar to market imperfection, internalization theory indicates the transaction costs that result from market imperfection and explains why firms need to do business internationally. Thus international businesses or MNCs are likely to internalize their overseas operations within the firm (Mathur, Singh, and Gleason, 2001). Also, MNC literature supports the point view and suggests that firms are able to improve their performance by exploiting market imperfections, internalizing transactions, and diversifying multinational (Mathur, Singh, and Gleason, 2001).

International business literature has showed that internationalization and product diversification positively affect the firm performance (Hoopes, 1999). From the point view of resource-based, internationalization and product diversification are highly associated with the quantity and quality of a firm's resources and competitive capabilities that determine the extent to which the firm's commitments to internationalization and product diversification. It is also one of this paper's purposes to examine the moderating effect of firm's resources on firm value. In marketing, there are two different types of strategic thinking—outside-in approach and inside-out approach (Day, 1994). Outside-in approach refers to how firms change their own business scopes to fit the external environment while inside-out approach suggests that firms should build their own specific resources and capabilities to cope with the entities outside the firm. These strategic considerations are basically associated with product diversification. In other word, firm-specific resources are therefore the motivation for firms to expand into foreign markets, and abundant resources encourage firms to adopt internationalization and product diversification.

The corporate perspectives

From the perspectives of resources, there are basically two resources defined as tangible and intangible resources. Tangible resources include physical facilities such as machines and equipments, plants and buildings, while intangible resources are invisible assets including technical skills, brand name, patents, and managerial know-how. However, tangibles resources may be subjected to the firm's capital expansion and capacity that was established originally. Form the resources-based viewpoint, the firm's competitive advantages can be derived from the ownership of their unique resources and capabilities. Besides gaining tangible resources, how a firm to acquire distinctive competence depends on how the firm can access these resources. Marketing strategies may be the resolution to the question. Ansoff's (1965) growth strategies explain four different strategies in terms of markets and products. Market penetration strategy is preferred when both market and product are old. Market development strategy is suitable when a firm is going to enter a new market, while product development strategy is better when a new product is introduced into the current market. The last growth strategy is diversification. A firm is likely to adopt diversification strategy when both market and product are new. Consistent with the growth strategy, Teece (1982) concludes that the growth strategy increases the firm's efficiency to allocate their resources.

The firm's competitive advantage is generally built on the firm's specific resources that are valuable and difficult to imitate. As mentioned above, the corporate intangible resources refer to unique skills or knowledge such as sophisticate management or special know-how that are tacit and hard to duplicate by others. By creating the barriers against its competitors, the firm is able to exploit these resources and gain the better performance. When these resources associated with physical presence do exist, firms are likely to spread these resources to generate advantages through internalization and product diversification. Corporate intangible resources are the firm's motivation to expand into new geographic or product markets (Dunning, 1993). Such firm-specific resources do not depreciate the market value of these intangible assets that are usually information-intensive (Morck and Yeung, 1998) since the economics of scope can be found in exploiting these firm-specific resources and explains the positive relationship among internationalization, product diversification, and firm performance (Barney, 1991; Delios and Beamish, 1999; Tallman and Li, 1996).

Firms tend to choose the foreign markets where are closer in cultural or geographical distance as the target to expand internationally. In the study, China is the main target place for Taiwanese firms to invest manufacturers or subsidiaries since the culture is similar and geographic position is closed for both countries. The concept of international diversification suggest that firms invest abroad in order to exploit firm-specific assets and the markets to enter. Internationally diversifying investments can be valuable since firms are able to arbitrage the local institutional restrictions such as tax codes and local government's regulation, thus the value of the internationally diversified firms should be increased along with the increased ownership of the firm's foreign operations and subsidiaries (Kogut and Kulatilaka, 1994). On the contrary, internationally diversification could also reduce firm value (Christophe, 1997).

HYPOTHESES DEVELOPMENT

According to finance theories, the normative goal of the firm is to maximize the shareholders' wealth by maximizing stock price. The price that investors are willing to pay for a certain share is determined by the investor's expectations regarding its rate of return. However, investor's expectations could be influenced by marketing efforts to increase possible future returns. Actually marketing affects on financial performance have been confirmed. Chauvin and Hirschey (1993) have showed that advertising positively affects shareholder's value. Similar result has been found by Srivastava et al. (1998), they argue that advertising and R&D expenditure leads to long-term benefits, creating intangible market-based assets that in turn, increase shareholders' value. Thus, it is argued as H1: Marketing expenditure has positive effect on firm value. By expending to foreign markets, a firm can exploit its resources in new markets (Delios and Beamish, 2001). Such internationalized process indicates not only a firm's tailoring to the new market setting but its competitive advantages (Dunning, 1993). Internationalization and multi-nationalization of a firm means that this firm has ability to modify its foreign market entry strategies by responding environmental changes, and the involvement of international activities should have positive effects on firm value. The relationship is thus proposed as H2: Internationality or multinationality has positive effect on firm value.
Product diversification refers to a firm's expansion into new markets that require the development of new competence or the augmentation of existing one. The finding that related product diversification would outperform unrelated product diversification has been supported (Varadarajan and Ramanujam, 1987). That is, a firm's performance depends on whether its new products are related to its core competences. A negative relationship is expected when a firm expands to new markets that are unrelated to its existing product lines. Thus, hypotheses are proposed as H3a: Related product diversification has positive effect on firm value, and H3b: Unrelated product diversification has negative effect on firm value. Based on resource-based approach, resources have been categorized as "tangible" and "intangible" resources. Tangible resources are physical assets including machines, equipments, plants that can be capitalized as visible assets. On the other hand, intangible resources are deemed invisible assets including R&D capability, operating capability or experience, and brand image. All these resources have contributed to a firm's competitive advantages that may further increase the firm's performance (Grant, 1991). The moderating effects of a firm's resources on the relationship between marketing expenditure and marketing strategies and firm value are thus proposed as following: H4a: The relationship between marketing expenditure and firm value is stronger when a firm's capital is more abundant; H4b: The relationship between marketing expenditure and firm value is stronger when a firm's experience is longer; H4c: The relationship between marketing expenditure and firm value is stronger when a firm's R&D expenditure is more; H5: The relationship between internationality/multinationality and firm value is stronger when a firm's resource is more abundant. Researchers generally suggest that product diversification unrelated to the firm's core business does not significantly enhance the firm's performance (Hoskission and Hitt, 1990). In fact, the gains obtained from the production diversification related to the firm's core business would be offset by the

production diversification unrelated to the firm's core business. Further, previous findings show that R&D is negatively related to product diversification (Baysinger and Hoskisson, 1989). Possible reason behind is that when a firm diversifies its products, the firm goes away from its core competence and thus lowers its investments in R&D. As a result, it is argued that: H6a: The relationship between related product diversification and firm value is stronger when a firm's resource is more abundant, and H6b: The relationship between unrelated product diversification and firm value is weaker when a firm's resource is more abundant.

RESULTS

The first regression model (Table 2) includes the control variable of industries. The F-value for significance of estimates of explanatory variables on the variance of firm value is significant ($F = 2.42$, $P < .05$). As the explanatory variable, the increase of marketing expenditure from 2005 to 2006 significantly affects the firm value ($t = 2.336$, $p < .05$). Although the correlation coefficient between the average marketing expenditure and firm value is not significant, the increase marketing expenditure further support the first hypothesis H1. That is, when a firm increases marketing expenditure, its firm value will thus increase. The results of Table 2 show that both product diversification and internationality/multinationality have no effects on firm value. Thus, H2, H3a and H3b are not supported.

In discussing the moderating effects of resources (assets) on marketing expenditure, Table 3 shows that among three resources (capital, experience, R&D), only R&D interacts with marketing ($t = 3.79$, $p < .01$). The result has supported H4c, the relationship between marketing expenditure and firm value is stronger when a firm has more R&D assets. Since other resources than R&D have no moderating effects, H4a and H4b are not supported. In the effects of intangible resources, internationality and multinationality are consistent with the results in Table 1 and indicate that internationality negatively associates with marketing resources and that multinationality positively related to R&D resources. The possible explanation is that most companies with low internationality mainly target marketing activities in domestic markets rather than in foreign markets while firms with high multinationality mainly deal with contract manufacturing that requires more R&D activities. Internationality and experience have interactional effect on firm value ($t = -.274$, $p < .05$); in fact, the negative coefficient means that a firm with long experience would be likely to have lower firm value when its degree of internationalization is higher. It is the case especially when Taiwanese firms with little experience may be more likely to take risks to go overseas than those with more experience. The other factor affecting the relationship between marketing strategy and firm value is the firm's capital. From Table 1, both marketing and R&D resources have actually negative associations with the firm's capital; however, capital moderates multinationality effect on firm value. Possible explanation could be that the ratios of marketing or R&D expenditure to the total sales would decline since a firm with relatively more capital to the average level would lower its proportion of such expenditure even though the absolute amount of budget is still higher than that of regular firms. From the result of Table 3, the multinationality interacts with capital and R&D ($t = 2.152$, $p < .05$, $t = 2.11$, $p < .05$), and thus, H5 is supported. When a firm's resource is abundant, the relationship between internationality/multinationality and firm value is strengthened. The model also tests the effects of product diversification on the firm value in terms of three resources (capital, experience, and R&D). However, the F-value shows that the model is not statistically significant. With respect to the control variables, there is no moderating effect to be found. Such results show that product diversification's effect on firm value is still inconclusive, consistent with previous finding. Thus, H6a and H6b are not supported.

CONCLUSION

Consistent with past research that supports a positive effect of advertising on shareholder value (Chauvin and Hirschey, 1993), the finding may give alternative thinking when doing methodology in measuring marketing assets. In addition, top managers may have thus been supported when making decision to increase marketing budget in future. As to marketing strategies, even thought internationality and multinationality have no direct impact on firm's value, a firm's resources like capital and R&D will have moderate effects on it. R&D, as an intangible asset not only enhances the effect of marketing assets but also helps international or multinational businesses to invest in foreign markets and exploits their firm-specific resources. Consistent with the findings of Mizik and Jacobson (2003), the results imply that R&D resources represent a value creation capability resulting in products innovations and technology improvements, and in turn positively influence shareholder value. The further analysis of the interaction suggests that firms with high R&D resources should adopt multinational strategy to better increase the firm value. However, product diversification has no directly effect on firm value, but it is expected that unrelated product diversification may need more marketing assets to promote different product lines that are not well known in foreign markets. The finding of this paper generates useful implications for both marketing and financial practice. First, the absolute amount of marketing expenditure is not the trigger of firm value but the increase amount between the consecutive periods. Second, since multinationality associates with R&D resources that increase firm value, firms need to recognize that R&D expenditure has rather direct and short-term effects on firm value than marketing expenditure, and that marketing expenditure may not apparently contribute to increased firm value in short-term. Third, the interaction effect of tangible and intangible resources on firm value has been confirmed and suggests that the firm with more abundant capital and R&D assets have more positive effect of marketing activities on firm value.

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Table 1: Correlations among variables

	Ind.	Cap.	Exp	Int'l	Multi	Div.	Mktg.	R&D
Ind.								
Cap.	.08							
Exp.	.012	.539***						
Int'l	-.192**	.177	.021					
Multi	.372***	.294***	.205**	.238**				
Div.	-.166	.040	.192*	-.044	.025			
Mktg.	.241**	-.222**	-.063	-.37***	-.007	.186*		
R&D	.223**	-.25**	-.111	-.024	.199**	.130	.503***	
Firm value	.070	-.144	-.27***	.077	.084	-.030	.054	.406***

***p < .01 **p < .05

Table 2: Results of Regression on Firm Value

Control variables	(1)	(2)	(3)
Constant	1.06/(4.04)***	10.2/(3.96)**	.651/(1.72)*
IND	.10/(.95)	.107/(1.042)	.144/(1.232)
Ind. variables			
MKTG		.091/(2.336)**	.094/(2.40)**
Int'l			.339/(1.153)
Multi			.006/(.173)
DIV			.246/(1.50)
R^2	.015	.060	.079
Adj-R^2	.002	.035	.037
F-value	.869	2.42*	1.90*

***p < .01, **p < .05, *p < .1

Table 3: Moderating Effects of Resource on Firm Value

Control variables	(1)	(2)	(3)
Constant	.937/(2.06)**	1.00/(2.56)***	1.10/(2.83)***
IND	.032/(.262)	-.02/(-.177)	.009/(.076)
Ind. variables			
MKTG	-.031/(-.483)	-.017/(-.296)	.-.019/(-.329)
Int'l	.351/(1.148)	.467/(1.318)	.665/(1.59)
Multi	.004/(.111)	.017/(.477)	-.006/(-.101)
DIV	.239/(.149)	.10/(.592)	.098/(.591)
MKTG*R&D	.027/(3.79)***	.024/(2.49)**	.022/(2.30)**
Int'l*Exp		-.056/(-.274)***	-.031/(-.943)
Int'l*R&D		.108/(3.21)***	.004/(.060)
Multi*Cap			.001/(2.152)**
Multi*R&D			.023/(2.11)**
R^2	.138	.300	.354
Adj-R^2	.090	.236	.271
F-value	2.856**	4.66***	4.28***

***p < .01, **p < .05, *p < .1

THE ECONOMIC SIDE OF RELATIONSHIP MARKETING

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ABSTRACT

This paper aims to extend Lagrosen and Svensson's (2006) placement of relationship marketing under the non-economic relational school of thought of the marketing field. It is porposed that, rather than only considering relationship marketing as a non-economic concept, the reserachers should also acknowledge the fact that relationship marketing has economic implications that may serve as basis for acquiring reqources which ultimately may yield to comparative advantage proposed by Resource advantage Theory (Hunt, 2002).

INTRODUCTION

During the 1990's, a new concept called *Customer Relationship Marketing* started to gain interest in the marketing field (El-Ansary, 2005). The focal concept that frames this paper is Relationship Marketing. Sheth, Gardner, and Garrett (1988)'s provide a framework of various thoughts in marketing schools. Lagrosen and Svensson (2006) add a relational column and places Relationship Marketing under non-economic relational marketing sub-topic. They also mention the need for further research on the economic side of relational marketing. In this paper, I aim to extend that view by placing Relationship Marketing and Service-Dominant Logic under the economic side of relational sub-topic as well. My argument is that, there are economic outcomes related with the boom of relationship marketing due to the fact that it helps build part of the comparative advantage as in Resource Advantage Theory (Hunt, 2002). Although it is not easy to illustrate the economic outcomes attributed to relationship marketing and particularly service-dominant logic, conceptually relationship marketing brings long term impacts such as customer loyalty as well as immediate economic impacts arising from value creation (LaPointe, 2008).

RESEARCH OBJECTIVES

This study is qualitative in nature but a literature review is conducted to illustrate why relationship marketing has economic implications. The paper aims to set agenda to test the presence of these implications. An initial proposition of a new model is offered to show why relationship marketing and service dominant logic in particular should be placed under relational economic school of thought.

References Available on Request.

COLLABORATIVE COMMUNICATION, INTERACTION ORIENTATION, MARKETING CAPABILITIES AND CORE PROCESSES PERFORMANCE

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ABSTRACT

Co-creation of value is the central idea of service-dominant logic that suggests the importance of interaction orientation. This research advances a conceptual framework of interaction orientation and delineates its role in the value creation process. Specifically, the manuscript explicates the relationships among interaction orientation, collaborative communication, marketing capabilities and the firm's core process performance.

References Available on Request

WHAT DRIVES COMPETITORS TO COOPERATE?: ANTECEDENTS OF COLLECTIVE MARKETING COOPETITION

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ABSTRACT

Coopetition is generally referred to simultaneous cooperation and competition between organizations. In this paper, we limit our attention to direct competitors that cooperate with each other. Based on the previous literature, we define coopetition as simultaneous cooperation of direct competitors in some areas of business and competition in other areas of business. Specifically, we focus on one particular type of coopetition, "collective marketing coopetition," where all or most competitors in an industry cooperate in order to promote a new idea, a new technology, or a new standard collectively.

In identifying four factors that cause firms to engage in coopetition, we base our model on the experiences of the U.S., Australian and New Zealand (NZ) wine industries when they introduced screw cap closures on wine bottles. Consumers were resistant to this new, but objectively superior, product innovation. Screw caps are an optimal closure to avoid cork taint – a problem that almost all wineries face. To overcome this consumer resistance, Australian and NZ wineries engaged in collective marketing coopetition. Their campaigns were so successful that about 40% of Australian wine and more than 80% of New Zealand wine had screw cap closures in 2005. In contrast, screw cap closure has yet to be accepted in the U.S. market because the local conditions were quite different from those in Australia and NZ. According to a survey conducted in 2005, fewer than 10% of U.S. wine consumers prefer screw cap closures to other types of closures. As a result, less than 5% of U.S. wineries use screw cap closures on their fine wines.

Our analysis of several coopetitive marketing relationships in the wine industry and the insights we gained from the interviews revealed that four major factors encouraged the formation of coopetitive relationships: 1) strategic end-goals, 2) knowledge inertness, 3) intra-industry complementarities, and 4) loosely coupled structural networks. Strategic end-goals are an important antecedent for marketing coopetition formation. If a challenge cannot be overcome by one or a few firms in an industry (such as changing consumers' perception about screw caps), this provides a strong incentive to all competitors in the industry for uniting in order to address the challenge together. In the case of the screw cap campaigns in Australia and NZ, if screw caps could be widely adopted by consumers, the benefits of cost savings and quality improvement would be substantial to all wineries. It was these potential benefits that motivated competing wineries to participate in the campaigns in Australia and NZ under the same goal of collectively promoting screw caps to expedite consumers' adoption process of screw caps.

Knowledge inertness is another factor that leads to collective marketing coopetition. If other partners can obtain its proprietary knowledge through the coopetition relationship, the focal firm is less likely to join the coopetitive relationship. Thus, before they participate in a coopetitive relationship, competitors must be assured that it is not likely that the other competitors can learn their proprietary knowledge in the relationship. The wineries in our case study were not vulnerable to the risk that the competing wineries would copy their core competences, because their cooperation was restricted to marketing and promoting screw caps to consumers.

To achieve the strategic end-goals mentioned above, participating competitors need to contribute their skills and resources. In this process, their skills and resources should be complementary to create excess value or a powerful system in order to overcome their common challenge. If their skills and resources are not complementary, it is less likely that they can overcome the common challenge together, and thus they are less likely to join forces together to form collective marketing coopetition.

Finally, loosely coupled network structure is an important precondition for collective marketing coopetition. Loose ties within the industry network are seen as more cooperative than competitive between companies. More opportunity sets make future collaborations more likely and also play an important role for the diffusion of innovations, such as screw caps. Thus, if competitors in an industry have already forged weak ties among themselves, they are more likely to cooperate with one another to cope with a common challenge. As such, weak ties among competitors in an industry can be a basis to form stronger ties, such as collective marketing coopetition.

References Available on Request

TRUE OR FALSE?
A STUDY OF FALSEHOODS IN MARKET INTELLIGENCE DISSEMINATION WITHIN ORGANIZATIONS

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ABSTRACT

The gap between the service customers expect and the service they experience is widening, even though many firms have proudly adopted the marketing concept of putting the customer first. Before finding solutions for this discrepancy, let us ask if companies are aware of this growing inconsistency? Or do firms just gather and work with the market information they like and refuse to deal with the data they don't like? Which customer insights arrive at the desk of managers? This study examines the organizational factors affecting how truthfully good and bad marketing news is disseminated throughout organizations. Based on Grice's (1975, 1989) conversational maxims, the authors develop a typology of falsehoods in marketing intelligence dissemination. They further develop and test an opportunity-motivation-justification model with data from 105 senior managers from a multinational company. Interestingly, their findings show that the organizational antecedents of market orientation do not affect the level of falsehoods in market intelligence dissemination. Employee's perception of the personal risk they run (motivation) and their assessment of organization's benefit (justification) do. When people are afraid of the personal risks they might incur by honestly communicating market updates, good news is disseminated less truthfully than bad news. And when people have doubts about the organizational benefits of truth telling, bad news gets communicated more truthfully.

References Available on Request

CARICATURES, CARTOONS, SPOOFS AND SATIRES: POLITICAL BRANDS AS BUTTS

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ABSTRACT

A theory framework of caricature is used to analyze and explain the nature of, and reactions to, a controversial political cartoon depicting Jacob Zuma of South Africa. This framework explains the spoofing of a political brand, in a marketing environment in which parody and spoofing of more conventional products and services are increasingly common.

References Available on Request.

CORPORATE BRANDING IN SOUTH AFRICA

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ABSTRACT

The purpose of the research is to identify the critical success factors of managing corporate brands in South Africa and to determine the degree to which South African companies have adopted a strategic and cross-functional perspective to corporate branding. There is evidence in the literature that suggests that companies struggle to formulate and implement corporate branding strategies. This might be due to its paradoxical complexity, the newness of the field, and its cross-disciplinary nature (Schultz et al. 2005). There are a number of concepts that are relevant to the understanding of corporate brand management, such as corporate image, corporate personality, corporate identity, and corporate reputation. Corporate brands involve establishing differentiation and preference at the level of the organization rather than individual products or services. It would appear that the key criteria to manage corporate brands can be grouped into eight themes, which form our first proposition, P1: The critical success factors for managing corporate brands are: Top Management Involvement; Multi-disciplinary Approach to Corporate Brand Management; The Importance of Alignment of Vision, Culture and Image; Employees Play a Central Role; Consumer interaction and involvement; Build Long-Term Multiple Stakeholder Relationships; Consistent corporate communications; and Continuous Monitoring of Corporate Brand for Relevance and Distinctiveness. Our second proposition is formulated as P2: The following are the principles that South African companies would need to have in place in order to adopt a strategic and cross-functional perspective of corporate branding: the importance of a realistic corporate brand; organization must play a facilitation role; organization must lead through interaction; organization embraces paradoxes in their brand; corporate branding is a dynamic process.

The method used in this study was a quantitative analysis (factor analysis) of data collected through a survey. The population included managers involved in marketing, strategy, communication, human resources, public relations, media relations, and investor relations in South African and foreign-owned companies with well-known corporate brands. The questionnaire contained 31 statements. The rating scale used was a Likert scale - ranging from strongly disagree (1) to strongly agree (5). The survey was divided into four sections: the first collected education and experience information, the second industry information, the third contained 21 statements, and the fourth contained ten statements.One hundred responses were received. Factor analysis identified the following critical success factors of managing corporate branding: Factor 1: Employees' role; Factor 2: Top management role and cross-functional team alignment; and Factor 3: Customer involvement and interaction. The research suggests that the companies know who they were as an organization; that their organization's visions are realistic; and they do use contact points with stakeholders, not only to carry out transactions but also to build relationships. Further the present research suggested that in the organizations, resources (human or financial) were not allocated to every point where the organization and stakeholders interact; that they do not understand the implication of paradoxes of their corporate brand; their organizations were not giving enough attention to the changing demands on the management of corporate brands; and that their organization did not encourage them to challenge the organization's culture.

References Available on Request.

REDUCING ECOLOGICAL FOOTPRINTS THROUGH INDIVIDUAL SOCIAL RESPONSIBILITY: A CONSUMER PERSPECTIVE

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INTRODUCTION

The "green" market is booming with an estimated value of $209 billion (van Engelen 2008). A give-and-take relationship between consumers and corporations fuels the trend of consumers adopting green, socially responsible lifestyles. Extant literature on Individual Social Responsibility (ISR) utilizes samples from either the general population (Anderson and Cunningham 1972; Coddington 1990; Laroche, Bergeron, and Barbaro-Forleo 2001) or specific segments such as sustainable living communities (Moisander and Pesonen 2002; Bekin, Carrigan and Szmigin 2007). Past research findings indicate that the 'typical' socially responsible consumer is of an above average socioeconomic status (Anderson and Cunningham 1972; Roberts 1996; Webster, Jr. 1975). However, since then, the concepts of sustainable living and social responsibility have gained mainstream appeal. Therefore, it is reasonable to conjecture that a wider range of consumers have incorporated socially responsible practices into their lives. Today, a large proportion of the U.S. population is comprised of individuals of lower socioeconomic status. Corporations that hope to reap benefits from consumers for their CSR activities must have a better understanding of the priorities and values of these individuals of lower socioeconomic status to better target their needs and preferences. It is important to note that a variety of factors including laws and regulations, level of education, and exposure to socially responsible practices in other countries, influence individuals' perceptions and practices of socially conscious behaviors. For example, many European Union countries have more stringent environmental laws relative to the U.S, and several, including the UK and Sweden, have instituted compulsory recycling in recent years with varying rates of success (McCarthy 2005). This study contributes to the ISR and marketing literatures by examining previously unexplored market segments thereby aiding corporations and other organizations in improving their social marketing strategies.

RESEARCH OBJECTIVES

The primary objective of this research was to investigate the views and values of lower socioeconomic status individuals in less regulated environments. We explored these individuals' perceptions of social responsibility, their engagement in socially responsible behaviors, and the motivators and de-motivators, driving and detracting from socially responsible actions.

METHOD

The data was gathered through participant observations, written narratives, and interviews with students and consumers about social consciousness/responsibility issues. The written narratives from full and part-time business students and consumers were analyzed through an iterative process (McCracken 1988; Miles and Huberman 1984; Schouten 1991). The data comprised of thirty-two transcriptions of descriptions of social consciousness and personal narratives, 20 of which was produced by female and 12 by male informants.

DISCUSSION AND CONCLUSION

Findings indicate that the practice, and non-practice, of socially responsible behaviors influenced individuals' sense of self-worth. Respondents who engaged in socially responsible practices viewed themselves as 'good people' whereas those who chose not to engage in such behaviors experienced some degree of guilt. This indicates that, in this day and age where social responsibility is at the forefront of public awareness, there is a potential for individuals to integrate social responsibility into their identity. Findings also indicate that certain individuals change their practice of socially responsible behaviors when moving from one context to another. This latter finding behooves us to examine the influence of local eco and recycling infrastructures on individuals' adoption and continuation of socially responsible behaviors. The analysis indicates that a better understanding of the interplay between national regulations, local eco-infrastructure, corporate support, and individual consumer motives is necessary to make a lasting change in consumer behaviors with regard to social responsibility.

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INVESTIGATING THE CUSTOMERS' LOYALTY TO TECHNOLOGY-BASED SELF-SERVICE COUPONS

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ABSTRACT

This paper investigates how various demographic, socioeconomic, psychological characteristics of consumers and situational factors relate to coupon-redemption behavior can predict customers' coupon's loyalty when coupon redemption is through a technology-based self-service. The analyses showed that females who are full-time employed, and people who annually earn less than population median income indicate more loyalty to TBSS coupons. Also, the level of coupon's enjoyment, perceived economic benefit of TBSS coupons, computer self-efficacy skills, and frequency of the redemption of TBSS coupons significantly influence the amount of the coupon loyalty.

INTRODUCTION

Traditionally, firms distributed coupons randomly via the mass-media and relied on consumer self-selection to develop market segmentation. People selectively collect printed coupons in weekly magazines and present them at the point of purchase. However, it is empirically shown that purchase behavior of price-sensitive versus non- price-sensitive customers significantly differs. Hence, firms need no longer rely exclusively on consumer self-selection to discriminate in price. Therefore, one should investigate how various demographic, socioeconomic, psychological characteristics of consumers and situational factors relate to coupon-redemption behavior and loyalty to coupon usage.

The current literature has failed to extend the findings of one stream of research, technology-based self-service (TBSS), to other stream of research which is coupon promotion. Evidently, the nature of the internet and technology-based self-service system can result in a new form of sales promotion. The main objective of the current research is to take into consideration the factors that can concurrently predict the level of customer loyalty to a coupon when the coupon discounts are offered through TBSS interface. In other words, this study focuses mainly on the way the promotion coupon is redeemed by the customers (service delivery) and predicts the antecedents, including customer-related factors and coupon-related variables, contributing to the loyalty to technology-based self-service coupons.

RESEARCH OBJECTIVES

Marketing managers want to know exactly how to design coupons to appeal to different consumers and which type of consumer to promote such service options. They are also interested if continual increases in technological developments are likely to further reduce the traditional roles of service employees and traditional print coupons. The main objective of the current research is to indicate what customer-related factors such as demographic, socioeconomic, psychometrics, and coupon-related variables can predict the magnitude of loyalty to technology-based self-service coupons. This study constructs a multivariate regression model for customer loyalty as functions of various consumer and coupon characteristics to show how these constructs predict customer loyalty to technology-based self-service coupons. Specifically, the research questions are how and what personal characteristics and/or coupon features can increase customers' loyalty to technology-based self-service coupons and whether demographic and socioeconomic characteristics of the population influence their loyalty to technology-based self-service coupons.

FINDINGS

The results indicated that females relative to men are more loyal to technology-based self service coupons ($F=5.776$, $P<.05$); People who are full-time employed show more loyalty to technology-based self service coupons relative to any other group of people who do not hold that employment status ($F=3.782$, $P<.01$); people who annually earn less income than the median income of the population are more loyal to technology-based self service coupons as opposed to the group whose income is higher than median income of the sample. The results also showed that customers who feel that they are enjoying the technology-based self-service, who perceive economic benefit in using technology-based self-service coupons, who have redeemed coupons in last 12 months frequently, and who feel self-efficacy in using computers or new technologies show more loyalty to a technology-base self-service coupon.

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A REVIEW AND UPDATE OF THE CLASSIFICATION OF GOODS SYSTEM: A CUSTOMER INVOLVEMENT SYSTEM

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ABSTRACT

The original Classification of Goods System proposed by Copeland (1923) has been applauded for its longevity and criticized for its increasing lack of usefulness. Several authors have suggested that it is, in fact, misleading to retailers in the 21st century (Murphy, 2005; Hunt, 2002). A discussion of both the original Copeland classification system and the various modified versions is presented to familiarize the reader with the changes that have transpired over time. The original classification system sorts goods under one of three general categories. These three categories include convenience goods, shopping goods, and specialty goods. Later, the concept of a preference product was introduced beneath the category of shopping goods.

A critique of the current system is then presented which highlights the reasons for the system's diminishing usefulness. These reasons include vast amounts of change in the economic and social fabrics of our society, robust technological changes that make the existing concept of search costs obsolete, and ultimately a lack of usefulness.

Next, an updated classification system is proposed which retains the original richness of the old system and incorporates elements such as the internet, social desirability, and customer involvement to form a new system called the Customer Involvement System (CIS). This method takes into account the social aspect of purchases by allowing involvement to vary based upon the person and the situation where the purchase occurs. Additionally, this system suggests that a decision heuristic is used for low involvement purchases while more advanced decision making tactics are used as involvement and social consequences increase. The Customer Involvement System is compared to the previous system by selecting various products that have been considered staples at each category level and applying them to the CIS system.

Finally, a brief discussion is presented outlining how a retailer could make use of the new system by recognizing how customers view not only the product but the situations in which the products will be purchased. Lastly, modest recommendations are made.

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OPENING CHANNELS OF THOUGHT: UNDERSTANDING THE VALUE OF PLACE

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ABSTRACT

From its birthplace in Economics marketing has climbed from a facilitator of economic actions to a unique discipline broadly focused on such esoteric theoretical concepts as exchange, relationships, service and value. Yet near to its roots it maintains some thought that orients its ideas to economic ideals instead of marketing ones. True to this thought is the concept known as place. When Dr. E. Jerome McCarthy coined "place" as one of the four P's of marketing it was meant to be a heuristic meaning "channels of distribution". Along with channels McCarthy described the economic concepts of place utility, time utility and form utility. If we look at these economic concepts through the marketing prism we can clear limitations to these definitions, provide a broader base for the theory of place, and reintroduce place as a firmly marketing concept.

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TOWARDS AN INFORMED CHOICE: EDUCATION ON THE WORLD MARKET

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ABSTRACT

International trade in education services has become a multi-billion dollar industry. Trade liberalisation talks to encourage more trade in the sector through removal of barriers are slowly gaining momentum under the watchful eye of the World Trade Organisation. This paper has looked at policy implications of growth in international trade in education for developing nations with more focus on the Sub-Saharan Africa region. In order to do this, the paper first looked at supply and demand conditions of higher educational services in different regions of the world. The results of the analysis show that Sub-Saharan Africa is lagging behind most other regions in the provision of higher education services. Growth in international trade would thus help improve on student access to higher education. However, the opening up of the market to international traders needs to be done in a manner that ensures the region's ability to achieve its priorities.

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MARKETING ISSUES IN THE PRIVATE TERTIARY EDUCATION: THE CASE OF CYPRUS

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ABSTRACT

Cyprus's higher education system is in transition and the role of the private higher education sector is under review. These internal changes are intended to market Cyprus's educational system more competitively. Our argument is presented in three stages; an initial exploration of the tertiary education market of Cyprus, then a consideration of educational marketing and the literature relevant to Cyprus. Finally we comment on the impact this analysis could have on the general brand – Cypriot Higher Education.

INTRODUCTION

The operationalisation of marketing in Cyprus's private tertiary education system as 'increasing student numbers' is problematic from both and educationalist's and a marketer's perspective. Although the USA has embraced a specific professional stance as 'enrollment management' and the UK has taken a broader marketing orientation that clearly embraces recruitment neither has adopted a crude sales orientation approach which we detect in Cyprus. These different perspectives lead to differences in implementation for both domestic and international recruitment.

Cyprus's private higher education sector – influenced by both of these international traditions – is facing new challenges in terms of domestic demand, the need to increase international student recruitment, pressure of EU harmonization and the realization of the potential growth due to its geo-political location. This paper uses these insights on the readiness of private higher educational institutions to exploit national and regional markets as Cyprus seeks to become a regional centre of educational excellence. We find the sales orientation is unlikely to build a sustainable future but that it is maintained by short-term institutional goals and inappropriate government policies if growth is their objective.

RESEARCH OBJECTIVES

Our argument is presented in three stages; an initial exploration of the tertiary education market of Cyprus, then a consideration of educational marketing and the literature relevant to Cyprus. Finally we comment on the impact this analysis could have on the general brand – Cypriot Higher Education. We will not be making the case for private versus public institutions in this paper but we follow Zumeta assessment that nonprofit higher education "is a valuable to the nation" (1992:363) when referring to the USA.

RESEARCH METHODOLOGY

A focus group of University staff was conducted to seek an understanding and develop a language of the university's main marketing issues. The results of the focus group were used as a basis fro developing and applying semis-structured interviews with the senior management team of other Colleges. The focus group consisted of five senior managers directly or indirectly responsible for the marketing of the university. It included the chief operating officer (CEO). Although the results can only be considered as tentative at this stage they do shed light on the marketing effectiveness of the private institutions of tertiary education in Cyprus.

CONCLUSIONS

Our research has shown that the marketing of Cypriot higher education is still product driven, which implies a sales rather than a marketing focus. There is often an awareness of the need to apply to holistic marketing philosophy but these aspirations are restricted by short-termism encouraged by the government's attitude to private education and the institution's own financial goals. This is problematic, for the realization of Cyprus as a centre of excellence is on the shoulders of the private colleges.We recommend that, like other European countries, the government either applies a fair market mechanism or it develops a strong marketing strategy that embraces all higher education institutions. Not to do this will ensure failure to match its goals, increasingly waste its marketing resources and, we predict, lead to decline in the number of students attending Cypriot institutions.

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WHAT DO COMPANIES IN ICELAND NEED TO DO IN ORDER TO SUCCEED FOLLOWING THE COLLAPSE OF THE ECONOMY OF THAT SMALL COUNTRY?

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ABSTRACT

In recent years economic growth in Iceland has been very high. Foreign investors invested in bonds and manufacturing and the banking sector expanded into foreign markets. In early October 2008 the Icelandic economy collapsed. Three major banks were nationalized and now Icelandic firms have to respond to this crisis.

INTRODUCTION

At the beginning of the twentieth century Iceland was one of the poorest countries in the world. The GDP per capita is estimated to have been 50% of that of Denmark and the living standard was generally worse than in many African countries today. By 2007 the GNI per capita has risen to 33,960 USD adjusted by the purchasing power parity while a comparable figure for the US was 45,850 USD and for Denmark 36,300 USD according to the World Bank (2009).

In 1901 Iceland was inhabited by 78,470 people of whom 33,875 were economically active. Of the active labor force almost 70% were employed in agriculture and fisheries, 6% in manufacturing, 4% were public administrators, public employees, academics, lawyers, journalists or belonged to other professional occupations while 5% were involved in commerce and transport. The majority of the population lived in rural areas around the coast of Iceland and less than 11,000 inhabitants lived in villages. The largest village Reykjavik had a population of 6,682. Akureyri in the north had 1,370 inhabitants and all other villages had fewer than 1,000 inhabitants. Housing was primitive mainly constructed out of rock, sod and turf. A few buildings had been built from cut stones and 20% of houses were made of timber. By 1920 turf houses stopped being the most common ones and by the end of the 20th century most houses were made from concrete (Statistics Iceland, 1997).

ECONOMIC GROWTH DURING THE 20TH CENTURY

It was not until the early nineteen forties that the majority of the population of Iceland had moved to urban areas and in 2008 when the population had reached 320 thousand people 76% of the population resided within 50 miles of Reykjavik. By nineteen fifty one third of the population was employed in agriculture and fisheries, one third in manufacturing and construction and one third in services, private and public. By 2007 only 7.6% worked in agriculture and fisheries, 19.4% in manufacturing and construction but 73% were employed in services both public and private. In one hundred years Iceland had been transformed from a poor rural country concentrating on agriculture and fisheries into a city state where most of the population worked in services, (Statistics Iceland; 1997; 2009).

During the early 20th century Iceland belonged to Denmark but got its sovereignty in 1918 and full independence in 1944. In 1904 Iceland got its first minister of the Government of Denmark who resided in Iceland. The development of a modern Icelandic society had started. Two of the main goals were to increase employment and generate income for the state in order to develop education and health care. Furthermore a decision was made to introduce trade restrictions and import tariffs. The main arguments were that trade restrictions would save foreign currency, import tariffs would generate income for the state and together these actions would make it possible to produce in Iceland goods that could compete with imported products. Without the trade restrictions and the import tariffs the domestic products would not have been competitive.

Domestic production increased but the variety of exported products grew very slowly. At the beginning of the 20th century Iceland was exporting fresh, iced, salted and dried fish, cod liver oil and salted lamb. The export of fishmeal started in 1921 and that of frozen fish and canned seafood during the thirties. By 1950 more than 95% of Icelandic exports were seafood as the export of agricultural products had declined from about 20% of total export of goods in 1900. In 1970 Iceland became a member of EFTA and entered into an agreement with the EU that opened up markets in Europe for Iceland's seafood and manufactured products but in return Iceland had to open its markets for the import of manufactured products. In 1970 an aluminum smelter owned by Alusuisse of Switzerland was opened, marking the beginning of the utilization of Iceland's hydroelectric energy resources in energy intensive industry. At the same time the export of clothing and textiles made from Icelandic wool started on a larger scale than before and the export of equipment for fishing and fish processing and ferro-silicon started. From 1970 until 1990 no major change took place in the export structure. The share of seafood in the export of goods remained at 75%-80%, the export of manufactured goods, mainly aluminum and ferro-silicon was 20%-25% and the export of agricultural products was negligible (Statistics Iceland, 1997, 2009).

For most of the 20th century Iceland was a production oriented country. The service sector was slow to grow and the export of services started late. Although during the second half of the 20th century a US military base in Iceland had provided considerable income for the country in return for services rendered. During the sixties Loftleidir – Icelandic started offering cheap airfares across the Atlantic but as late as 1970 fewer than 50,000 tourists visited Iceland annually and in 1970 the number of Icelanders traveling abroad was only 26,888 -- less than 15% of the population. In year 2000 the number of foreign visitors had grown to 300,000 and the number of Icelanders that traveled abroad equaled the size of the population of the country. Tourism had become an important sector of the economy but still most of the foreign tourists visited Iceland during the period from June until August. As a result tourism did not provide stable year-round employment, (Icelandic Tourist Board, 2009).

MEMBERSHIP IN THE EUROPEAN ECONOMIC AREA

During the early nineties preparations were underway for the internal market of the EU and the EFTA countries had the opportunity to get connected to this internal market through an agreement on a European Economic Area. Iceland saw considerable opposition to the agreement as it meant that Iceland would become a participant in the four freedoms of movement in Europe; the free flow of goods, services, people and money. Up until that time there had been export controls affecting e.g. who could export seafood to certain markets and severe restrictions on the import of agricultural products that would have to be lifted in part according to the agreement. There had also been many restrictions on the flow of capital. Icelanders had to get special permission to invest abroad and they could not even own a bank account outside of Iceland. The opportunities for foreign nationals to invest in Iceland had been very limited and they were not allowed to own land. Even after the agreement took effect foreign nationals were not allowed to invest directly in fishing and primary fish processing. Icelanders had been able to go to the other Nordic countries to get work but the labor market in Iceland was very much closed to everyone except citizens of the Nordic countries.

After a long debate the parliament of Iceland the Althing voted in favor of the agreement of the European Economic Area in January 1993. Thirty three voted for the agreement, twenty three voted against and seven abstained. The agreement was to go into effect on January 1st. 1994. It took the Icelanders some time to realize that a new era of freedom had arrived. For a couple of years nothing much happened but in 1996 one can see a significant increase in Icelandic foreign direct investments abroad and foreign direct investments in Iceland. Foreign direct investments in Iceland grew from practically nothing to 80 million USD in 1996 and Icelandic direct investments abroad amounted to 60 million USD in 1996 (Central Bank of Iceland, 2009).

Some of the funds leaving Iceland seem to have been used to establish wholly Icelandic owned investment companies e.g. in Luxembourg that then reinvested in Iceland. In some cases the motivation to do this may be related to tax evasion. The development from 1996 until 2003 was at a very small scale compared to what was to follow. By 2004 two state owned banks had been fully privatized and in 2004 the total inflow of capital was 9,5 billion USD while the outflow was 7,9 billion USD, (Central Bank of Iceland, 2009).

Before the EEA agreement there were very few Icelandic foreign direct investments abroad and very few invested in Iceland others than the aluminum companies. Things started to change in 1996 and little by little the Icelandic direct investments abroad grew to almost 400 million USD in 2003. In 2005 Icelandic direct investments abroad increased to 2.5 billion USD and in 2007 they exceeded 12 billion USD. It was not only the direct investment part of the capital account that was growing; the same trend is found when portfolio investments and other assets and liabilities are studied, (Central Bank of Iceland, 2009).

The flow of capital reached a peak in 2007 when the inflow reached 39.5 billion USD and the outflow was 36.7 billion USD. Early on the inflow consisted of some direct investments but towards the end most of it consisted of loans and deposits in foreign branches and foreign subsidiaries of Icelandic banks. Some of the foreign direct investment in Iceland was in an aluminum smelter in the eastern part of the country, but that was only a small part. Most of the direct investments in Iceland were in investment firms and finance companies with no direct value adding activities (Central Bank of Iceland, 2009).

Figure 1 shows the total flow of capital in and out of Iceland from 1990 until 2008 as well as the foreign currency earnings and expenditures and the current account balance and the financial account balance. As a result of the increased investments abroad and the massive borrowing the income receipts and income payments increased drastically. In 2007 export of goods and services in addition to income receipts brought 12 billion USD into Iceland while the capital inflow was almost 40 billion USD. The total currency payments in 2007 were 15 billion USD while the outflow of capital was 37 billion USD. To summarize what took place in Iceland during the 19 year period from 1990 until 2008 it is useful to study the current account balance and the capital account balance. Figure 1 clearly shows that the imbalance of the economy grows during the years 1998-2000 but not nearly to the same extent as was the case 2004-2008. In 2006 the current account deficit was larger than the export of goods and the surplus of the capital account was larger than the value of all imported goods. The real economy involving goods and services was becoming small compared to the new economy that evolved around financial transactions that often created very little real value added (Central Bank of Iceland, 2009).

One of the main consequences of the huge inflow of capital was the strengthening of the Icelandic Króna (ISK). In 1990 the exchange rate was 58.28 ISK/USD. Until 2007 the exchange rate fluctuated between 58 and 79 ISK/USD except for two years. In 2001 and 2002 the ISK weakened due to the events of September 11th 2001 and in early October of 2008 the Icelandic economy collapsed. To maintain the strong ISK the interest rates were very high. That attracted foreign investors to invest in Icelandic bonds lend funds to Icelandic banks. Investors bought bonds in Icelandic crowns (ISK) that bore high interest hoping that the currency would remain strong so that when they exchanged their money back into their currency the ISK would not have been devaluated. As a result of the high interest rate and the strong Icelandic currency Icelandic companies in both manufacturing and services lost a competitive edge in foreign markets. Some firms invested abroad and moved their manufacturing off shore in order to be able to continue competing in foreign markets. The number of foreign tourists visiting Iceland increased but many of them complained about the high prices in Iceland.

During 2008 the ISK grew weaker and finally in early October 2008 the Icelandic economy collapsed. The value of the ISK plummeted. The three major banks two of which had been created by privatizing state owned banks a few years earlier were nationalized. The situation was very much the same as in Turkey in 2001. On Wednesday October 8th, the British Government invoked the Anti-terrorism, Crime and Security Act of 2001 against the Icelandic bank Landsbanki, the Central Bank of Iceland and the Government of Iceland in the United Kingdom, (HM Treasury, 2008). This action undoubtedly escalated the problem at hand.

In the months that have passed the treasury of Iceland has become very indebted after having been almost debtless. The treasury has had to guarantee deposits in UK branches of the Icelandic banks and the new banks have had to be refinanced. The IMF with the assistance of several European Central banks has come to the rescue and guaranteed the Icelandic treasury loans to rebuild the economy. The income of the Government has plummeted, unemployment is growing and many firms and families are approaching bankruptcy. One common reason is that both firms and families took out loans in foreign currencies with low interest rates rather than borrowing ISK, which carried a high interest rate. They seriously underestimated the exchange risk as did many of the foreign investors who invested in ISK due to the high interest rate in Iceland.

WHAT WILL THE FUTURE BRING?

In 2003 40% of Iceland's foreign currency earnings came from the export of seafood, 14% from energy intensive products, 8% from other manufactured products, 13% from transportation, 13% from tourism and 10% from other services, (Statistics Iceland, 2009). In 2004-2008 the flow of capital in and out of Iceland and the easy access to loans made the competitive position of companies not involved in the financial sector difficult. The value of the currency was far too high and non-financial firms had problems competing with the financial firms for educated staff like engineers. As the financial bubble is over, Iceland will once more have to depend on the basics. Icelanders have to utilize their marine resources, their energy resources both hydroelectric and geothermal, as well as the human resources consisting of a proportionately large number of well educated Icelanders.

Already in November 2008 the balance of the trade in goods became positive and it is expected that the current account will have a positive balance in 2009, (The Central Bank of Iceland, 2009). In the short term purchases and investments requiring foreign currency will have to be financed by Iceland's foreign currency earnings obtained through the export of goods and services. It is of the highest priority to restore the confidence of foreign banks and investors in the new Icelandic banks but that will take some time. Already some firms exporting goods and services are moving some of their activities back to Iceland. Those firms had been forced to move activities abroad due to the high value of the Icelandic currency. This affected particularly manufacturing and service firms that were either relatively labor intensive or required skilled workers. Icelandair has relocated its call center from Baltimore to Reykjavik and the company Marel a manufacturer of food processing equipment has transferred some activities from its plant in Denmark to its headquarters in Iceland.

Following the economic collapse in October several organizations both private and public have increased their emphasis on innovation and entrepreneurship. Some of the banks have offered entrepreneurs the use of facilities that they no longer need for their banking operations. Institutions of higher education and some training authorities have developed programs for training in innovation and entrepreneurship. Furthermore university students are being encouraged to write their theses on new product/process/firm development and to develop business plans. The goal is the possibility of starting something new that creates employment rather than depending on getting a job following graduation at an existing firm. At the end of February 2009 unemployment had reached 8%with approximately 14.000 individuals unemployed out of a working population of 175.000 (Vinnumalastofnun, 2009).

The Magazine Free Trade (Frjáls verslun, 2009) recently presented the 100 most promising entrepreneurial firms in Iceland. The products under development came from many different fields. Several were software related with application in e.g. education, information safety, inventory management, image comparison, computer games, personal messaging and revenue management at airlines. Others dealt with bio-technology, medicine, energy utilization, carbon recycling and human muscle movements.

Each year the London Business School and Babson College sponsor The Global Entrepreneurship Monitor Report (GEM). The report constitutes an assessment and review of entrepreneurial activity and entrepreneurial perceptions. GEM has developed into research consortia concerned with improving the understanding of the relationships between perceptions of entrepreneurship, entrepreneurial activity, and national economic growth. In 2007, 42 countries participated in the project.
The GEM report (2008) states: "Among high-income countries, Iceland (12.5%), Hong Kong (10.0%), and the United States (9.6%) show the highest levels of early-stage entrepreneurial activity. Of high-income countries, the United States, Israel, Iceland, and Canada exhibit the highest adult-population prevalence rates of high-growth expectation entrepreneurship. In only two countries, New Zealand and Iceland, early stage entrepreneurial activity is higher among older adults of working age than among younger adults. National HEA (High-Growth Expectation Early-Stage Entrepreneurship) rates vary with economic context. The United States, New Zealand, Iceland, and Canada have higher levels of HEA than other high-income countries. The HEA rate for these countries is over 1%. In Scandinavia, the level of HEA in Iceland is four times higher than that of Finland. The HEA rate for China is the highest of any country in the survey, even though it is not statistically different from that of the United States, New Zealand, and Iceland." These characteristics will help Icelandic firms to recover from the crisis.

Iceland has to resume its development, building on the base that existed in 2003. Emphasis has to be on value adding products and services. The innovative spirit of the Icelandic nation and its flexibility has to be taken advantage of. During the years of high growth 2004 – 2008 entrepreneurs had difficulties getting suitable financing as many investors had lost interest in projects that were not on a large enough scale. The strength of the Icelandic currency also affected the competitiveness of activities carried out in Iceland and reduced the possibility of implementation as many of the project were ideal for born global startups. The difficult conditions that will affect Iceland during the next few years will force the Icelanders to use their innovative abilities to create new endeavors for the benefit of the Icelandic society. Iceland has gone through many crises. During the middle ages one crisis followed another. Already in year 1200 the population had reached 70,000 and at the beginning of the 20th century the population was still only 78,000. The country could not support more than 30,000 inhabitants in bad years and in good years the limit was around 70.000. The great depression hit Iceland hard and regularly the GDP dropped significantly when either the fish catch declined or the price of seafood in international markets fell. For example in 1967 and 1968 the GDP declined by 11% due to the disappearance of the herring which led to unemployment and emigration from Iceland. If all goes well Iceland should recover within 5 years.

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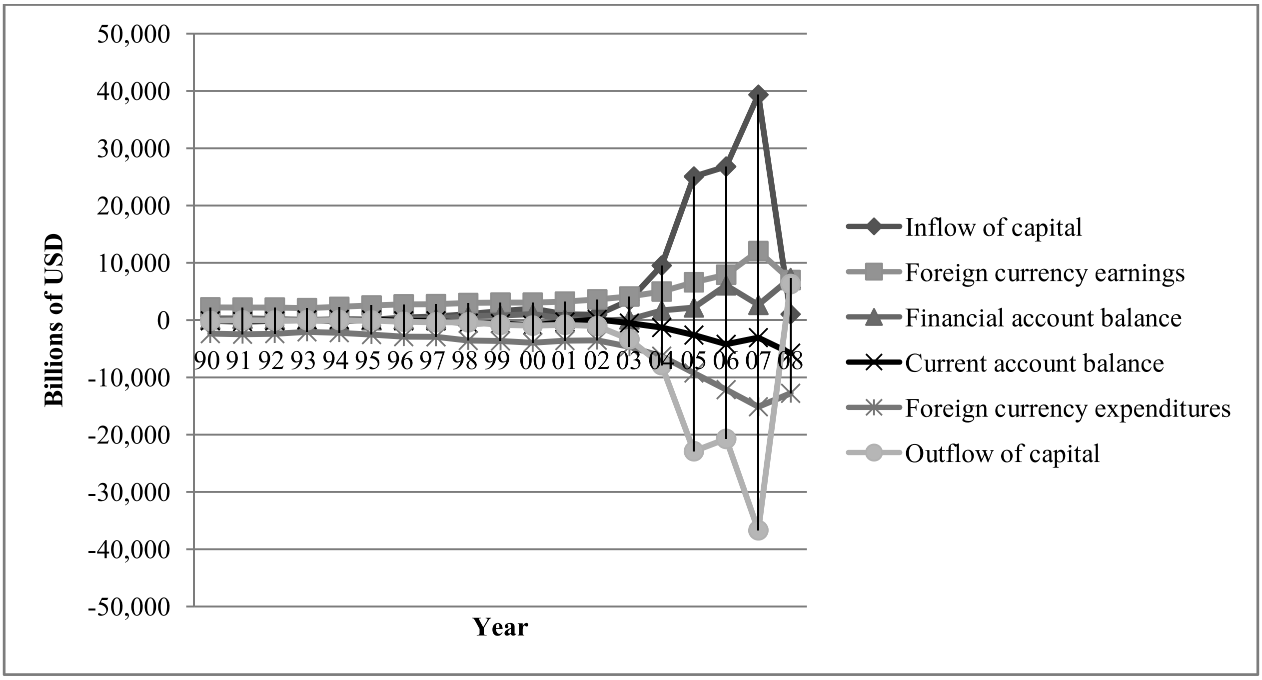

Figure 1 Current and financial accounts of Iceland 1990-2008, source Central Bank of Iceland, 2009.

CUSTOMER VALUE IN BUSINESS MARKETS – A RESEARCH SUMMARY AND PROPOSAL FOR AN EXTENSION

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ABSTRACT

After pioneering, but insular, work on the conceptualization and measurement of customer value in business markets undertaken in the 80s and 90s, interest in this topic has increased substantially since the beginning of this decade. Despite this recent interest, marketing scholars concur that value in business markets is still an under-researched subject. This contribution to the debate is twofold. The paper proposes an own model of customer value conceptualization in business markets; based on several rounds of testing this theoretically grounded model in managerial practice indications exist to conclude that this model may offer benefits over current models. Two case studies, one involving the pricing decision for a major product launch at a global chemical company, the other involving value delivery at an industrial equipment manufacturer, illustrate the practical applicability of the proposed framework.

INTRODUCTION

Recent times witness a surge of interest in the concept and application of customer value, especially in understanding the definition and measurement of customer value in industrial settings (see, for example, Anderson, Thomson & Wynstra, 2000; Flint, Woodruff & Gardial, 2002; Homburg, Küster, Beutin & Menon, 2005; Lyndgren & Wynstra, 2005; Ulaga, 2003; Ulaga & Eggert, 2006). Despite this interest, the concept of customer value in business markets is ill defined. Building on the current literature, the paper proposes an own model of customer value conceptualization in business markets which fills gaps which the current literature recognizes.

CUSTOMER VALUE IN BUSINESS MARKETS: THEORY DEVELOPMENT

This paper expands on two topics concerning the construct of customer value in business markets. First, properties of customer value and, secondly, dimensions of value. Regarding its properties, Ulaga (2003) provides a summary of the current state of the art: The construct of customer value is (1) a subjective concept, it is (2) a trade-off between benefits and sacrifices, it is (3) multidimensional, since benefits and sacrifices can be "multifaceted"; (4) value perceptions are relative to competition. In an earlier paper Ulaga and Chacour (2001) note that value is relative to customer segments and specific use situations.

The concept of value in business market has one additional, fundamental trait which these characterizations do not capture. Value in business markets is future-oriented (see also Hogan, 2001). Value in business markets is necessarily and unconditionally a future-oriented construct: Two parties exchange resources (e.g. money, goods, services, rights, or intellectual property) in the expectation of certain future benefits resulting from consuming these resources. Being a future oriented concept, the concept of value in business markets thus necessarily and unconditionally shares the properties of a probabilistic utility function: outcomes have a certain expected value, a distribution around an expected value, a skewness, and they are, above all, uncertain. This uncertainty is due to the inherent uncertainty of the future, and uncertainty is further compounded by possible opportunism on the part of the supplier (Hogan, 2001), adverse selection and the circumstance that value in business relationships is jointly built and may thus be substantially bigger than initially assessed by mutual will and design of both the customer and the supplier. This trait of uncertainty and future orientation could lead to the representation of customer value as a range of expected values, rather than representing customer value as a single (certain) number. Taking Ulaga's (2003), Ulaga and Chacour's (2001) summaries as a basis and adding the element of uncertainty, the present paper thus summarize the characteristics of value in business markets as follows: value is (1) a subjective concept, value is (2) a trade-off between benefits and sacrifices, value is (3) multidimensional, value is (4) defined relative to competitors, value is (5) segment specific, and value is (6) future-oriented.

On the dimensions of customer value in business markets Ulaga and Eggert (2006) reiterate that "research on customer value in business markets is still in an early stage"; this paper sees shares this view and sees this as incentive to further advance current theory. In a qualitative study with ten purchasing managers of US-based industrial companies Ulaga (2003) and Ulaga and Eggert (2006) identify six dimensions along which suppliers create benefits and three dimensions along which suppliers reduce costs for their customers. The six benefit dimensions identified are: (1) product quality, (2) delivery

performance, (3) service support, (4) personal interaction, (5) supplier know how and (6) time to market. Costs are sub-divided in to (1) direct costs, (2) acquisition costs and (3) operation costs (as in: Cannon & Homburg, 2001).
The six benefit and three cost components provide a useful, theoretically rigorous conceptualization of value in business markets. From the standpoint of the supplier, this framework allows to assess value delivered along the nine dimensions. From the standpoint of the customer, the framework allows to compare value delivered by a set of alternative suppliers.

The author has tested this framework in workshops conducted with 35 marketing managers, general managers, and sales managers working in four different industrial businesses: the chemical industry, food/food processing industry, energy delivery and mechanical engineering in Germany, Austria, and China. The framework is useful but not exhaustive: the framework does not capture the full variety of possibilities for suppliers to add customer value. In particular, discussions with executives participating in these workshops spur further efforts to investigate the question whether additional possibilities for suppliers to add customer value exist. In addition, the author undertakes an exhaustive literature survey to explore sources of customer value, both in consumer goods as well as industrial businesses. In a subsequent round of discussions, practicing executives comment on these findings.

In particular, one construct stands out: the construct "easy to do business with". Bolton and Drew (1992) examine the impact of this construct on customer value. They refer to this construct as the customer's overall assessment of its supplier's policies and practices on whether these policies and practices make the service encounter easy and pleasant. Bolton and Drew (1992) find that this construct has an important impact on customer perceived value and is as important as quality in predicting value. More recently, Hammer (2001), one father of the re-engineering movement, presents "a set of nine emerging business concepts that underlie how the best companies around are mastering today's turbulent environment". One of these concepts is "easy to do business with" or "ETBW": Hammer (2001) argues that ETBW will become one of the most important sources of competitive advantage in this decade. In extensive empirical tests by telephone interviews with more than 1,000 industrial customers Kumar and Grisaffe (2004) find the impact of the construct "easy to do business with" (or "customer focus" in their wording) to have the overall highest impact on both perceived quality and customer value in B2B purchasing contexts. They conjecture that it may be "quite common to see a firm whose quality and prices are comparable (or even slightly lower priced) losing out to competitors perceived as being easy to do business with" (Kumar & Grisaffe, 2004, page 65). In addition to order handling procedures, the construct "easy to do business with" also captures complaint handling procedures. In an empirical survey involving more than 2,000 respondents in industrial companies Homburg and Rudolph (2001) find that satisfaction with complaint handling procedures have a strong impact on the overall satisfaction of industrial customers which exceeds the impact of the satisfaction with product related items. The construct "easy to do business with" (i.e., order and complaint handling procedures) merits to be treated as a separate source of customer value in business relationships. Furthermore, discussions with participating managers lead to the exploration of the construct self enhancement, the idea that suppliers can confer to their customers intangible benefits such as prestige, social status or other aspiration benefits. In consumer goods industries this concept is, in contrast to industrial industries, already well established: BBDO, a leading advertising agency, uses the terms "identity building brands" and "mythological brands" to refer to a product's ability to provide self-enhancement to its consumers (BBDO, 2001). Identity-building brands contribute to define the consumer's perceptions and self-awareness. This "identity is the product of interplay between producer and consumer to create a suitable brand environment. Interactive communication provides the framework for this, a process which necessitates active involvement on the part of the consumer. The brand is integrated into the consumer's personality (self share), i.e. the brand exhibits an overlap with the consumer's own self-image. … At this level of brand leadership, consumers define themselves via the brand (and the brand via its loyal customers), relying on it for self-expression and identity formation" (BBDO, 2001). Mythological brands go one step further and assume "the function of a guide or mentor offering insight into the meaning of life". Coca-Cola, Marlboro, Rolex and Harley-Davidson and Ferrari are examples of identity building and mythological brands, respectively (BBDO, 2001). Purchase and consumption in industrial contexts are less intertwined with the customer's personality and individual values than in consumer goods industries. However, also in industrial businesses suppliers have the opportunity to provide intangible benefits to customers such as prestige, social status, or other aspiration benefits. Ward, Light, and Goldstine (1999) state: "It is true that most of our knowledge about brand strategies come from the accumulated experience of consumer-packaged-goods-companies like Procter and Gamble, Nabisco, and Nestle – and a wealth of enduring and highly profitable brands. But just because a concept evolved in consumer good markets is no reason to reject it in business-to-business markets." Ward at al (1999) document which psychological and emotional benefits brands such as Intel, IBM, EMC, and Microsoft create in high-tech and industrial businesses. They demonstrate that also in industrial contexts well-managed brands make industrial customers "feel better" about themselves. Ingredient brands are a further case in point. Stainmaster, a brand by DuPont, stands for a special plastic fiber used in industrial carpets which need a strong protection against stains. DuPont originally sells Stainmaster as an ingredient brand to carpet manufacturers with the intent of allowing carpet manufacturers to display their own brand name along its ingredient brand. The intrinsic qualities and

Stainmaster's brand name are so strong that many smaller carpet manufacturers today find an investment in own brand building activities no longer worthwhile. Thus Stainmaster is frequently the only brand name displayed on industrial carpets. Similarly, industrial customer can perceive value to purchase products from the industry leader, rather than an also ran. Kumar and Grisaffe (2004) find a positive, albeit weak, positive relationship between buyers' perception of supplier firms industry leadership and perceived overall value in B2B relationships. Furthermore, if the relationship between the supplier and the customer allows the customer or the supplier to gain social status or prestige in a network of companies – for example by advertising its status as key supplier or key customer to other companies – then this relationship creates value for the supplier and customer which goes beyond intrinsic product attributes and refer to intangible benefits which are not completely dissimilar to the intangible benefits consumer perceive from purchasing leading brands. The construct self-enhancement – which summarizes the potential of a supplier to enhance the social status, prestige, or provide aspiration benefits to its customers, especially when these customers are part of a wider network of industrial companies – merits to be treated as separate source of customer value in business relationships.

Based on the considerations above and Ulaga's (2003) typology of benefits this paper proposes an expanded model of customer value creation in industrial markets with six dimensions: this paper proposes to collapse Ulaga̧ s (2003) six benefit categories into four and to add two new benefit dimensions:
- product quality: compromising elements such as conformance to specifications, reliability, durability, environmental profile, safety, etc..
- delivery capabilities: delivery speed, delivery reliability, ability to deliver in small lot sizes, delivery flexibility.
- services: installation, application support, information, customization, maintenance, repair, performance guarantees, warranties, capabilities to operate plants on behalf of customers, financial services (capabilities to extend credit services, to offer leasing or buy-back option after product use).
- ease of doing business: ease of ordering, ordering costs and time, responsiveness to order-related enquiries, flexibility in accepting customer orders via alternative channels, reachability to accept customer orders, complaint handling procedures.
- vendor: vendor know how, vendor competencies, new product development capabilities, vendor personnel, capability to offer solutions in addition to product offerings (Penttinen & Palmer, 2007).
- self enhancement: social status, prestige, aspiration benefits.

Graphically, a chart of the type shown below visualizes the value added by different suppliers. This chart allows comparing the abilities to add value of different suppliers; this way of graphically representing customer value furthermore allows tracking supplier value creation over time. Building on insights from these studies the model includes the following definition of customer value in business markets. Value to the customer of a company's product, service, relationship, competency or intellectual property offering is equal to price of the customer‘s best alternative plus the expected (positive or negative) value along the six dimensions – product, delivery capabilities, services, easy to do business, vendor, self enhancement – along which this offering is differentiated from the alternative. This definition references received value of customers – the value customer actually experience through specific product-customer interactions – and not customers' desired value – the value customers want from products and services and their providers (Flint & Woodruff, 2001). The definition proposal further satisfies key elements which are relevant for customer value measurement approaches, namely the requirement of (1) subjectivity (customer specificity), (2) identification of benefits and sacrifices, (3) multidimensionality, (4) relativity of value to competitive standards, (5) segment/use situation specificity and (6) future orientation.

Customer value in this definition refers to the maximum amount a customer would pay to obtain a given offering, that is, the price that leaves the customer indifferent between the purchase and foregoing the purchase (i.e., the "reservation price"). Customer value includes the full set of customer benefits and sacrifices – except the purchase price. The advantage of excluding price from the definition of customer value is that this leads to a conceptualization of customer value which is independent from a company's pricing strategy. This approach thus allows exploring alternative value delivery and pricing strategies without affecting the conceptualization of value. In other words, in this conceptualization customer value is completely independent from price – and this independence is a distinct advantage.

SUMMARY AND CONCLUSION

This paper covers a number of points. First, the paper advances the conceptualization of value in business markets by further developing the model of Ulaga and Eggert (2006), arguably the most rigorous conceptualization of customer value in business markets today. The empirical basis of these advancements is a grounded theory approach where the author captures, summarizes, tests, and validates the experiences of 35 marketing executives. Specifically this empirical work adds two new dimensions – ease of doing business and self enhancement – as sources of value for customers in industrial markets which existing models do not capture well. Based on in depth discussions with managers participating in these workshops, empirically grounded evidence exists that industrial companies are already providing value to their customers along these two new dimensions. Further validation of the proposed model and measurements to quantify value are the next critical empirical steps which are urgently required. On the one side, the property of future-orientation of the construct of value in business markets (par 3) opens up potentially fruitful research questions such as: What is the impact of perceived and and what is the impact of true (i.e., objective) uncertainty on perceived customer value? What is the role of emotions – such as fear – in shaping perceptions of uncertainty which affect perceived customer value? How can companies shape uncertainty to their advantage (increase perceived uncertainty of competitive products, reduce perceived uncertainty of own products)?

In addition, further qualitative studies are needed to understand whether the proposed model of value creation in business markets is exhaustive. Next, LISREL and structural equation models can be used to understand the validity of the entire model and to pinpoint which sub-dimensions of value (product, delivery capabilities, services, ease of doing business, vendor, self-enhancement) are most closely associated with overall customer value: Consider which sub-dimensions of the construct value in business markets relate most closely with overall customer value across industries, across countries, for different members of the buying center, across customer categories, across product categories, across market segments, and across intensity of buyer-supplier relationships. From a theoretical perspective, this step allows the building and validating parsimonious models of value creation and delivery where causal links become evident. From a practical standpoint this step helps managers understand along which dimensions customer value needs to be further increased to maintain, defend or gain a competitive advantage, and, conversely, which dimensions of value matter less. The resulting insight from this understanding will have profound impact on business unit strategies.
Longitudinal analysis finally can help to shed light on dynamic aspects on customer value in business markets: causal relationships triggering shifts in the relative importance of alternative sub-dimensions of value and overall customer value need to be explored. Extant research in this area acknowledges the need for further theory development (Flint & Woodruff, 2001; Flint, Woodruff, & Gardial, 2002). This paper also shows that a relentless focus on competitiveness has major drawbacks: instead of attempting to create and to communicate value to customers, companies risk paying an unjustified attention to current product features of competitors, regardless of whether these features meet customer requirements and truly create superior customer value. Empirical research supports this claim: In a field study involving 20 U.S. Firms over an extended period of time Armstrong and Collopy (1996) find that companies with a pure competitor-oriented strategy are less profitable and less likely to survive than companies with a strong customer orientation. Differentiation from competitors does not per se add value. Differentiation might lead to a sustained investment in product features which do not add any value for customers. Product differentiation strategies have to be preceded by an understanding of the real sources of value for customers, which then will lead to appropriate positioning and pricing. Customer value analysis is a valuable tool even when products are relatively undifferentiated: in this case, insights in the way in which the product adds value can lead to ways to develop the product further and to position the product in ways which add value to customers.

TABLES AND FIGURES

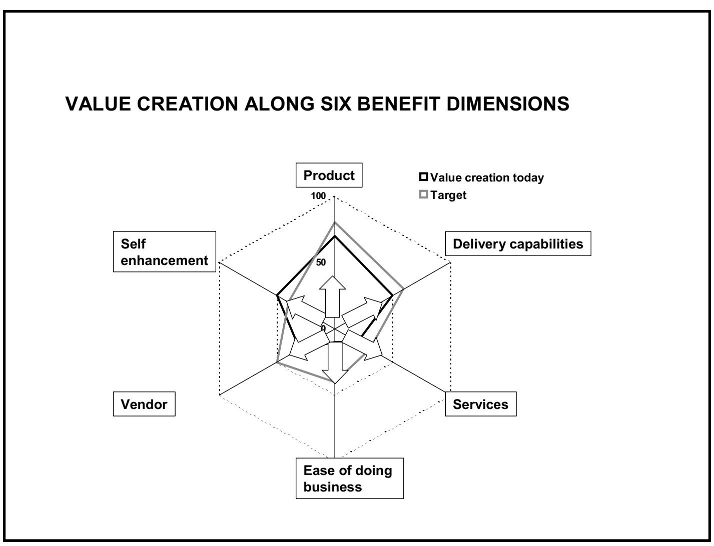

Figure 1: Value creation in industrial markets – six dimensions of customer benefits

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BUYER-SELLING FIRM RELATIONSHIP AND GENDER AS A MODERATING EFFECT

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ABSTRACT

This study examines how a buyer's level of economic satisfaction, relational duration and communication alignment frequency with a selling firm impacts a buyer's level of conflict with the firm. Further, this paper explores buyer's gender as a moderator between the above hypothesized relationships.

INTRODUCTION

Conflict has been found to be the leading cause of organizational setbacks and a significant determinant of cost. Conflict is a product of irreconcilable dissimilarity and should be managed appropriately so as to ensure relationship continuity. Surprisingly with a wide variety of studies focusing on conflict, little is known about how a buyer's economic satisfaction, relational duration and communication alignment frequency impact a buyer's level of conflict with a selling firm. Another issue facing buyer-selling firm relationship is the fact that gender differences exist that either magnifies or minimizes relationship conflict. With the foresight of gender differences in past research, this study intended to explore if differences between male and female buyers impact relationship conflict. Understanding the combined impact of the three hypothesized links on the level of conflict with a selling firm and determining if gender moderates their effects will contribute immensely to the current body of literature in this field.

RESEARCH OBJECTIVE

With the vast amount of research covering the phenomena of conflict, little is known about how a buyer's economic satisfaction, relational duration and communication alignment frequency with a selling firm impacts a buyer's level of conflict with the firm. Therefore, the intent of this study is to empirically investigate how a buyer's level of economic satisfaction, relational duration and communication alignment frequency with a selling firm impacts the buyer's level of conflict with the firm. The second objective of this study is to investigate if male buyers and female buyers differ in their level of economic satisfaction, relational duration and communication alignment frequency with a selling firm in order to avoid conflict with the selling firm.

SAMPLE

Employees working in the purchasing department of firms were asked to participate in this study. The employees were selected based on their face-to-face contact and buying experiences with the selling firm. The questionnaire was available for respondents online. Two hundred and twenty nine respondents completed the questionnaire and after listwise deletion, 188 respondents remained.

METHOD

Multiple regression was used to measure the effects of economic satisfaction, relational duration and communication alignment frequency on a buyer's level of conflict with the selling firm. The Chow test was conducted to examine gender differences with regards to the buyer's level of economic satisfaction, relational duration and communication alignment frequency on the buyer's level of conflict with the selling firm. Moderated regression was then applied.

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CROUCHING ECONOMY, HIDDEN STRATEGY: GOALS AND PRIORITIES IN GLOBAL SOURCING

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ABSTRACT

Cross border sourcing practices may be viewed as organizational resources from RBT perspectives. Our wide review identifies five sourcing goals: performance gains, capacity management, renting competencies, acquisition cost and governance flexibility. We report on a pilot study to test several structural hypotheses with a sample of companies in SE Asia.

INTRODUCTION

Globalization is elevating the purchasing function to strategic importance. Trent and Monczka (2002) reveal several advantages derived from global sourcing. Global sourcing of materials saves 10 – 25 % of costs; price reduction advantages can reach up to 30 % when sourcing from emerging economies. Purchasing ratios from international sources in US firms have increased from 9 to 25 percent in the 20 years to 2000. Clearly there is a strong imperative for global sourcing in business-to-business markets, and this drives world wide integration of economies.

As sourcing becomes more global and strategic, there is the possibility of goal conflict. That firms may have divergent and possibly conflicting goals for a single business process, sourcing, is raised in a recent paper by Parmigiani (2007) that highlights the co-existence of incompatible forms of sourcing, such as make and buy. Much of the modeling literature in economics and management on sourcing contracts reveals tradeoffs that exist between overall cost and governance, for example. These are just two possible goals that may be in conflict, in the short term. There is a broad recognition that the purchasing manager is trading off goals and "must juggle a number of different objectives that often clash." (Hutt & Speh 2008: p. 36).

We raise several questions in this paper: Is sourcing strategic in the Resource Based Theory context? What sourcing goals can we identify that are strategic in nature and intent. In other words, how much a "resource" is sourcing? Is there a sub-structure to goals that lead to conflicts and congruence? Is there an impact of globalization and perceptions of economic integration on sourcing goals? Do some goals gain in importance as others decline with degrees of globalization? How do goal priorities change with degree of global sourcing, perceptions of economic interdependence and the diversity of source locations? The answers could potentially help to explain managerial decision making and improve strategy implementation in global sourcing operations, especially during economic downturns. We approach the questions with a theoretical development of sourcing goals, and an empirical approach to priorities in global sourcing.

The setting of our research is global sourcing by Singapore based companies. Cross border sourcing by Asian firms is less well studied, and recent integration of emerging Asian economies makes for a very dynamic situation. The next section summarizes our framework based on an extensive review of the literature on sourcing goals in company strategy; and following sections describe our survey methods to test the framework. We conclude with a discussion of the main contributions.

LITERATURE REVIEW & FRAMEWORK

Goal formulation is a starting point for most business planning, and organizational buying and is no exception. Goals drive specific objectives and plans are oriented toward meeting those objectives. Typically purchasing goal conceptualization in organizational buyer behavior has taken a functional-descriptive posture, where goals are derived from the observed practices and interpreted as directed at improving efficiency of those practices. From the functional perspective, goals of the purchasing are conceptualized as management of material flows, inventory, quality improvement, supplier relations, lowest total cost, reduced administrative cost, and competitive advancement (Hutt & Speh: p. 36).

Capability to handle several business processes with a competent sourcing architecture raises the issue of how a firm should set sourcing goals as opposed to purchasing goals. From a strategy perspective, Resource Based Theory (RBT) postulates the most basic conflict in market economies is in the competition between processes for resources. Barney (1991), in an influential paper on the resource based view of strategy, includes as resources all organizational processes that "enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness."(p.101). Ray, Barney and Muhanna (2004) recognizes that business process "include the process of acquiring supplies and other raw materials." (p. 24)

Recent research studies (for instance, Hae-Jae Cho and Pucik 2005) address firm performance improvements from resource advantages derived from organizational processes. Sourcing processes are one such organization resource that has not received much attention. One notable exception is Hult, Ketchen and Arrfelt (2007) that examines a culture of competitiveness and knowledge development in supply chains from RBT perspectives. With a similar research objective within the RBT perspective, we argue that sourcing goals may be re-examined for their strategic value.

To qualify as a strategic resource an organizational process must be difficult to substitute, scarce and not easy to develop in the short run. Therefore, our challenge in identifying sourcing goals is to show that they qualify on these criteria. Our review supports five primary goals: performance gains, capacity management, renting competencies, acquisition cost and governance flexibility. Exhibit 1 summarizes a framework of goals from this broad survey of business and economics literatures. We now turn to an empirical study of the sourcing goals framework.

RESEARCH METHODOLOGY

Data collection was done in the middle two quarters of the calendar year 2008. The process was to post an online survey and to invite potential respondents to visit the site and follow the instructions to complete the survey. The respondents were assured in the invitation letter and online their responses would be kept anonymous and analyzed only in the aggregate.

The survey instrument was in several sections. The first two sections of the survey dealt with global sourcing and sourcing goal priorities respectively, and are relevant to this paper. The first three questions were asked in pairs, with responses being the lower and upper extremes of a range. This method of elicitation allowed the respondent to honestly express their uncertainty. Uncertainty is of two types: one, to do with matters of fact like number of city locations of suppliers; and two, to do with subjective predictions like impact of economic slowdown. Both types can be captured by asking for the lower and upper extreme. The next five questions were to do with the relative importance of sourcing goals. We used comparative rating scale for relative importance. For the relative importance, the respondent was instructed to: "… please focus on procurement and sourcing for your ***most important product-market.*** *Product –market* refers to a particular product sold to a particular market segment in which your brand competes for customers; *most important* refers to the highest sales revenue."

A pilot study sample was generated from the *OneSource* online business database by selecting Singapore based managers in purchasing roles. A total sample size of 240 resulted. Two waves of questionnaires were sent through the mail to the entire sample. A follow up phone call was made to about one-quarter of the sample, when a request was made for the email address. Subsequently an email request was made to the purchasing manager to visit the online survey site. There was significant item non-response for the second section with relative importance ratings, with responses ranging from 18% to 7.5%. Therefore, the sample should be considered a convenience sample, and not representative of larger population of firms.

RESULTS & DISCUSSION

Exhibit 2 is a summary of the descriptive statistics. It is useful to initially examine global sourcing variables separately from goal priorities, and subsequently turn to their inter-linkages. Our findings illuminate several key questions.

How can we characterize globalization in sourcing? A interesting picture of global sourcing in recent times emerges from the impact the economic slowdown halfway around the globe has on Asian firms (and uncertainties associated with this impact); the ratio of global procurement spend; and the diversity of supplier locations for each firm (see Exhibit 2(a)). Firms respond to economic slowdown in the world largest economy by reducing their procurement spend. The reduction for Singapore based firms can be as high as 70%, but on average is 26% with a standard deviation of 19%. Uncertainty of the impact is also large with an average range between upper and lower extremes of 17% with a standard deviation of 18%. The range went as high as 90%. Clearly, as the impact is expected to rise, the uncertainty in the impact rises as well. Global interconnectedness is high in sourcing but uncertainties are endemic. The ratio of global spend is 39%, with a standard deviation of 27%. It could be as high as 90%. Compare this with Trent & Monczka (2002) finding for US firms' purchasing ratios of 25 % in 2000. The average number of cities for supplier locations is 20 with a standard deviation of 21. The number of cities could be as high as 90. In sum, the picture of global sourcing is of high interconnectedness leading to significant uncertainties, high proportions of global spend and high diversity among suppliers. However, firms differ widely in the extent of these indicators. There could therefore be significant impact of these indicators on sourcing goal priorities.

What goal structure do the tradeoffs in goal priorities reveal? Comparative rating scales allow us to determine the relative importance of goals. Exhibit 2(b) reveals that Total Acquisition Cost is the most important, about four times more important than Renting Competencies, which comes in last. Correlations among sourcing goal priorities reveal tradeoffs between acquisition cost on the one hand and all other goals (performance gains, capacity management, governance flexibility, renting competencies) on the other. For instance, we observed significant negative correlations with acquisition cost, leading us to believe there is a latent structure driving goal priorities. The confirmatory factor analysis of Exhibit 3(a) shows preliminary validity for two latent constructs. The interpretation of the signs of the coefficient is useful: The primary goals with positive signs characterize the importance of the latent construct relative to acquisition cost which has a negative coefficient. These goals are not mutually exclusive and the correlation between their priorities is a nice confirmation of their coexistence in overall sourcing. Managers perceive them to be complementary to a degree. *Efficiency Goal* is positively related to performance gains and capacity management and negatively to acquisition cost. Performance gains serves to leverage suppliers in better delivered goods and service to clients; and capacity management helps to lower costs and improve utilization of assets. Both of these primary goals achieved at lower cost may be viewed as efficiency improvement. *Effectiveness Goal* is positively related to governance flexibility and renting competencies, and negatively to acquisition cost. The effectiveness of sourcing comes from leveraging hitherto non-existent competencies and creating new value for clients. Achieving this at lower cost is an effectiveness goal.

How does globalization affect latent goal priorities? With reference to Exhibit 3(b), Efficiency Goal is affected significantly by global sourcing, but the Effectiveness Goal appears to be affected somewhat less. As the global spend ratio rises, it lowers the importance of both Efficiency and Effectiveness (more effect on latter). This raises the importance of acquisition cost as a goal in its tradeoff relative to other goals more for Effectiveness, and is an interesting insight into the effect of globalization. Managers are relatively more conscious of costs when their global spend is proportionately higher.

City location diversity has a positive relationship with Efficiency and a negative one with Effectiveness. Firms with greater city location diversity would find Efficiency goals more important. A possible explanation is the logistics become more complex and managing assets that are widely distributed in the supply base becomes a bigger challenge. As the US economy shrinks the resulting shrinkage in procurement spend by Asian firms has a negative impact on Efficiency and Effectiveness. This implies acquisition cost goals rise in importance relative to other goals. Perhaps most intriguing is the importance of uncertainty in the economic impact. Efficiency goals become significantly more important with growing uncertainty in the impact of the slowdown. Risk aversion is the driver here, and the greater the risk associated with sourcing the greater the need for efficiencies for any given acquisition cost.

In sum, global sourcing has distinct impact on effectiveness goals, as captured by importance associated with performance gains and capacity management. There are indications that some global sourcing aspects impact effectiveness goals as captured by governance flexibility and renting competencies. The next section concludes the paper with a summary and direction for further research.

CONCLUSIONS

That multiple goals for sourcing may sometimes be in conflict and sometimes be congruent has been recognized in the literature. This paper makes a theoretical contribution to understanding sourcing goals, and revealing the structure of goal conflict or otherwise. It reports on an extensive review of business and economics literature on sourcing and extracts five primary goals for sourcing. These are: acquisition cost, performance gains, capacity management, governance flexibility and renting competencies. Purchasing managers' perceptions of the relative importance of these goals is the main interest in a subsequent empirical study. We find that managers do indeed make tradeoffs especially with acquisition cost. There was also a structure to tradeoffs between the remaining four goals, which we investigated with confirmatory factor analysis. The latent structure to the goals (based on importance ratings) revealed that (a) performance gains and capacity management were congruent and loaded on a latent efficiency goal; and (b) governance flexibility and renting competencies were congruent and loaded on an effectiveness goal. Acquisition cost, of course, loaded negatively on both latent goals.

In addition, the paper makes a contribution to understanding the practice of global sourcing by Singapore based firms. Three key global sourcing characteristics form practice assessed were: (a) impact of the economic slowdown on procurement spend; (b) extent of supplier location diversity; and (c) proportion of global spend. Further insight derives from how global sourcing characteristics contribute to revealing these latent goals importance ratings.

Clearly larger samples, from other countries are necessary. Development of suitably validated scales of sourcing goals is one direction indicated by this research. With such scales, the latent structure of sourcing goals can be further investigated. The resource based view of the firm suggests that sourcing processes are resource advantages that can improve firm competitive performance. Empirical research is necessary to demonstrate the impact of sourcing goals formulation and resulting sourcing processes on measures of firm performance. This will allow strategic recommendations on sourcing. This paper makes a case for such future work.

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Exhibit 1: Sourcing Goals and Associated Competency. This is a summary from an extensive literature review.

Sourcing Goals	Associated Competency
Performance gain	the improvement in product or service performance or value to your clients that results from the use or inclusion of suppliers.
Capacity management	ability to better manage production or service capacity on account of the suppliers' products or capacity purchased.
Renting Competency	gaining access to specific abilities of suppliers that become available to as a result of purchases or contracts with them.
Acquisition Cost	the cost of the cost of goods sold, including the cost of purchasing and commissioning, maintenance, any ancillary costs, and any administrative costs for capital equipment, or MRO supplies related to suppliers..
Governance Flexibility	ability to better manage your business including better management of relationships with other suppliers and clients.

Exhibit 2(a): Definitions and Descriptive Statistics on Globalization

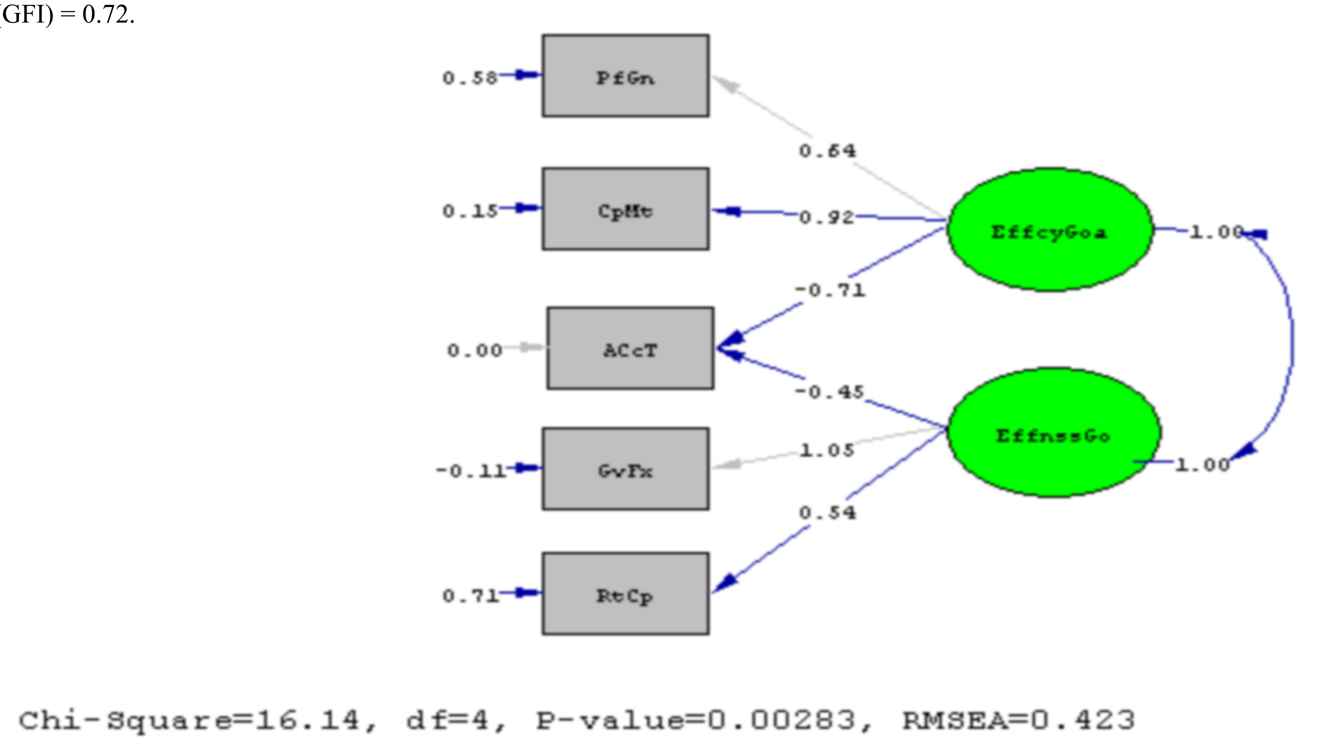
The impending economic slowdown / recession in the worlds largest economy, USA, is likely to impact our annual procurement spend in the coming year by as much as (please enter the range that reflects your uncertainty) %	ProcSpndShrk =[ProcSpendLower + ProcSpendUpper]/2 RangeProcShrk = [ProcSpendLower - ProcSpendUpper]
Number of distinct location cities of our suppliers is between	CityLocDvsty =[SupplyCityLower+SupplyCityUpper]/2
The proportion of our overall annual sourcing spend for purchases from global (as opposed to domestic) sources is between %	GlbSpndRatio = [GlobSorceLower+GlobSorceUpper]/2

	N	Minimum	Maximum	Mean	Std. Deviation
ProcSpndShrk	42	1.50	72.50	26.33	19.24
CityLocDvsty	34	3.00	90.00	20.85	21.33
GlbSpndRatio	34	3.00	90.00	39.40	26.56
RangeProcShrk	42	.00	90.00	16.76	18.31

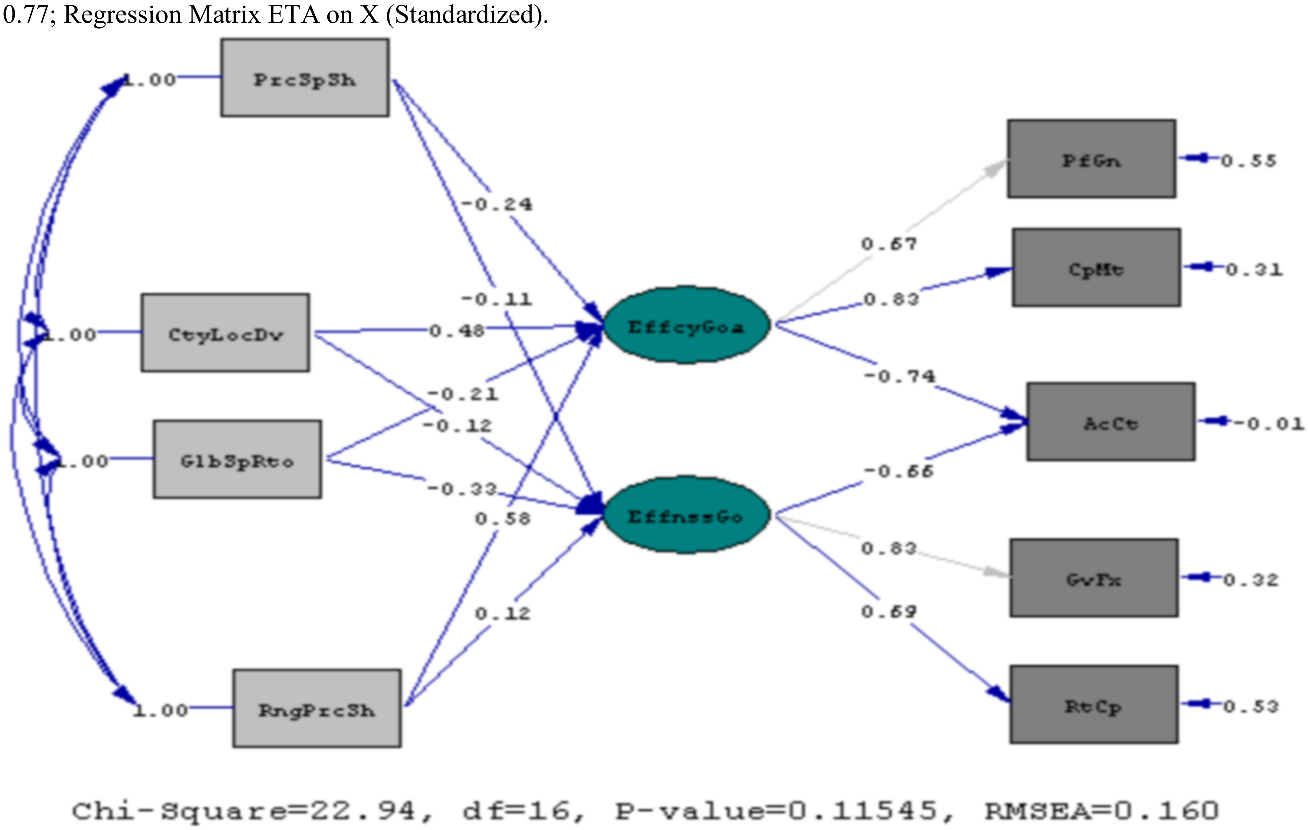
Exhibit 2 (b): Definitions and Descriptive Statistics on Comparative Goal Importance

Instruction //Item		Label	N	Min	Max	Mean	Std
Please allocate a 100 points between the following possible goals to reflect the relative importance of each for your sourcing strategy.	Total Acquisition Cost	AcCt	18	0	70	38.06	18.16
	Performance Gains	PfGn	18	10	40	23.33	7.47
	Capacity management	CpMt	18	5	35	17.67	8.42
	Governance Flexibility	GvFx	18	5	20	11.67	5.42
	Renting Competencies	RtCp	18	0	20	9.28	5.78

Exhibit 3 (a): Structural Model of Sourcing Goal Priorities (Standardized estimates shown). Goodness of Fit Index (GFI) = 0.72.



3(b): SEM of Goal Priorities on Global Sourcing Indicators. Normed Fit Index (NFI) = 0.61, Goodness of Fit Index (GFI) = 0.77; Regression Matrix ETA on X (Standardized).



THE RELATIONSHIP EXCHANGE IN CHINESE BUSINESS-TO-BUSINESS MARKETING

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ABSTRACT

Developing networks of mutual dependence, and creating a sense of obligation and indebtedness is a key to building successful relationships with Chinese communities, and often serves as a lubricant for exchange. While a long-term orientation exists in both Chinese and Western relational practice, the underlying mechanism is somewhat different. Compared with Western concepts of marketing relationships, which are often impersonal, the social capital owned by an individual at the personal level is more apparent in Chinese relations. Whilst in a Western context, the long-term orientation is contingent on trust and commitment, the underlying mechanism that explains the impact of trust on long-term orientation in Chinese relationships is 'renqing', which refers to one's obligation of repaying favors and showing empathy to partners involved in their business network.

This research aims to develop a conceptual framework to explore the relationship between trust and the long-term orientation in Chinese business-to-business market relationships. Based on data collected from a sample of both Hong Kong buyers and sellers, the study is focused on their business relationships with Mainland Chinese partners. Our empirical findings indicate the mediating role and significance of 'renqing' for enhancing trust and contributing towards the long-term stability in relational exchange. The results allow us to highlight several implications for practicing managers to consider when aiming to establish and develop relationships in a Chinese business-to-business context.

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DOING BUSINESS AS USUAL WOULDN'T CUT IT ANYMORE: GENDER IDENTITY AND CONSUMERS' BRAND PERCEPTIONS

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ABSTRACT

Gender, one of the most profound social factors, shapes and constructs our individual activities and group experiences. Gender, as a complex social-psychological construct, has been distinguished from sex in that sex refers to a person's physiological identity, while gender refers to psychological features associated with physiological sex that are socially constructed (Bem 1974, 1981; Spence and Helmriech 1978). The marketing literature to date largely treats gender and sex as interchangeable concepts; therefore, the marketing literature has demonstrated little success in predicting gender-related consumer behavior in an increasingly complex market setting replete with highly-specialized product offerings (Palan 2001).

Based on gender schema theory and multi-factorial gender identity theory, the study provides an up-to-date and complete perspective to understand consumers' gender identity and brand perceptions. Specifically, it is suggested that gender identity must be understood beyond physiological identification to include psychological and even sociological gender roles (Palan 2001; Spence and Sawin 1985). As such, this study proposes a tripartite perspective view of gender identity: physiological, psychological, and sociological gender roles. The three gender constructs can provide better explanatory value in consumer research because they all have distinctive impacts on consumers' attitudes and behaviors.

This study is specifically interested in understanding consumers' gender identity and their brand perceptions. Branding is a compelling mechanism for differentiating across market offerings. By building strong customer-based brand equity, firms may garner consumer-based brand loyalty to forge an enduring competitive advantage within and across product categories. Three perspectives of consumer-based brand equity: salience brand equity, attitudinal brand equity, and relationship equity. The potential relationship between gender identity and three dimensions perspectives of brand equity are empirically assessed.

An online survey was conducted to collect consumer panel data about consumers' brand perceptions and choices regarding skin care products. Results from regression analysis and path analysis suggest that physiological gender alone cannot adequately explain consumers' brand perceptions. The empirical analysis offers further support for including three unique gender related constructs (physiological gender, psychological gender traits, and gender role attitudes) to understand gender-related consumer behavior.

This research contributes to marketing theory and practice in several ways. First, it focuses on a research area that becomes increasingly important but receives scant attention in the marketing literature. Furthermore, it addresses consumers' intrinsic needs underlying gender identities, and thus allows practitioners to target potential market segments and to better position their brands. The study can also benefit public policy and societal marketing. Imagery of men and women portrayed through a brand can either support existing gender stereotypes or offer alternative ways of identifying with gender portrayals. It is important for marketers to avoid stereotypical representations of gender classifications that may not be aligned with societal norms or individual aspirational role sets.

References Available on Request

RE-FOCUSING THE DOMAIN OF THE MARKETING DISCIPLINE IN A MANAGERIALLY-RELEVANT WAY

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ABSTRACT

There is persuasive recent evidence that marketing is held in low regard both by scholars of management and of the social sciences (Burton, 2005; Piercy 2002) and by business managers and stakeholders (Grönroos, 2006; Sheth et al. 2006). The argument in this paper is based on recent conceptual analysis of organizational capabilities and of the underlying processes by means of which any capability is actualized (Helfat et al. 2007). In the argument a distinction is made between the 'what' of a process (the end it is intended to serve), the 'how' (the connectivity and sequencing of decisions and resources deployed to activate the process) and the 'who' (the assignment of managerial ownership of the process). A premise of the argument is that the essence of organizational capabilities and processes is the integration of knowledge from several different disciplines (Grant 1996).

The current low status of marketing is explained by: first, the ingrained habit within the discipline of labelling as a 'marketing process' *any* process whose performance would be improved by an input of relevant knowledge about customers or consumers, even if the process also uses distinctive knowledge and skills from other disciplines; and, second, by the ingrained habit within the marketing discipline of claiming for itself exclusive ownership of any process traditionally called a 'marketing process'. The conjunction of these two habits has resulted in 'errors of commission' and 'errors of omission' in defining the current domain of marketing. 'Errors of commission' occur when the domain of the marketing discipline is confounded with phenomena and concepts which are the distinctive concerns of other disciplines: competitor analysis is an example, since this more appropriately derives from economics (Porter 1980); choosing target markets is another, because knowledge from operations analysis, economics and finance is needed so that the choice is well-matched competitively to the capabilities of the organization. 'Errors of omission' occur when marketing scholars lose perspective on, if not actual sight of, what distinguishes marketing from other disciplines.

The first main proposition in the paper is that the distinctive and important contribution that the marketing discipline can make to understanding real-world phenomena derives from developing and facilitating the use of expert knowledge about customers and consumers. The second main proposition is that the distinctive and important contribution of marketing to the management of a business organization is to develop expert knowledge about customers and consumers and to infuse this into the managerial and organizational processes that are used to activate organizational capabilities (Srivastava et al. 1999). The first proposition re-focuses the domain of marketing on customers and consumers, thereby ending the astonishing treatment of consumer behaviour research as a 'sub-discipline' of marketing (Jones and Shaw 2002) and its exclusion from the authoritative *Handbook of Marketing* (Weitz and Wensley 2002). The second proposition shows the managerial relevance of the re-focused domain.

The proposed re-focusing of the domain of marketing is in all but a few respects consistent with other recent definitions of marketing, for example with that by Grönroos (2006) after an insightful critique of the logic behind the AMA 2004 definition. It differs from Grönroos's definition in two ways: it is not confined to the role of marketing within a business organization; it emphasizes that that the role of marketing is to *help* with the design and execution of multi-disciplinary-based processes rather than to exercise exclusive ownership of them.

The proposed re-focusing of the domain allows a simple answer to the question 'what is marketing': the study of customers and consumer behaviour. Despite remaining managerially-relevant, the re-focusing does not inherently pre-dispose the discipline to address phenomena within business organizations, but rather is well-aligned with current sub-groups whose research deals with marketing and society phenomena (Wilkie and Moore 2006). It does not imply that a marketing scholar or expert has, more than anyone else, a moral or professional duty to be a customer advocate. Last but not least, re-focusing the domain of marketing on customers and consumer behaviour will help to rescue the discipline from the low status in which it is held currently by scholars in other disciplines and by business managers and stakeholders.

References Available on Request

LIFE SCIENCES MARKETING: BENEFIT-BASED SEGMENTATION OF FUNCTIONAL FOOD MARKETS

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ABSTRACT

Consumers have moved beyond choosing foods simply to maintain everyday health. Food is now used to optimize performance and reduce risk of diseases. Functional foods are foods which claim to, in addition to their nutritional value, have specific health effects. Consequently, the specific health effects have formed the basis of the marketing strategies of functional foods. However, evidence whether the specific health effects constitute the main benefits consumers are looking for in these products is limited.

Consumers also want individual products targeted to their personal needs and wants. This encourages the marketers to categorize the diverse markets into more homogenous consumer groups, in other words, to segment the markets. Various segmentation bases are introduced in the literature, one such being product benefits, that is, things that consumers need and want from products. However, few attempts have been made to study whether the benefits of functional foods could be used as a segmentation basis for functional food markets. Thus, the aim of the study was to find out first, what are the primary benefits consumers seek from functional foods, and second, could these benefits be used as a basis for the segmentation of functional food markets?

The data for the study were obtained in spring 2004 from a questionnaire mailed to 3,000 households in Finland, of which 778 replied, a response rate of 26 %. Four different products selected for the questionnaire: cholesterol-lowering spread, cholesterol-lowering yoghurt, probiotic juice, and probiotic cheese. Cholesterol-lowering products claim, naturally, to lower the level of cholesterol, while probiotic products claim to enhance the well-being of the stomach and the gut.

Previous studies have identified taste, healthiness, security, habit, family preferences, convenience, and price as benefits of functional foods. In this study, two new benefits were added, namely the desire for variety and the use as a supplement or substitute for medicine. In addition to demographics and socio-economics, included in the questionnaire were specific questions about the respondents' and their families' health status. Thus, to respond to the specific health effect of lowering cholesterol level, a question about the cholesterol level of the respondents and their spouses was presented. In addition, as high cholesterol is a typical symptom of the so-called metabolic syndrome, of which other symptoms include high blood sugar and high blood pressure, also questions about these specific health problems were included. On the other hand, to respond to the specific health effect of enhancing the well-being of the stomach and the gut, a question about stomach aches was included. These profiling variables were used to explore differences between the segments.

The results of the study showed that in general, the most important benefits of functional foods were positive influence on health, lowering the risk of disease (health-related benefits), desire for variety, and taste. The importance of these benefits varied across different products.

The benefit-based segmentation of functional food markets showed that consumers who had specific health problems used functional foods primarily for their health-related benefits. On the contrary, consumers who did not have the specific health problems the products promised to relieve, used functional foods primarily for other reasons the most important ones being desire for variety and taste. Generally, these consumers did not even have other specific health problems. However, this does not mean that the healthiness of the products was irrelevant for these consumers. In fact, especially for the desire for variety, this benefit-based segment seemed to take into account the healthiness of the base products, in contrast to the specific health effects. Thus, even for consumers who buy functional foods for the desire for variety, the products must be perceived as healthy. Furthermore, the benefit-based segment profiles were different for each product.

The segmentation of functional food markets should be based on benefits. Moreover, functional foods should first and foremost be marketed in terms of their health-related benefits. These include both the specific health effects (lowering cholesterol, enhancing the well-being of the stomach and the gut), and the healthiness of the base products. However, functional foods should also be marketed in terms of other benefits, the most important ones being taste and desire for variety. These benefits are especially important to consumers who do not have any specific health problems.

References Available on Request.

INTEGRATED COGNITIVE MODEL INCORPORATING MEANS-END CHAINS, MARKETING AUDIT AND RESOURCE-BASED VIEW

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ABSTRACT

This study applied means-end chain (MEC) analysis and the concept of marketing audit to develop a hierarchical cognition of marketing audit (HCMA) model of marketing staff cognitions toward marketing planning processes. The HCMA model revealed the marketing audit checklists that should be prioritized by managers, how managers can satisfy their employees to achieve their goals and how companies can obtain valuable resources needed to enhance competitive advantage. Ultimately, by applying the HCMA model and the resource-based view, researchers can perform firm-specific marketing audits, identify core marketing competences and explore new business opportunities. By properly and effectively using core resources, businesses can achieve sustainable competitive advantage by creating value for both customers and employees.

References Available on Request.

BRAND INTERDEPENDENCY VERSUS BRAND DEPENDENCY: A MASLOW'S SELF-ACTUALIZATION PERSPECTIVE

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ABSTRACT

This paper conceptualizes Maslow's traditional needs framework to explain the impact of various levels of needs on the formation of distinct self-concept brand image congruity constructs and resulting temporal and dynamic forms of brand loyalty (i.e., brand dependency and brand interdependency).

INTRODUCTION

There is a long stream of research that has been conducted to better understand the creation and maintenance of brand loyalty. Self-concept brand image congruity has been shown to be an important antecedent to brand loyalty. Self-concept theory suggests that high levels of perceived congruity between one's own self-concept and the image of an external object is likely to lead to increased levels of attachment towards that object (Grubb and Grathwohl 1967).

This study is primarily concerned with capturing both the temporal and the dynamic, evolutionary natures of the brand loyalty phenomenon. Additionally, the literature is lacking an understanding of the conditions under which self-concept brand image is considered congruity relevant or irrelevant in the creation of customer loyalty, and how enduring the relationship is between consumers and brands based on self-concept brand image congruity.

In the present study, we propose that Maslow's traditional needs framework is particularly relevant to consumer congruity constructs since a major focal point in such constructs is one's own self-concept. Maslow (1968) provides a framework of human needs that is based upon the notion that human beings strive for health and the realizing of full human potential. We argue that the relative importance of one's self-concept in a consuming context may vary based upon the level of needs one is seeking to fulfill, and even one's view of one's self-concept may be influenced by one's current level of needs. The purpose of this paper is to develop a theoretical model in an effort to explain the differing roles that self-concept brand image congruity plays in the governing of brand dependency, brand interdependency, and the processes of brand loyalty creation by utilizing Maslow's Hierarchy of Needs.

THEORETICAL FRAMEWORK AND PROPOSITIONS

Maslow and Congruity

Maslow's hierarchy of needs is likely to directly influence the role of self-concept brand image congruity. This is due to the impact that certain level of needs can have on the importance of one's own self-concept and the perception of one's own self-concept. Since self-concept brand image congruity is based upon the perceived similarities between one's own view of one's self-concept and the image of a brand, any force that may have implications on one's perception of their own self-concept or even the relative importance of one's self-concept, can dramatically affect the impact of such congruity constructs.

Grubb and Grathwohl (1967, p. 24) conceptualize self-concept as it relates to the self as, "The self is what one is aware of, one's attitudes, feelings, perceptions, and evaluations of one's self as an object." As we will discuss, one's level of awareness of these aspects of one's self can be influenced and/or reflected by their current level of needs.

Survival Needs and Self-Concept Brand Image Congruity

Both physiological and safety needs can be characterized as survival needs. Therefore, for individuals at the survival needs level, we do not anticipate any impact of self-concept brand image congruity on brand choice. However, consistent with Maslow's theory, if these physiological and safety needs are met, then it is likely that an individual will move to the higher order of needs beginning with belonging needs.

P1: Consumers who have satisfied their survival needs will progress to the level of ego-related needs (belonging and self-esteem).

The availability of outer resources (i.e., financial resources) is likely to moderate the relationship between the progression from survival needs to belonging needs. Oleson (2004) explains this rationale by stressing the relative importance of financial resources over age in aiding in such a progression, suggesting that financial resources can raise the level of needs for any two persons of the same age,

P2: The availability of outer resources will moderate the relationship between a consumer progressing from survival needs to ego-related needs. That is, with higher levels of outer resources, survival needs are more likely to progress to ego-related needs than with lower levels of outer resources.

Ego-Related Needs and Self-Concept Brand Image Congruity

While belonging needs and self-esteem needs are higher-level needs when compared to survival needs, they are still deficiency-related needs. Research related to ego development and its processes suggests that one's ego is formed primarily due to the unexamined belief that one is somehow self-deficient (Tolle 2005). Therefore, the primary motivation of the ego is to become sufficient, and individuals' motives will be based upon the desire of the ego. Importantly, however, researchers and philosophers contend that the ego that is created is not who an individual actually is since the ego erroneously believes that the true nature of oneself is self-deficient.

The ego is referred to in similar ways in marketing literature. MacCannell (2002, p. 148) describes the notion of ego as stating, "The ego claims to have an identity, and it demands of others that they respect its claim. With its every gesture, the ego is saying, in effect, 'Look at me. Look up to me'". The notion that one's ego possesses an identity and demands respect for itself supports the premise that one's ego identity is distinct and separate from one's actual identity.

When dealing with self-concept brand image congruity, while the fact that the ego, which is also commonly referred to as "the false self" in psychology literature, is not likely one's true nature, it does serve as the focal point of one's assessment of one's self. Therefore, it is highly likely that individuals who are currently within the ego-related needs levels (i.e. belonging and self-esteem) are aware of the attitudes, thoughts, and feelings of their ego. Thus, in these instances one's self-concept is still created, however, the focal point of one's self-concept is identification and awareness with their ego and not their true selves. Imperative to survival of the ego is identification with form, such as a belief, body, or an external object (e.g. brands) (Tolle 2005). Therefore, individuals who are within these ego-driven needs levels may be highly likely to use external objects, including the images of brands, in their efforts to satisfy theses self-deficiency needs (i.e. belonging and self-esteem).

An important distinction for an individual at these levels, however, is that their self-concept brand image congruity is based upon the awareness of one's ego and the perceived similarity between one's awareness of one's ego and the image of a particular brand. Thus, it is highly likely that an individual whose primary needs are belonging or self-esteem needs will tend to "use" the images of particular brands to fulfill this ego need. Marketers, being cognizant of this phenomenon often communicate the social and self-esteem benefits of a brand to consumers.

P3: Ego-related needs are positively related to ego self-concept brand image congruity.

Ego Self-Concept Brand Image Congruity and Brand Dependency

Research has shown that the consumers may be more loyal to brands whose symbolic images are congruent with their own self-concept. An important characteristic of the use of these brands, however, is that individuals at the belonging and self-esteem needs levels use these brands to alleviate their perceived self-deficiencies. Consumers who use brands for these reasons, therefore, are likely to feel psychological pain if they were to be separated from these brands (Belk 1988). Since the ego self-concept brand image congruity is based upon the needs of the ego, it is expected that the consumer-brand relationship involving an individual whose needs are based on belonging and self-esteem will be dependent in nature. This dependency is based upon the perceived ability of the images of these brands to fulfill one's belonging and self-esteem needs, and, therefore, the fear of loss of these brands.

In characterizing individuals whose personalities are dependent in nature, Blatt and Schichman (1983) suggests that these personality types arise out of developmental difficulties in the achievement of self-definition. The authors further state that these types of individuals are preoccupied with the availability of love and support and are extremely anxious about loss. In the ego self-concept brand image congruity related context, consumers with ego-related needs feel strong desire, yearning, or craving for favorite brands that in turn may create emotional dependency on the object of passionate love (Buss 2000).

P4: Ego self-concept brand image congruity is positively related to brand dependency.

Consistent with Maslow's needs theory, it is expected that once an individual's needs for belonging and self-esteem are sufficiently met, then self-actualization needs will emerge in that individual.

P5: Consumers who have satisfied their ego-related needs will progress to the level of self-actualization needs.

The availability of inner resources is likely to moderate the progression of an individual from ego-related needs to self-actualization. Indeed, Maslow, himself, theorized that few people are ever able to progress to the level of self-actualization (Papalia and Olds 1988). Therefore, it appears that, for many individuals, simply fulfilling the needs of belonging and self-esteem is necessary but not sufficient for this progression. In this context, inner resources can be conceptualized as an individual's inner motivation and courage to transcend the ego and realize one's true self. Since one's ego can be extremely strong, and if an individual has identified with his/her ego, then transcending the ego can be akin to the death of one's ego.

Maslow (1968), himself, alludes to the importance of inner resources in transcending the ego. In discussing the difficulty in attaining the level of self-actualization, he states (Maslow 1968, p. 43), "The more growth-motivated the person is the more problem-centered he can be, and the more he can leave self-consciousness behind him as he deals with the objective world."

P6: The availability of inner resources will moderate the relationship between a consumer progressing from ego-related needs to self-actualization needs. That is, with higher levels of inner resources, ego-related needs are more likely to progress to self-actualization needs than with lower levels of inner resources.

Self-Actualization Needs and Self-Concept Brand Image Congruity

In describing the self-actualized person, (Maslow 1968, p. 42) states, "It is just this person … who most easily forgets or transcends the ego, who can be most problem-centered, most self-forgetful, most spontaneous in his activities …". Therefore, transcendence of the ego appears to be necessary for an individual to reach the level of self-actualization needs. From a self-concept congruity perspective, however, it is still likely that self-actualized individuals may prefer brands whose images are similar to their own. Importantly, ego-transcendence does not imply an absence of awareness of the self. More specifically, it signals a shift from awareness and identification with one's ego to an awareness of and identification with one's true self. Therefore, a self-concept emerges that is different from one based upon one's ego, rather a self-concept that is based upon one's true self. Brooker (1975, p. 573) found that those individuals who scored high on the consumer self-actualization test (CSAT) tended to be, "more relaxed, more outdoorsy, more secure, happier, more outgoing, more homebodyish, more natural, and non-drinkers".

These descriptors of self-actualized individuals strongly suggest that self-actualized individuals do have attitudes, feelings, and an awareness of who they are. Therefore, it is likely that these individuals would be likely to engage in transcendent self-concept brand image congruity assessments. The primary difference between this type of congruity assessment and ego self-concept brand image congruity assessment is that the self-concept in self-actualized individuals is based upon the awareness of one's true self and not one's ego. The fact that self-actualized individuals do possess an awareness of their self leads to the logical assumption that these individuals do possess a self-concept, simply one that is based upon their true self and not their ego.

P7: Self-actualization needs are positively related to transcendent self-concept brand image congruity.

Transcendent Self-Concept Brand Image Congruity and Brand Interdependency

It is expected that transcendent self-concept brand image congruity will lead to a brand relationship, however, a relationship that is qualitatively different than brand dependence. A forehead, it has been theorized that individuals, who are seeking to fulfill ego-related needs (i.e. belonging and self-esteem) through the consumption of brands whose images symbolize the fulfillment of these needs, become dependent upon these brands. This is primarily because such individuals may only feel the fulfillment of these needs through the ownership of such brands, and the loss of those brands would result in the dissatisfaction of these needs. However, self-actualized needs are categorized as needs relating to achieving a higher level of being, and not self-deficiency needs. Therefore, those individuals who are self-actualized feel some degree of self-sufficiency based upon their true selves. In these self-actualized individuals, their relationship with brands that are perceived to be congruent with their true selves is likely to be interdependent in nature.

Moreover, the passionate nature of brand dependence makes this relationship vulnerable to the flow of time and, therefore, may fade with consumers' prolonged experience with brands and consumers' needs development (Shimp and Madden 1988). Building on the notion of the close relationships theory, we state that brand interdependence is characterized by high diversity, strength, and longevity of consumer-brand relationships. Therefore, it is theorized that transcendent self-concept brand image congruity may lead to a consumer-brand relationship that is interdependent in nature.

P8: Transcendent self-concept brand image congruity is positively related to brand interdependency.

CONCLUSION

This paper presents a theoretical framework in an effort to better understand the impact of an individual's needs level on self-concept brand image congruity and provides a grounded account on the fundamental question of the psychological processes that underlie different forms of brand loyalty. A central focus of this paper theorizes that the role of self-concept brand image congruity will have different impacts on brand loyalty, as well as emerging distinct types of consumer-brand relationships depending upon the current level of needs of an individual. Specifically, self-concept brand image congruity is theorized to have no impact for those individuals who are currently facing survival needs. Furthermore, it is theorized that consumer-brand relationships for those individuals who are facing ego-related needs will be dependent in nature, while those individuals who have transcended their ego-related needs will experience consumer-brand relationships that are interdependent in nature.

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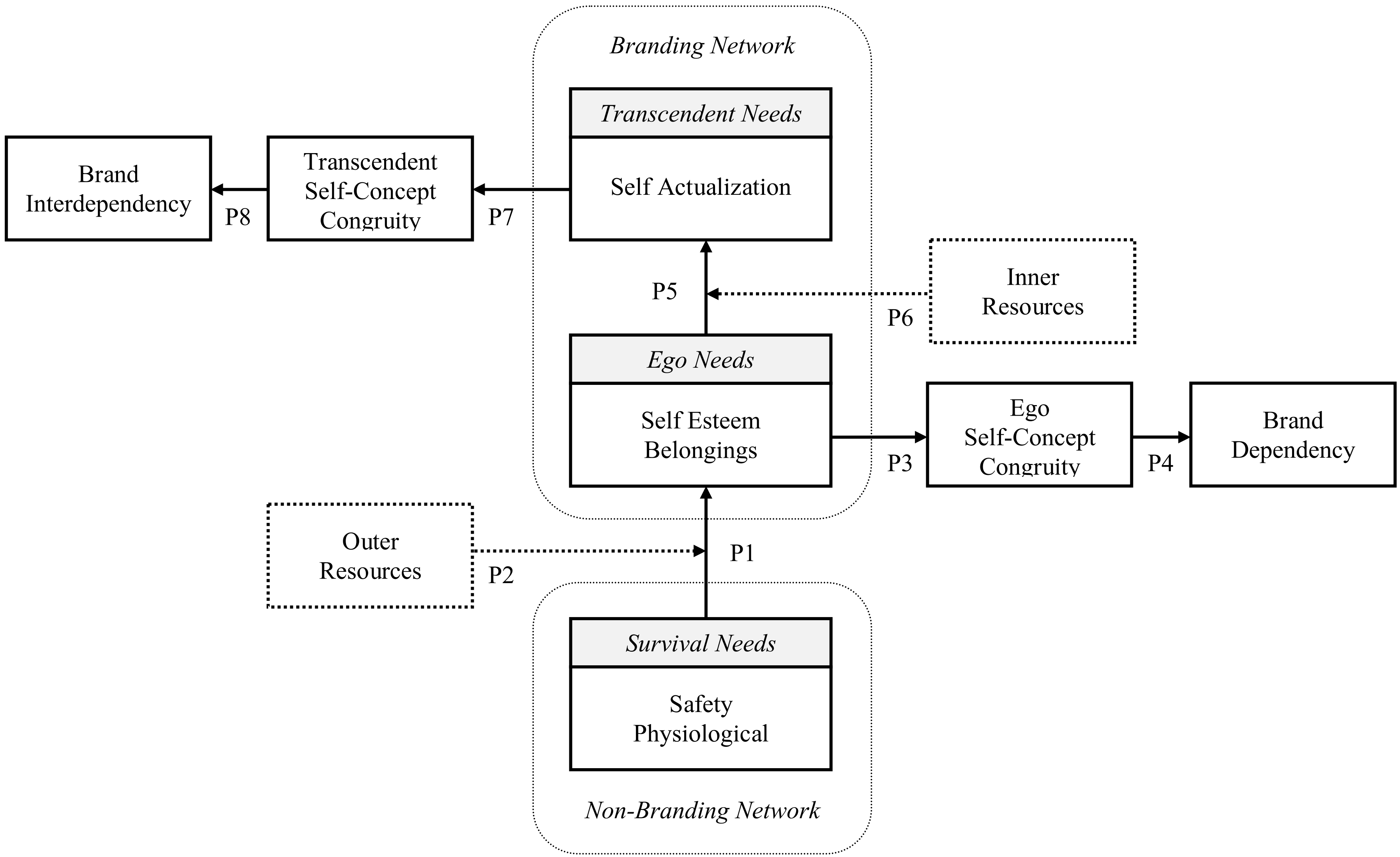
Figure 1: Conceptual Model



BRAND COMMUNITY PARTICIPATION

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ABSTRACT

In today's highly competitive and often hostile marketing environment, brand communities offer a fresh, effective, and vital approach to forging deep and enduring affective bonds between consumers and brands. Because of the growing recognition that value is created by the brand community in the exchange process, marketing scholars continue to dedicate a considerable amount of effort to understanding the process of brand community cultivation. A key feature of this process is brand community participation (BCP). In this research, we set three primary objectives in order to enhance the understanding of BCP and its antecedents and consequences.

The first objective was to conceptualize BCP and develop a new measure of this construct. Based on a literature review and qualitative research findings, our study conceptualizes BCP as a second-order construct in terms of three key dimensions: member-message interaction, member-member interaction, and member-activity interaction. A critical point is that no single dimension is sufficient for capturing all the characteristics of BCP. Our second objective was to examine the antecedents of BCP. The results suggest that extraverted consumers are more likely to participate in a brand community than introverts. In particular, we find that perceptions of value motivate consumers to engage in a community and stay committed to it. With regard to the group-level antecedents of BCP, we find that social identification significantly enhances community participation. It provides evidence that the overlap members perceive between their own unique self-identity and their group-based identity encourages BCP.

Another key finding of our study is that perceived critical mass has a positive effect on BCP. When deciding to participate in a community, consumers take account of how many other owners of the same brand are actively involved in the brand community and how much they have contributed to it. Regarding the relationship-level antecedents of BCP, relational trust influences community participation positively. Unlike the dyadic settings used in previous buyer-seller research, community participation takes place between at least three parties, but there may be no direct reciprocity among the players; consequently, "free-riding" is relatively easy to engage in. Moreover, our theoretical perspective and findings suggest that brand relationship satisfaction has a significant effect on BCP.

The third objective of our study was to investigate the consequences of BCP. The findings support marketing theory propositions that community participation facilitates the spread of underlying mimetic processes and, more importantly, helps members learn about community rules – a process that significantly influences consumer attitudes and imitative behavior. Finally, we demonstrate BCP's positive and significant impact on consumer power. To the best of our knowledge, the present work is the first to empirically test this proposition. The authors discuss the theoretical and practical implications of their findings.

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HOW DO THEY REALLY HELP? AN EMPIRICAL TUDY OF THE ROLE OF DIFFERENT INFORMATION SOURCES IN BUILDING BRAND TRUST

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ABSTRACT

Previous research shows past experience contributes to consumers' brand knowledge and affects consumers' trust in the brand. However, little is known of the mechanism through which user experience influences brand trust. The present research examines how user experience affects brand trust in comparison with the effect of two other information sources: advertising and word of mouth (WOM) communication. The results of this study indicate that brand knowledge directly contributes to brand trust. In the mean time, it mediates the effect on brand trust of user experience and other information sources. This confirms that enhancing brand awareness and increasing consumer knowledge of the product, company and perceived value are inarguably important ways to build and sustain consumers' trust in the brand. The findings reveal that the three information sources have differential impacts on brand trust with user experience being the strongest influence. Unlike WOM that influences brand trust solely through its impact on brand knowledge, user experience was shown to affect brand trust both directly and indirectly, suggesting the mechanism of consumer trust formation varies with the sources of information.

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A MIXTURE MODEL TO ESTIMATE CUSTOMER VALUE FOR E-SERVICES

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ABSTRACT

This study devises a novel customer value model to predict customers' value in an Internet environment, utilizing the concept of finance in the current status to predict future value based on historical data. The proposed model makes three contributions: (1) it constructs an equation to measure customer value for Internet-based services, (2) it considers the customer and enterprise perspectives simultaneously, and (3) it observes changes in customer value for any specific Internet user. The simulated results reveal that, in a long-term simulation, customer value decreases as the predictive time moves away from now because of deviations in perception and expectation.

INTRODUCTION

In the past, companies changed their focus from product-oriented within marketing (1960s) to demand-oriented within quality improvement (1980s). Today, they emphasize customer services, customer loyalty, and customer profitability such that customers drive future strategies and are an important part of assets for most companies. Not only are companies are aware of the significance of customer loyalty, they also consider how customers are beneficial in terms of a long-term relationship.

Liu et al. (2000) indicated that high customer value will result in superior customer satisfaction and affect customer loyalty. When customers are loyal to products or services, the benefit to the company is enormous. Moreover, enterprises operate more effectively if they realize further value from consumers or potential customers. Hence, retaining loyal customers is the foundation of profit from either the cost or the revenue perspective; good customer relationships drive companies' survival.

The significance of customer-centric services is undisputed. A great deal of research has investigated the effect of customer lifetime value (CLV), but it has focused on lifetime value only of existing customers, and most of this research has focused on physical products or services (Berger, 1998). This study devises a novel model (the CV model) to predict customer value in an Internet environment (e.g., based on e-services).

This model complements the existing CLV model by addressing customer value a different perspective and provides clues to customer value for future e-service providers. We use a simulation to conduct a numerical analysis in order to demonstrate the concept and feasibility of our model. The proposed model makes three contributions: (1) it constructs an equation to measure customer value for Internet-based services, (2) it considers the customer and enterprise perspectives simultaneously, and (3) it observes changes in customer value for any specific Internet user. The rest of this paper is organized as follows. Section 2 surveys the extant literature, in areas such as customer value/customer lifetime value and service quality. Section 3 devises a model for measuring the customer value of e-services. Section 4 provides the results of numerical analysis, Section 5 discusses the major contributions, and section 6 provides a conclusion.

A MODEL OF CUSTOMER VALUE

In this section, we construct a model of customer value that simultaneously enfolds the customer and enterprise perspectives. The concept of our model is:

$$\text{Customer Value} = \frac{\text{Profit}}{\text{Access Cost}} \qquad (1)$$

Access cost indicates the time required for a customer to access e-services, measured from the beginning to the end of using e-services. Profit denotes the amount of profit that is generated by customers using e-services, measured by (1) reach rate of advertising (from the enterprise) and (2) perceived e-service quality (from the customer). Reach rate may result in extra benefits for the enterprise, and any gap between perceived quality and expected quality will affect the additional benefits; if the gap is negative, the additional benefits will decline and, if the gap is positive, the additional benefits will increase. Hence, our model annotates that customer value is the profits generated by customers per unit of access cost. This concept differs from conventional customer lifetime value, which takes into account only the financial perspective.

Eq. (1) can be unfolded into **Eq. (2),** which extends time cost and profit to the customer and the enterprise perspective, respectively, such that:

$$CV = \frac{NI\left[1+\sum W_i R_m + \sum (PS - ES)\right]}{Access \quad Cost}, \tag{2}$$

where *CV* denotes the profit generated by a customer per unit time, *NI* is the net profit of a company, *R* is the ratio of information that is delivered to the customers, *m* is the different types of media (e.g., newspaper, magazine, television, radio, and Internet), *w* is the importance of the indicator, *PS* is the perceived value of e-service(s) for a customer, *ES* is the expected value of e-service(s) for a customer, and Access Cost is the average cost for a customer to access e-service(s). We utilize a 7-point Linkert scale to measure PS and ES.

Moreover, we employ two methods to utilize historical data: the Simple Average Method and the Weighted Average Method. Simple average method estimates the average of historical data to predict demands over a short time period with low incident of variation. In our model, we employ this method in estimating *NI*. For example,

$$F_t = \frac{A_{t-1} + A_{t-2} + A_{t-3} + ... + A_{t-n}}{n},$$

where F_t is the predicted value for *t,* A_{t-1} is the historical data for time *t-1*, and *n* is the time period. The weighted average method distinguishes the degree of effect for different historical data. The degree of effect will be huge and the value of weight will be large when the historical data is closer to the starting point, and these measures will decrease as the data moves farther from the starting point. For example,

$$F_t = W_1 A_{t-1} + W_2 A_{t-2} + W_3 A_{t-3} + ... + W_n A_{t-n}$$

$$\sum_{i=1}^{n} W_i = 1,$$

where $W_n = \text{Value of Weight}$.

Enterprise Perspective

This section discusses the enterprise perspective of the model in terms of certain variables. *FV* denotes the net income of the targeted enterprise, and *R* indicates the reach rate, which is estimated as follows:

$$\text{R} = \frac{\text{Number of Visited Users}}{\text{Population of Internet Users}} \times 100\%$$

This study utilizes the reach rate of advertisements as the basis by which to measure customer value. While *m* stands for the channels through which enterprises attempt to contact customers, since our model is based on e-service environment, we utilize the internet as the major channel. In our model, we denote R_m to represent the reach rate of different Internet portals and W_i to represent their weights to the enterprise. Next, R_m and W_i is multiplied for each Internet portal, and all multiplied values are summed to obtain the complete effect from different media:

$$CV = \frac{NI\left[1+\sum(W_1 \times R_1 + W_2 \times R_2 + W_3 \times R_3 + ...) + \sum(PS - ES)\right]}{Access \quad Cost} \tag{3}$$

In short, we assume the synergy of reach rates from different Internet portals affect additional benefits. The concept is to leverage the effect of different Internet portals. In this part, the generated output is non-negative which is considered as positive effect for the model.

Customer Perspective

This section denotes the concepts of certain variables for the customer perspective, including *PS*, *ES*, and Access Cost. *PS* is the customer's perception after using e-services, measured by the average weight of historical data. We assume the data that is close to the baseline (now) has a high weight value. *ES* is the customer's expectation before using e-services, which is affected by how confident the customer feels about the enterprise. *ES* is also measured by the average weight of historical data. The data that is close to the baseline (now) has high value of weight. Access cost is the time cost based on how much time a customer spends when s/he uses the e-service(s). We omit the search cost and consider only the actual use time because search cost is difficult to obtain and measure. The unit of access cost is the hour. Zeithaml et al. (2002) proposed the e-SERVQUAL instrument to measure 7 constructs of e-service quality (i.e., efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and contact). The current research utilizes e-SERVQUAL to measure customers' expectations and perceptions based on the 7 constructs using three steps: in Step 1, we specify the items for each construct; in Step 2, customers provide their expectation and perception scores for each construct; and in Step3, we estimate the difference between measured expectation and perception. In the final scores of expectation and perception, 1 is a low score and 7 is a high score for an e-service. We convert the difference between *PS* and *ES* to the concept of percentage (as shown in **Eq. (4)**) in order to attain consistency in the equation; meanwhile, we estimate the additional benefits for a customer. In **Eq. (4)**, *N* represents the number of constructs.

$$CV = \frac{NI\left[1+\sum W_i R_m + \sum\left(\frac{PS-ES}{N}\times 10\%\right)\right]}{Access \quad Cost} \tag{4}$$

In short, the advantage of using e-SERVQUAL is to obtain the difference between expectation (before using the e-services) and perception (after using the e-services) for a customer. We assume the effect is positive when *PS* is greater than *ES* and that that difference will generate additional benefits to the enterprise. Conversely, the effect is negative when *PS* is lower than *ES* and will reduce additional benefits to the enterprise. Hence, the estimated customer value considers both enterprise (profit) and customer (perception) at the same time.

A NUMERICAL ANALYSIS

This section provides a numerical analysis to demonstrate the feasibility of our model. We simulate the historical data of *NI*, *R*, and Access Cost, and the differences between *PS* and *ES* (as shown in Table 1). *NI* represents the net income of an e-service provider; the simulated range is around $130,000 per month. *R* is randomly generated, based on a 70% reach rate, since the Internet is supposed to have high reach rate. Access cost is randomly generated by the report that indicates the average time for Internet access by the global population is 31.3 hours. Finally, we assume four situations of difference between ES and PS: (1) PS > ES with large difference, (2) PS > ES with small difference, (3) PS < ES with large difference, and (4) PS < ES with small difference.

According to our estimation (as shown in Fig. 1), situation (1) generates the highest customer value (10326.42), and situation (4) generates the lowest (3753.04). The difference between highest and lowest customer value for situation (1) is 2092.51, while it is 1356 for situation (29), 11165.92 for situation (3), and 611.08 for situation (4). The curve for situations (1) and (2) fluctuate, revealing that customer value undergoes significant changes. The effect of the difference between *PS* and *ES* is insignificant for situations (1) and (2), although the curves show that customer value may decrease significantly, especially in a long-run perspective because the estimated *R*, *ES*, and *PS* will decrease and weaken additional benefits from customer value.

On the other hand, the curves for situation (3) and (4) are flat, revealing that customer value is stable. This finding is due to *PS* being lower than *ES*, regardless of whether the difference is large or small, resulting in almost no effect for additional benefits. When *PS* is lower than *ES*, the difference between the two variables is negative and affects the effect of *R*, leaving the increment of customer value with insignificant changes. The differences between highest and lowest CV for situations (3) and (4) also confirms our claim that our CV model measures the additional benefits of customer value by considering the effect of reach rate and customer perceived quality of e-services simultaneously. More real-world data or simulations can be enfolded to further validate the CV model for the e-service industry.

DISCUSSION AND LIMITATIONS

The model by which measure customer value has changed with the technology revolution. The extant literature investigates the relationships among products, service quality, and customer value in direct marketing (Dwyer, 1989; Mulhern, 1999), but this paper proposes a different perspective of a model for customer value in a ubiquitous environment. In the proposed model, we utilize the concept of finance to predict future value based on historical data. The model also takes into account service quality, which is difficult to quantify. Some research has emphasized the relationship between customer and service quality (Parasuraman et al., 1988; Cronin and Taylor, 1992; Brown, et al., 1993), but it has not predicted customer value. Our CV model predicts customer value but may not be consistent with real-world values. However, we can provide clues for companies toward the idea that e-services have the potential to affect customer value.

Generally, reach rate is the most useful measure with which companies can execute marketing strategies. Some research has indicated that word-of-mouth can affect CLV, but problems may be caused by over-involvement of customers (e.g., ethical crises). Thus, this work considers how advertising influences customer loyalty and places reach rate as a variable in our model. In this research, we focus on e-services that customers can consume over the Internet. However, the proposed model can be applied to other industries so future research can investigate different types of markets (e.g., the completely perfect market) and observe and predict the changes in CV.

CONCLUSION

This paper proposes a model with which to measure customer value that is different from the perspective of the traditional CLV model. In the proposed model, we take into account financial and marketing concepts (e.g., reach rate) to predict customer value. The simulated results reveal that, in a long-term simulation, CV decreases as the predictive time recedes from now because of deviation of perception and expectation. The difference between *PS* and *ES* reveals insignificant differences when *PS* is greater than *ES*, whether that difference is small or large. Our other simulated results show that the CV model is stable when *PS* is lower than *ES*, whether the difference is small or large. Decreasing the differences between *PS* and *ES* may result in lower customer value, but customer value decreases in a long-term simulation. That is, the trend of customer value is not necessary an increase, but it can be stable in some situations. In short, the CV model and CLV both come from the customer perspective, but CLV measures customer lifetime value without prediction while the CV model provides an avenue by which to consider customer and enterprise perspective simultaneously. Thus, the CV model not only complements the CLV but assists enterprises in identifying customer value and generating superior benefits.

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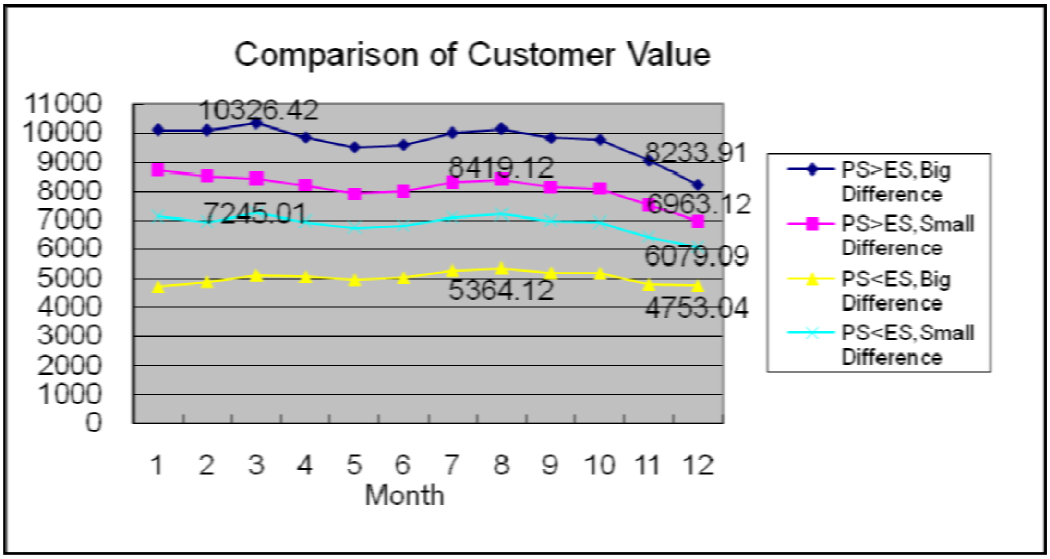

Figure 1 Comparison of customer value

Table 1 Simulated values of variables for historical data

Historical Data				α=0.8		β=0.2	
Month	**NI**	**R**	**Access Cost**	**PS<ES**	**PS<ES**	**PS>ES**	**PS>ES**
1	125,574	0.723	25	-6	-2	4	1
2	126,744	0.741	22	-5	-2	5	1
3	126,025	0.717	30	-5	-1	5	0
4	127,546	0.725	35	-6	-2	5	1
5	128,878	0.758	25	-6	-2	4	0
6	127,648	0.768	21	-5	-2	5	1
7	129,258	0.762	28	-6	-2	4	1
8	129,992	0.77	35	-5	-1	5	1
9	130,248	0.764	33	-5	-2	4	2
10	130,542	0.755	27	-6	-1	5	-1
11	129,845	0.763	30	-6	-2	6	2
12	130,025	0.759	30	-7	-1	6	3

LINKING SERVICE AND INNOVATION PROCESSES ON THE INTERNET: A FRAMEWORK FOR CUSTOMER-FIRM CONSTELLATIONS IN ELECTRONIC NETWORKS

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ABSTRACT

Co-creation on the Internet mainly refers to product development tasks undertaken in collaboration with customers, though customers participate even more closely in service creation. As the relational potential of customer–firm interactions becomes increasingly important, this article attempts to foster a deeper understanding of the role of the Internet in different types of service and innovation processes, capable of both generating implicit knowledge in a value network of collaborating actors and bringing ideas to the market. A cross-case study reveals that operant resources on the Internet build around the buying process of the customer while also drawing a circle through the value chain. The architecture of the value chain changes from a single-directed stream to a loop of knowledge exchange that includes almost every vertical stage. When exploiting the relational capacity of customer–firm interactions on the Internet, firms therefore cannot assign customer input to a certain functionality but rather must decipher it through interdisciplinary approaches that involve the cooperation of multiple areas.

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SERVICE QUALITY IN THE IRANIAN CELLULAR TELECOMMUNICATIONS MARKET

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ABSTRACT

This paper evaluates service quality in Iran's mobile telecom market based on the well-known SERVQUAL model, with modifications made by Wang Po-Lo (2002) to reflect the industry attributes of mobile telecom. Based on 250 respondents, results indicate that there is a support for the application of this model in Iran.

INTRODUCTION

Service quality is increasingly recognized as being of key strategic value by organizations in both the manufacturing and service sectors (Lewis et al., 1994). Competition has prompted firms to be more concerned with the quality of their service delivery, and cellular telecommunications sector is no exception. During the past few decades, service quality has become a major area of attention by practitioners, managers and researchers owing to its strong impact on business performance, costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Gummesson, 1998; Silvestro and Cross, 2000). As a result, there has been continued research on definitions, modeling, measurements, data collection procedures, data analyses etc. According to Brown (1992), customers prefer organizations that deliver higher service quality, and suppliers can charge a premium for superior service qualities.

Parasuraman et al. (1988) indicate that service quality has become a significant differentiator and the most powerful competitive weapon that all service organizations seek to possess. For an organization to gain competitive advantage in terms of service quality, it must use technology to gather information on market demand and exchange information between organizations for the purpose of enhancing service quality.

As one of the fast growing industries, telecommunications is at the core of the Information Society. The dissemination and progress of culture go hand in hand with the possibility of interacting and sharing ideas, again putting telecommunications at the center stage. That would be a good reason of why it is such an interesting area to study. Growth in this industry is fueled by the increased competition that has arisen due to globalization and deregulation. One specific area within telecom sector that has created a lot of attention recently is the cellular communications arena. This industry is undergoing a radical transformation at present, creating exciting new opportunities and challenges for infrastructure and service providers.

Mobile telecommunications companies, like other firms, consider customers to be their most important assets. As a result, many firms are transforming their organizations to meet the demands of new, competitive environments. They are recognizing that customers can be a particularly valuable resource for incremental profit and development and the key to successful transformation is that the organization becomes more customer-driven.

In this paper, we selected Iranian cellular telecom market as the case study. Mobile telecommunication in Iran is experiencing massive changes and a rapid growth. This market has witnessed a transformation from a monopoly to a highly deregulated, relatively open and free competitive market. At the time of this study, there existed three telecom operators in Iran, two new entrants within three years, and the forth one will start its operation in 2010 (Global Insight, 2007). There were 10.6 million mobile subscribers in Iran by September 2006, corresponding to a penetration rate of 15.4%, up from 7.2 million subscribers by 2005 which illustrates a tremendous growth (ibid). Thus, in mobile telephony sector in Iran, the threat of new and potential entrants is becoming serious. Subscribers now have more alternatives to choose from according to their convenience, perceived performance and service quality. In such a competitive market place, understanding customer needs becomes an increasingly important factor. To compete, companies are moving from a product-centric to customer-centric position.

THE RESEARCH MODEL

Measuring the quality of a service can be a very difficult exercise. Unlike product, a service can have numerous intangible or qualitative specifications. Researchers and managers thrive on learning details about components of service quality in their organizations for clear reasons of customer satisfaction, increased profitability, etc. In this context, different models of service quality gain specific importance as they not only help in learning the factors associated with service quality, but also provide a direction for improvements. As a way of trying to measure service quality many models have been developed such as the perceived quality model (Grönroos, 1982), the Kano model (Kano, 1984), RATER (Zeithaml, 1990), SERVPERF (Cronin & Taylor, 1992), the GAP model (Parasuraman, Zithaml & Bitner, 1996), SERPVAL (Lages & Fernandes, 2005) and the most well-known one, SERVQUAL (Parasuraman, Zeithaml &Berry, 1988).

Many have suggested that quality results from a comparison of perceived performance with expected performance (Kang, 2006). Indeed, this notion was the basis of the SERVQUAL model, which views service quality as the gap between the expected level of service and customer perceptions of the level received (Parasuraman et al., 1988).
SERVQUAL identified five determinants of service quality:

1. reliability
2. assurance
3. tangibles
4. empathy
5. responsiveness

Nyeck, Morales, Ladhari, and Pons (2002) stated the SERVQUAL measuring tool "remains the most complete attempt to conceptualize and measure service quality".

Furthermore, as Wang and PO-Lo applied the SERVQUAL instrument to the mobile telecom market in China, which was the studied sector of our research, in addition to five general dimensions of SERVQUAL, network quality was considered the sixth dimension for performance in mobile telephony based on a qualitative study of organized customer focus groups. Network quality is indicated by excellent indoor and outdoor coverage and in the clarity of voice reproduction, without any connection break-downs (Figure 1: The Research Model).

Based on this model, one proposition and six hypotheses were concluded and tested by data analysis, as follows:
(P1) Factors associated with service quality (SERVQUAL) are significant drivers of customer perceived service quality in Iran's mobile telecom market.
(H1) Tangibles have a significant influence on customer perceived service quality.
(H2) Reliability has a significant influence on customer perceived service quality.
(H3) Responsiveness has a significant influence on customer perceived service quality.
(H4) Assurance has a significant influence on customer perceived service quality.
(H5) Empathy has a significant influence on customer perceived service quality.
(H6) Network Quality has a significant influence on customer perceived service quality.

RESEARCH METHODOLOGY

A modified set of the original 22-items of SERVQUAL was used to measure functional quality. Such modification of the instrument for different service settings has been recommended by the developers of SERVQUAL (Parasuraman et al., 1994). The population of this research was the customers and users of existing mobile operators in Iran. The sample consisted of mobile-phone users in Iran who were selected randomly and interviewed either by direct interception in operators' representative shops or random phone calls asking them to answer the questions. A total of 10 customer care employees (four male and six female) were trained for data collection. Cell-phone users were selected as participants because the outcome quality of this service is easily discernible by consumers. A total of 320 questionnaires were distributed and data collection yielded a final usable sample of 250 completed surveys which shows a response rate of 78.1%.

For checking internal consistency, we relied on composite reliability measures (ρ) as suggested by Chin (1998) and on the average variance extracted (AVE), as suggested by Fornell and Larcker (1981). We tested discriminant validity by comparing the square root of the AVE for a particular construct to its correlations with the other constructs (Chin, 1998) and by examining cross-loadings of the constructs.

As seen in Table 1, the composite reliability for internal consistency shows that values for all constructs are above the suggested threshold of 0.70 (Nunnally, 1978). Once more, from Table 1, it can be understood that Cronbach's alpha for all constructs is above 0.5, which implies that all measures are highly reliable. Also, all AVE scores exceed 0.7, which implies another factor of reliability. Table 2 presents discriminant validity statistics.

DATA ANALYSIS AND RESULTS

The data collected from questionnaires was analyzed using the PLS (Partial Least Squares) method, which first constructs new explanatory variables, known as factors (or components) that are linear combinations of predictor variables. The PLS method enables a simultaneous analysis of how well the measures relate to each construct and whether the hypothesized relationships at the theoretical level are empirically confirmed. Using the PLS results of the service quality model, and the R^2, it can be determined that more than 62% of the variance in service quality with mobile services of the sample is explained by the model, providing strong evidence of the strength of the model in explaining and predicting service quality. Figure 2 and Table 3 demonstrate the results of PLS data analysis.

From the obtained results, it can be stated that nearly the entire standardized path coefficient relating to the six factors (excluding tangibles and responsiveness) associated with service quality had the expected positive signs and were statistically significant. The results of responsiveness and empathy had negative signs because the questions that were asked related to these two factors used negative words, which means the negative sign of these factors must not be considered. As for the key drivers of perceived service quality, the standardized path coefficients and the T-Statistics show that, reliability, assurance, empathy and network quality all have significant, positive influence on service quality in Iran's mobile telecom market. However, tangibles and responsiveness were not supported as significant predictors of service quality, which implies that P1 is partially supported. Therefore, in this part, H2, H4, H5 and H6 are verified and supported, while H1 and H3 are not.

CONCLUSION

While there is no published SERVQUAL study for the telecom industry in Iran, the outcome of this study concluded that four of six dimensions of service quality were strong predictors of service quality in Iran’s mobile telecom market and had positive influences on customers' perceived service quality. Gathered empirical results showed that in mobile telecom industry in Iran network quality, empathy, assurance and reliability are strong determinants of service quality while tangibles and responsiveness are weak ones and aren’t salient dimensions in forming service quality perceptions.

Although there are few players in Iran's mobile telecom market, the competition between them is more intense than ever. They compete not only in terms of network quality by substantial investments in network extensions and upgrades, but also in terms of customer acquisition and satisfaction via direct and indirect strategies. Based on the studied model, the present research successfully applies what is derived from service quality literature to the mobile telecom sector with evidence from Iran, providing a comprehensively integrated framework to understand the dynamic relationships among dimensions of SERVQUAL in the marketplace.

According to the results of this study, firms expecting to build and maintain competitive advantages in this market must seek to deliver higher and better service quality. In other words, they must pay attention to and invest more on programs and approaches that increase their service quality, if they want to survive this market. As a result of the findings, a managerial priority should be to identify the most important factors in assessing service quality. Additionally, managers should make key performers aware of their role in customer perceived quality and provide these individuals with adequate training in order to offer a consistently high standard of service delivery. It is important that service quality be reassessed on a regular basis.

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FIGURES AND TABLES

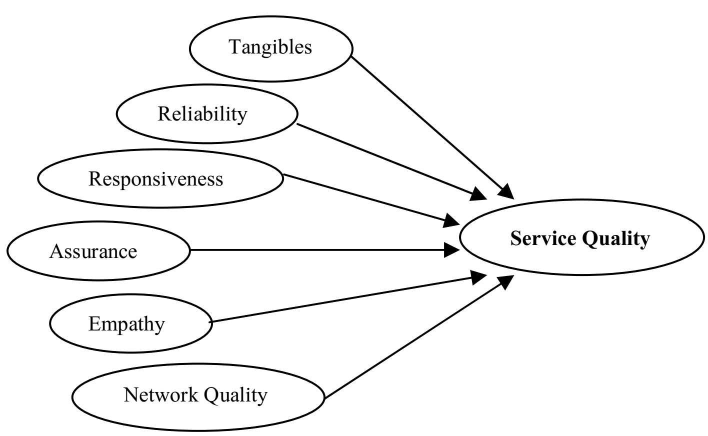

Figure 1: The Research Model

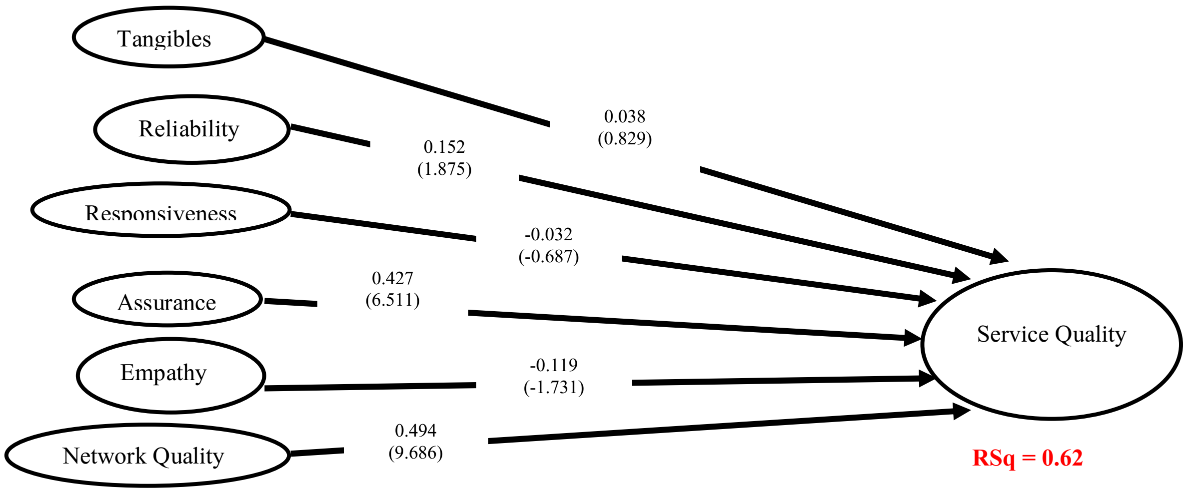

Figure 2: Results of PLS Analysis

Table 1: Reliability and AVE

Construct	Composite Reliability	AVE	Cronbach Alpha
Tangibles	0.91824	0.90375	0.92854
Reliability	0.94345	0.91342	0.96349
Responsiveness	0.97536	0.92345	0.95135
Assurance	0.94651	0.89399	0.90648
Empathy	0.96378	0.95884	0.97064
Network	0.98006	0.89928	0.91576
Service Quality	0.98736	0.92465	0.94684

Table 2: Correlations and Average Variance Extracted (AVE)

	Tangible	Reliability	Responsiveness	Assurance	Empathy	Network Quality	Service Quality
Tangible	0.100						
Reliability	0.625	0.100					
Responsiveness	0.597	0.573	0.100				
Assurance	0.629	0.596	0.469	0.100			
Empathy	0.591	0.582	0.497	0.587	0.100		
Network	0.586	0.521	0.507	0.530	0.653	0.100	
Service Quality	0.502	0.584	0.431	0.599	0.634	0.498	0.100

Table 3: Summary of Hypotheses Tests Results

Hypothesis	Effects	Structural Coefficient	T-Statistics	Remarks
H1	T -> SQ	0.038	0.829	N.S
H2	R -> SQ	0.152	1.875**	S
H3	RS -> SQ	0.032	0.687	N.S
H4	A -> SQ	0.427	6.511*	S
H5	E -> SQ	0.119	1.731**	S
H6	NQ -> SQ	0.494	9.686*	S

T: Tangibles, R: Reliability, RS: Responsiveness, A: Assurance, E: Empathy, NQ: Network Quality, SQ: Service Quality
* $p<0.01$, ** $p<0.05$, S: Supported, N.S: Not Supported

EFFECTS OF ADAPTIVE SELLING BEHAVIOR AND CUSTOMER ORIENTATION ON PERFORMANCE: AN EMPIRICAL ANALYSIS OF PHARMACEUTICAL SALESPEOPLE IN AN EMERGING MARKET

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ABSTRACT

Salesperson adaptive selling behavior and customer orientation have been the main focus of researchers and practitioners over the past several decades. Adaptive selling enables salespeople to tailor messages to fit customers' needs and preferences (Weitz, Sujan and Sujan, 1986).

Growing globalization and the need to sustain competitive advantage internationally as well as domestically provides strong necessities for management to understand factors affecting salesperson performance in international environments (Anderson, 1996). Consequently, there is a strong need to understand the applicability of theories and measures developed in the Western countries to other culturally different countries. However, majority of the published empirical studies on salesperson adaptive selling behavior and customer orientation have been based on samples from the US and other Western nations (Franke and Park, 2006). The scarcity of the published research on salesperson performance is even more evident in developing countries although these nations are amongst the most promising prospects for sales growth (Ellis, 1994). In countries like the US, whose national culture is characterized by a high degree of individualism and low uncertainty-avoidance, customers and salespeople might be relatively more receptive to varied sales presentations and, therefore, adaptive selling behavior might be important for superior sales performance. What remains unclear is if the salesperson adaptiveness leads to similar positive outcomes in countries with significantly dissimilar national cultures (Park and Deitz, 2005).

Therefore, the objective of this study is to examine pharmaceutical salesperson's customer orientation and adaptive selling behavior on their performance in a culturally different country environment. Using personal interview, data was collected from Turkish pharmaceutical salespeople to examine the hypothesized relationships. Our results indicate that customer orientation had significant effects on sales performance, satisfaction, and adaptive selling behavior. Furthermore, adaptive selling behavior had significant effects on sales performance, customer orientation but not significant with its relationship to satisfaction. Finally, the experience of the salespeople had significant effects on their likelihood to practice adaptive selling.

References Available on Request

WHAT SALES PEOPLE DO: OBSERVATIONS OF SUCCESSFUL BEHAVIORS IN LIVE SALES MEETINGS

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ABSTRACT

This paper presents the results of a large-scale qualitative study exploring what sales people actually do in live sales meetings. The findings show that sales people spend too much time talking and demonstrate poor listening, value discussing, and negotiating skills, suggesting the need for a different emphasis in sales training.

INTRODUCTION

In the US, over a trillion dollars are spent annually on sales and sales materials, more than any other part of the promotional mix (Kotler 2003). However, the performance of the sales force is a serious concern with a recent study of 111 senior sales executives from 96 worldwide organizations finding that "in general, the executives were underwhelmed by their sales forces' performance" (Atkinson and Koprowski 2006:22). Consequently, a fall in the number of people employed in sales has been recorded in the US (Ligos and Cohen 1998) and the same reduction is reflected in the UK, driven by the increasing cost of maintaining the sales force. An investigation into sales performance and capacity to identify what attributes combine to form a successful sales person is therefore timely. This research tests previous normative research and reveals the actual behaviors used by sales people in live sales meetings. It contributes to knowledge by demonstrating which of these behaviors positively contribute to sales success and which are not. The results are also of relevance to practitioners, since they suggest areas in which sales people require additional training.

Although sales forces are smaller than previously, they are still one of the most expensive parts of marketing communications (Doyle 2002; Kotler 2003). In a competitive marketplace the sales person must provide value for money. Plank and Dempsey (1980:143) noted that, "Firms that market to organizations usually rely on personal selling for most of their promotional effort" principally because sales people already have an established relationship with their customers and can combine products and services more naturally (Brady et al. 2000; Jackson et al. 1994).

One obstacle to improving the performance of sales people is that many organizations (especially industrial firms and those selling consumer durables) continue to focus on sales volume as a measure of success (Viswanathan and Olson 1992). However, sales people add value to customers in a number of ways; for example, providing local information, marketing ideas and merchandising opportunities; and expanding product/service portfolios (Cespedes 1994). The sales force is said to play a key role in creating value for customers and reducing customer dissatisfaction (Johnson et al. 1989; Rackham and DeVincentis 1999). Consequently, an important strand of research has looked at the attributes of a successful sales person.

A number of previous studies have provided insights into what sales people themselves believe makes them successful (Allen 2006; Hodge and Schachter 2006; Jaramillo and Marshall 2004; Kennedy 2006; Mayer and Greenberg 1964). These studies indicate that the activities sales people should perform fall into five basic areas: Pre-meeting, Presenting, Behavior, Listening, and Selling. Flynn and Murray (1993) and Dimopoulou and Fill (2000) found that the most important attributes of a sales person are their credibility, their knowledge and their professionalism. The sales force represents the company to its customers, finds new customers, and can answer questions about products, services and the company. Personal selling allows direct interaction between the buyer and the seller. This two-way communication allows for identification of the buyer's specific needs and problems, so that the presentation and demonstration of the product/service's features and benefits can be tailored to the customer's needs (Doyle 2002). A study by Brent and Rogers (2007) argued that the "ability to apply knowledge, skills, and personal attributes, to solve the customer's problem… underpinned by the core capabilities and competencies of the firm" provide the basis for successful sales behaviors (Brent and Rogers, 2007:35). This suggests that it is the actual behaviors in sales meetings that drive sales success. The problem to date has been obtaining sufficient observations of sales people in live sales meetings to understand how these are linked to success, a problem that is addressed in the current research.

METHODOLOGY

A key research objective was to investigate sales success in live sales situations. To ensure that the observations were of meetings directed primarily towards selling, the research focused on new business sales people. Structured observation (Mintzberg 1970) was utilized on 306 new business sales people (Newton 1969) in live sales interactions across 23 organizations in a range of industries. Each person was observed in at least two sales meetings and cumulative behavior recorded. Following Rackham (1988), the observer joined the sales person at their sales meeting. Thus, participants were aware of the observation and knew that the results of the data collection were to be used for theory development and fed back to their own organizations to assist in sales training.

The structured observation took the form of a scorecard exploring the five categories identified in the literature review (Pre-meeting, Behavior, Presenting, Listening and Selling). Initially, the scorecard was created by a panel of three senior sales executives (practitioner validity). It was subsequently tested for academic validity by two sets of independent sales academics. The scorecard as used for data collection in this paper consists of 150 observation points. These 150 observation points are spread over 28 dimensions (providing a cumulative score out of 10 per dimension) which are used descriptively to demonstrate sales person behaviors in the five categories.

The observations were conducted by seven trained scorecard specialists, using techniques of direct observation of the sales meeting and interviews before and after the event. The seven are subject matter experts with a minimum of 10 years of sales management experience. All have undertaken and completed structured training on the scorecard tool followed by a period shadowing experienced observers. To ensure ongoing consistency all coders meet at least monthly to discuss code treatments, resulting in low inter-coder variability.

Since the research objective is to explore the behaviors of sales people in sales meetings, the data analysis is predominantly descriptive (frequencies, means and confidence intervals). Behavioral data rarely follows the conventions of normality as assumed in many analysis techniques (e.g. ANOVA and Structural Equation Modelling). Under Kolmogorow-Smirnov and Shapiro-Wilk normality tests, eight and ten of the 28 dimensions respectively were significant at the <0.05 level indicating high incidents of non-normality. Although the sample size is sufficiently large to permit the use of parametric tests in some instances (Wang et al. 1996). Levene tests for equality of variance in all but five of the dimensions gave significant results indicating that equality of variance is not present. With this in mind we have used tests which do not require the assumption of equality of variance such as Games-Howell post hoc ANOVAs to test between industry groups and Spearman's Rho non-parametric correlation to test for the relationship between activities and sales success.

RESULTS

Out of a possible 280 points of difference only 36 showed a significant difference in mean scores using Games-Howell post-hoc ANOVA tests. In other words, sales people from different industries actually sell in very similar ways.

Given that, in major business-to-business sales, many meetings do not result in an order, data were collected on three measures of sales success: closing the deal; closing to the next stage; and setting next steps and time scales. In fact, relatively few sales meetings led to closure: only 9.1% of the sales people were observed to close a deal. Of greater concern, the extent to which they were able to close the deal to their pre-meeting objective was very low. Closing to the next stage is the nearest alternative. Participants were scored zero if they failed to move the sale forwards and 10 if they moved the sale forward substantially. Over 40% of the sales people failed to make substantial progress in their meetings. The least demanding measure of sales success was to set next steps and time scales to build on the relationship. Although most participants scored higher on this, the overall picture of sales success is unimpressive.

With regard to Pre-meeting, most sales people are personally well-presented and do a substantial amount of pre-meeting preparation: background reading, getting together appropriate materials etc. However, distinctly fewer set agendas for their meetings or qualify that they are talking to the right person in the first instance. These findings suggest that, although sales people take time to ensure they are prepared, they perhaps do not maximize the efficiency of their face time by setting agendas and making sure they are talking to the most appropriate person.

Behavior explores how the sales people conduct the meeting. They spend considerable time building a rapport with their customer, are polite and civil, conducting themselves in a professional and amenable way. Generally, they are good at managing their time and on objectives throughout the meeting to achieve what they set out to cover. However, there is room for improvement in how they introduce themselves, their organization and their products in the initial phases of the meeting. Cumulatively, the Behavior dimensions are the highest scoring group for the sample, closely followed by the Pre-meeting scores. This suggests the average sales person is a well-presented, polite and friendly individual who does their homework but perhaps neglects to manage the meeting.

The Presenting dimension is the first to reveal a strong inclination towards certain types of activities at the expense of others. The sales people in this sample spend a disproportionately high portion of their time demonstrating their knowledge of the marketplace, products / services and company offerings, and explaining in depth what the company has to offer. However, there is a strong tendency to discuss the offerings in isolation, not talking about how this product compares to the competitors, nor discussing how the company's history, success stories and anecdotes make this a business or product capable of delivering true value to the customer. Most disturbing of all, many sales people fail entirely to discuss the sales value proposition.

Listening behavior is difficult to observe directly so is measured here by the degree to which the sales person uses information gleaned during the meeting. Effective listening should result in a better ability to specify the clients' needs, understand their pains, and use this understanding to demonstrate the benefits of their company's offerings. Compared to the Pre-meeting, Behavior and many of the core Presenting activities, there is a noticeable drop in the extent to which sales people listen. Few scored six or more, indicating a tendency for the sales people to talk more than listening. 'Understanding pains' in particular is low scoring and objection handling is also poor in many of the people observed.

'Selling' is the behavior by which a salesperson moves beyond the pitch to the actual sale. Most of the sales people observed had alarmingly low scores on selling. There are two possible explanations: either the sales people "talked through" the sale (spoke too long so that the customer lost interest) or they were pitching to the wrong person (the customer was not interested in the offering). It is remarkable how poorly many of the sales people handled negotiation and objection handling, traditionally a focus of sales training and seen as a core part of the sales role. The findings indicate that sales people may be under-trained in interaction, particularly listening and negotiation.

Having observed what sales people actually do in sales meetings, a secondary objective is to link these behaviors to sales success. The results identified how the observed activities link to sales success, showing that sales people have a tendency to focus their time and attention on presentational activities, looking good, building rapport, and demonstrating technical and market knowledge. They spend less time interacting and on self-organization such as setting agendas, listening, discussing customer issues and discussing the value the products can produce for them. This analysis suggests that, although presentational behaviors such as product and service knowledge, company offerings and marketplace understanding are important and related to sales success, they are far from the most important activities for sales people. There are behaviors that are far less frequent yet which appear to have a greater impact on sales success. These are listening and then interpreting this knowledge: matching customer pain to the offerings, specifying the customer's needs, creating solutions on the fly; and objection handling.

DISCUSSION AND LIMITATIONS

The findings of this study are of interest to both academics and practitioners. The results suggest negligible differences in sales behaviors across the five industries studied; a wider-scale cross-industry comparison is needed to confirm this commonality. The research provides some useful guidance on how sales people could improve their success in meetings; effectively, sales people need to move away from 'talking up' their company, products/services and marketplace understanding, and spend more time engaging with the customer in terms of better listening and negotiating. Finally, the research offers some direction for sales directors and sales trainers; it would appear that sales people are failing to communicate value propositions effectively.

One limitation of this study is that, although we have attempted to provide robust rigorous and consistent data collection, having practitioner researchers provides a limit to the level of formal training they have received in research methodology. However, the relevance and saliency of the research outweighs this limit. A second limitation lies in the selection of sales meetings by the sales person; this means that customer and relationship type was not controlled for. Consequently, we cannot differentiate between sales persons' behavior and customer unwillingness to engage (such as propensity to buy or unwillingness to listen). That said, the sales people were likely to choose their better prospects so sales success was, if anything, likely to be overstated.

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AN INTRODUCTION OF DOMINANCE ANALYSIS IN THE PERSONAL SELLING CONTEXT

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ABSTRACT

Conducting relative importance analysis assists the researcher who is using multiple regression for prediction and theory testing purposes. Relative importance refers to the proportionate contribution each predictor makes to R^2 taking into consideration both its individual effect and its effect when shared with the other variables in a regression equation (Budescu 1993). In sales and marketing research it is often useful to examine which independent variables contribute most to the R^2 so that judgments regarding the relative contribution of each independent variable can be made and the explanatory power of the model can be properly evaluated.

Several methods for assessing relative importance have been utilized in previous research such as: squared zero order correlations, squared beta weights and standardized regression coefficients. However, these methods are generally deficient either because (1) they are unable to provide estimates when independent variables are moderately correlated or (2) because they rely on inferred measures and not all of the variables effects are taken into consideration (direct, partial and total) (Azen and Budescu 2003; Johnson and LeBreton 2004).

According to Johnson and LeBreton (2004) dominance analysis was specifically developed for use when examining the relative importance of correlated predictors in a multiple regression. Often times when examining outcome variables such as sales performance or communication skills of salespeople the independent variables in the model are correlated. Using traditional methods of testing the relative importance may not be appropriate or lead to inaccurate judgments.

Other advantages of dominance analysis are that the estimates are intuitively meaningful and patterns of dominance can be explored. Dominance analysis allows for direct comparison of relative importance rather than relying on inferred measures and it also reflects the variable's direct, partial and total effects (Azen and Budescu 2003; Johnson and BeBreton 2004). A substantial disadvantage of dominance analysis is the amount of calculations that need to be conducted when examining a large number of independent variables. For example, to conduct a dominance analysis containing 20 independent variables involves computing 1,046,575 regressions (LeBreton 2008).

Although dominance analysis has been widely used in organizational behavior and finance research, when examining the marketing literature the researchers were unable to find a single study in which dominance analysis has been used in determining the relative importance of predictors. Therefore the primary purpose of this study was to introduce this relatively new method of assessing relative importance of predictors using an approach that is able to overcome the deficiencies of previous methods. Dominance analysis was then applied in this study to examine the relative importance of two types of listening of salespeople in predicting three desirable outcomes of salespeople's interactions with customers. The two types of listening are active listening (AL) and active empathetic listening (AEL). The desirable behaviors are effective communication skills, the quality of relationships with customers and the ability to inspire trust.

The first step in conducting dominance analysis was to compare the amount of variance explained (R^2) of simple bivariate regressions for each of the variables of interest (Budescu 1993). In the present case, AEL and AL were singly regressed on (1) communication ability, (2) relationship quality, and (3) trust. The second step in establishing dominance of predictors was to conduct a multiple regression analysis. The two independent variables (AEL & AL) were then regressed on the three dependent variables (communication, relationship quality and trust). In order to further examine the relative importance that AEL and AL have on the outcome measures three dominance analyses were performed. Using the previously calculated R^2 values from the from univariate and multiple regression tests of AEL and AL on the dependent measures general dominance was computed using LeBreton's (2008) calculator. Dominance was calculated for each of the outcome variables of interest (communication, relationship quality and trust). Estimates of relative importance for each variable were calculated (communication AEL 0.1295 + AL 0.0645: $R^2 = .1940$, relationship quality AEL 0.3600 + AL 0.0870: $R^2 = .4470$ and trust AEL 0.3510 + AL 0.1000: $R^2 = .4510$) that sum to newly estimated R^2. In all tests of dominance AEL was found to be generally dominant relative to the AL measure.

References Available on Request

THE INFLUENCE OF SALES CONTROL SYSTEMS ON SALESPEOPLE'S ADAPTIVE KNOWLEDGE, SELLING BEHAVIORS AND SALES PERFORMANCE: AN INVESTIGATION OF INDIVIDUAL AND CONTEXTUAL EFFECTS

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ABSTRACT

This study investigates how sales control systems influence salespeople's job performance via adaptive knowledge, adaptive selling behavior, and selling effort. We also consider individual (i.e., sales experience) and contextual variables (i.e., new account generation and service performed) as moderators. Empirical results from 198 industrial salespeople indicate that capability control has a nonlinear effect on adaptive knowledge of more experienced salespeople, whereas activity control has a more positive linear effect on adaptive knowledge of less experienced salespeople. The results also indicate that the effectiveness of selling effort is more context-specific than adaptive selling behavior: selling effort becomes much less impactful on performance when (1) more services are performed by the salesperson and (2) the selling task calls for a higher degree of new account generation. Theoretical and managerial implications are discussed.

References Available on Request

POLITICAL RISK: LITERATURE REVIEW

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ABSTRACT

This study reviews relevant and contemporary literature on political risk. The most recent paper to conduct a literature review on this topic was written more than two decades ago by Fitzpatrick (1983); therefore an update is needed. Moreover, this study provides direction for future research on political risk.

INTRODUCTION

Political risk in international business has held a position in the literature since the late 1960s, and many have contributed to the definition, forecasting, and assessment of political risk. However, there is no consensus about a universal way to treat political risk that the multinational firms face in their day-to-day international operations. A recent example of political risk is found in the United States where the new president for the country was elected on the 4th of November in 2008. The president's political actions may have an unpredictable effect on the worldwide business activities of multinational firms in the coming years. Another more concrete example comes from Bangladesh where on the 11th of January in 2007 a state of emergency was announced due to the riots caused by upcoming parliamentary elections.

This study reviews the relevant and contemporary literature on political risk. The most recent paper to conduct a literature review on this topic was written more than two decades ago by Fitzpatrick (1983); therefore an update is needed. Moreover, this study provides direction for future research on political risk.

Political risk can be examined at least from three separate perspectives. The first is that of a *bank*, a topic which has been previously covered by many. Aliber (1975) is one of the numerous writers to contribute to this aspect of political risk. The second is the *project* point of view, e.g. construction projects. The third perspective is that of *foreign direct investment* (FDI) by a firm. FDI is defined by Schmidt (1986) as any long-term private investment in which the business is controlled from abroad, incorporating both ownership and managerial involvement.

In some instances, the term political risk has been used to cover cultural, economic and political risks. This study concentrates solely on the political risk, excluding cultural and economic considerations.

The second section of the study reviews the literature on political risk. First, the relevant studies on the field of political risk published after Fitzpatrick's (1983) literature review are presented shortly. Second, these studies are classified based on the approach of analysis and the topic of political risk covered. After the literature review, the conclusions are made, and recommendations are given for further research.

LITERATURE REVIEW

Table 1 presents the relevant articles in the field of political risk between 1984 and 1996, published after Fitzpatrick's (1983) literature review. Friedmann and Kim (1988), for example, discussed the relevance of political risk to market segmentation, pricing, distribution and product strategies. They find that the topic of political risk is a rich and complex one, characterized by a myriad of viewpoints, and that the issue political risk is of extreme importance to international marketing. In their study, the relationship between political risk and marketing is briefly explored, and in the end they propose many relevant research questions for further research on the topic.

In turn, Table 2 presents the relevant political risk studies published between 1996 and 2008. Iankova and Katz (2003), for instance, analyze political risk management strategies in Bulgaria. They conduct an in-depth case-study research of American Standard, the Bulgarian International Business Association and Metro Cash & Carry. They propose two types of political risk management strategies for firms - a low involvement strategy and a high involvement strategy. They also present statistics of foreign direct investment inflows to various Central and Eastern European countries.

In Table 3, the literature described above is classified based on the approach for analysis and the topic of political risk covered by the studies. Four different categories for approaches were found including a conceptual approach, empirical approach, developing new method for business – approach, and survey. For topics three categories were found including forecasting risk, managing risk, and many aspects. Thus in total, twelve different fields filled the table. Seven of these twelve fields were filled by one or more studies.

Regarding Table 3, the most popular topic (69% of the studies) was found to be risk management. Forecasting risk was a far more popular topic than the third category covering 25 per cent of the total. The approaches most commonly used were new methods for business and empirical studies covering 38 and 31 per cent respectively. A survey-based approach accounted for 19 per cent of the studies while conceptual approach reached 13 per cent.

Table 3 also shows that the most common studies utilized empirical methodologies for managing risk, 25 per cent of all the papers made their contribution with this type of assessment. The second, third and fourth most common approaches developed a new method in forecasting risk, developed a new method in managing risk, and examined managing risk with a survey for data collection respectively. These three types each accounted for 19% of all the papers. Thus the four most popular types in total accounted for 81% of all studies.

From table 3, it seems that regarding the discourse in question, the conceptual approach is out of date, as the latest study from this category was published in 1988. The results suggest that managing risk has been the most relevant area in political risk recently. After 1998, there have been no publications in other topics.

DISCUSSION

In the literature, we can categorize distinct approaches on political risk. The most popular types of studies examined managing risk empirically, developed a new method in forecasting risk, developed a new method in managing risk, and examined managing risk with a survey. These four types of studies covered 81 per cent of all the publications presented in this work.

Additionally, one can assess that the field has recently not focused on marketing to a great extent. The study of Friedmann and Kim (1988) was the only example of a study that directly focused on the area. Current practices in firms conducting political risk forecasting activities in the context of a host country prior to marketing investment decisions, for instance, could be studied.

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Table 1 Relevant political risk studies published between 1984 and 1996.

Author	*Model*	*Product of model*	*My comments on the model*
Simon, 1984	1) A framework taking into account 4 basic environments, host and home countries, international and global arenas, in which a multinational firm must operate when investing abroad. 2) Types of risk are classified based on the flow of risk, flows are internal or external, and direct or indirect. 3) Model for classification is further developed to sixteen fields with different political risks by making a separation between industrialized and developing countries, open and closed political systems.	Placement of different political risks to the 16 fileds of the framework. The model was partly correct in its prediction of the risks faced by closed industrialized South Africa.	This model includes to less developed country versus industrialized country separation the view of closed versus open political system but still there are differencies between the countries in each of the four group so that this kind of generalization has its limits.
Schmidt, 1986	Categorization of FDI based on its nature and explaining the occureence of restrictive government policies in the different categories.	Classification of investments (12 different combinations) to five types that show how likely they act as a target of host government action. Sector of economy of the investment is the edominant factor in determining investment's type. Operating mix cube, 5 types x 3 general nature x 3 political risk category, shows relationship between investment type and risk exposure.	The article utilizes micro risk assessment perspective.
Sethi & Luther, 1986	Matrix of political risk sources including political, economic and sociocultural home and host country conditions vs. the corresponding international home and host country control methods.	Examining the problems with measurement practices and definitions. A five-step approach for dealing with political risk assessment for a multinational firm is proposed.	The study has not only host country but also home country perspective for FDI risk analysis.
Friedmann & Kim, 1988	Relevance of political risk to market segmentation, pricing, distribution and product strategies is examined.	The topic of political risk is a rich and complex one, with a tremendous diversity of viewpoints, and political risk is of utmost importance to international marketing.	Relationship between political risk and marketing is gone shallowly through. In the end many interesting research questions for further narrowly focused studies are presented.
Fatehi-Sedeh & Safizadeh, 1989	The study investigates empirically the causes behind the fluctuations in the manufacturing FDI of the United States or US. Dependent variable is the manufacturing FDI of the US, independent variable the frequencies of sociopolitical instability symptoms.	Positive or negative coefficients were obtained for the same or different instability variables demonstrating the importance of analyze at individual country level.	Their study presses the fact that different risks are of different value in different countries.
Miller, 1992	The study takes an integrated, multidimensional risk management perspective that is an alternative to treating uncertainties in isolation from one another.	The various uncertainties are interrelated. The firm's comprehensive uncertainty profile should determine whether one particular investment is good or not for the company.	The article categorizes uncertainties to general environment, industry and firm-specific variables and presents different strategic and financial responses to uncertainties.
Subramanian, Motwani & Ishak, 1993	The authors group the existing literature on the area of political risk analysis into four inter-connected research streams: definition of political risk, normative issues, conceptual models for risk assessment, current practices in political risk analysis. They conduct a survey of 238 small- and medium-sized US firms with foreign trade.	They present location of political risk analysis (international department is the most popular location), relative importance of different variables (political stability is the most important) and information sources (headqurters and regional staff are the most important ones), techniques used for analysis (opinion of experts is the most important).	They find that a majority of firms locate their risk analysis function in the international department.
Howell & Chaddick, 1994	The study evaluates the usefulness of three political risk assessment methods in forecasting losses by finding the correlations between the political risk factors of models and the realized political-based losses.	The authors find that forecasts of political risk can work based on the correlations they got from their analysis. They also find that accuracy of the forecast models varies.	Some single factors were more accurate in forecasting losses than the whole model.
Cosset & Suret, 1996	The study conducts mean-variance optimization procedure to asses the impact of the political risk constraint on the risk and returns of internationally diversified portfolios.	The study presents contribution of including different countries by their political risk rating in portfolio to portfolio risk.	The study has a bank point of view.

Table 2 Relevant political risk studies published between 1996 and 2008.

Author	*Model*	*Product of model*	*My comments on the model*
De Mortanges & Allers, 1996	The study sends questionnaires to 49 internationally-operating Dutch firms to examine their management practices of political risk. Most important political environment aspects, types of risks experienced and risk areas, assessment methods used and timing and location of responsibility, information sources, risk reduction strategies are questioned.	The authors find that it is desirable to distinguish between industrialized and developing countries when assessing political risk. They also find that most firms are satisfied with their current, mostly subjective and ad hoc, methods of assessment (52 per cent of the firms used external consultants supplementing their own methods) and that assessment is non-institutionalized in general.	It is dangerous to generalize based on whether the country is an industrialized country or a developing country.
Alon & Martin, 1998	They present a multidimensional macro political risk assessment model consisting of six cells: governmental, societal, and economic environments, both internal and external.	The result of their model is a cumulative score of macro political risk.	The study stresses strongly causes and not symptoms. The study pays only little attention to the way the scores for each dimension are estimated.
Butler & Joaquin, 1998	The authors isolate diversifiable and nondiversifiable political sources of risk and employ this model to classify the effects of various political sources of risk on required return.	As a result of their model they get significance of political sources of risk in cost of capital calculations and basically the change of required return on a project.	They have a project point of view.
Ellstrand, Tihanyi & Johnson, 2002	They examine the association between corporate governance structure and the level of political risk in a firm's portfolio of global operations.	As a result of their model they get the relation of the percentage of inside directors, the percentage of affliated directors and chief executive officer duality to the average level of political risk.	Their findings support the agency theory thesis that managers will be more averse than stockholders to risky investments of firm assets.
Iankova & Katz, 2003	They analyze political risk management strategies in Bulgaria on the basis of in-depth case-study research of American Standard, the Bulgarian International Business Association and Metro Cash&Carry.	Companies are pursuing two strategies: a low involvement strategy and a high involvement strategy.	They present statistics of foreign direct investment inflows to various Central and Eastern European countries.
Keillor, Wilkinson & Owens, 2005	The study examines the relationship between specific types of political risk and actual firm-level political behaviors.	They present the extent to which each form of political risk represented a serious operational impediment and to which six political activities are considered important for reducing each of the political threats.	The study makes a separation between lobbying in host country and lobbying in home country.

Table 3 Classification of the literature based on the approach of analyzing political risks and the specific topic of the study.

		TOPIC	
	Forecasting risk	*Managing risk*	*Many aspects*
APPROACH			
Conceptual		Friedmann & Kim, 1988	Fitzpatrick, 1983
Empirical study	Howell & Chaddick, 1994	Fatehi-Sedeh & Safizadeh, 1989; Cosset & Suret, 1996; Ellstrand et al., 2002; Iankova & Katz, 2003	
New method for business	Simon, 1984; Schmidt, 1986; Butler & Joaquin, 1998	Sethi & Luther, 1986; Miller, 1992; Alon & Martin, 1998	
Survey		Subramanian et al., 1993; De Mortanges & Allers, 1996; Keillor et al., 2005	

ADAPTING TO ADAPTIVE BEHAVIOR: DEALING WITH THE INTELLECTUAL PROPERTY LAWS OF THE RUSSIAN FEDERATION: 1992-2008

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ABSTRACT

In most modern-day industrialized nations, the concept and body of intellectual property laws is well into its third century of development and testing. The Russian Federation, however, has been forced to create and implement an entirely new body of intellectual property law since the collapse of the Soviet Union in the early 1990s. In the last 15 years, it has adapted itself from a legal philosophy that denied the existence of personal or corporate intellectual property to one possessing a body of intellectual property laws and philosophies aspiring to fulfill the nation's claim to be a twenty-first century commercial and industrial power. This adaptation is still evolving and foreigners considering a commitment to the Russian economy must keep this in mind. Due to publication constraints, this paper has been extensively edited to reduce its length. Full-length copies may be obtained from the author.

INTRODUCTION

The Russian Federation is the successor entity to the Russian Soviet Federated Socialist Republic (RSFSR) which ceased to exist in January 1992. By the terms of its Constitution, the Russian Federation includes republics, territories, regions, federal cities, an autonomous region, and autonomous areas, each of which is an equal subject of the federation. Each republic in the federation has its own constitution and legislative, judicial, and executive branches much as do the States of the USA, and a substantial degree of political and economic independence.

The Russian legal system is a civil (code) system which provides for judicial review of statutory law. The civil system of law, typical in much of the non-British-influenced part of the Western world. Judicial review is designed to assure that the laws themselves are consistent with the thrust of the code in which they are embodied. Thus, a law may be declared unconstitutional by the appropriate court, but interpretation of law as to meaning is reserved solely to the Supreme Court of the Federation. The code system of laws is not totally foreign to US jurisprudence because of its presence in California, Hawaii, and Louisiana.

THE 1992 REFORMS

The Legal Framework of Modern Russian Intellectual Property Legislation

It was realized shortly after the collapse of the Soviet Union that intellectual property, in the new, non-Communist Federation, required regulation recognizing its new status. The major provisions of the resulting body of legislation are embodied in the five statutes that follow. Each of these was originally enacted in 1992 or 1993 and amended subsequently. These laws were always recognized to be stopgaps pending the confection of a new Civil Code for the Russian Federation.

The Patent Law of the Russian Federation No. 3517-1 as amended 7 February 2003, No. 22FZ, in force I January 2004

This law and the other laws discussed in this section are administered by the Russian Federal Institute of Industrial Patents (Rospatent). The Russian Patent Law of 1992 recognizes three things that qualify for patent protection: inventions, utility models, and industrial designs. Inventions are new, new, novel, and useful applications of science or engineering. The term of such patents under the 1992 law runs for twenty years from the date on which application is filed and is ordinarily not extensible.

Utility model patents, which are patents on technical solutions relating to a device run for five years from the date of application and are extensible under certain circumstances for three additional years. Industrial design patents, which apply to aesthetic presentations that define the overall appearance and identity of a product, run for ten years from the date of application and may be extended for five years.

The Law of the Russian Federation No. 3520-1 on Trademarks, Service Marks, and Appellations of Origin of Goods amended 11 December 2002, No. 166FL, in force 27 December 2002

Trademarks, which the law classes into the subsets "trademarks" and "service marks," may be "words, figures, three dimensional or other signs in any colors or combinations of colors" whose purpose is the identify the product, the service, or the holder of the mark so that they will not be confused with other products, services or mark holders. Trademarks achieve protection ONLY by registration with the government. Trademarks may be fanciful or straightforward, applied to the product itself or the service related to the mark, or to the firm or individual holding the mark

The Law of the Russian Federation No. 5351-1 on Copyright and Ancillary Rights amended 11 December 2002, No. 72-3FL, in force 23 July 2003

This law lays the foundation for protection of creative works of a written, carved, painted, played, sung, photographed or phonogrammatic nature within the Federation. The "author" of such a work must be a natural person but may be a group of natural persons working in concert. The method of production of the work may be "objective" or "virtual."

The Law of the Russian Federation No. 3523-1 on the Legal Protection of Computer Programs and Databases as amended 24 December 2002, No. 177FL, in force 7 January 2003 and

The Law of the Russian Federation No. 3526-1 on the Legal Protection of the Topologies of Integrated Circuits amended prepass 9 July 2002, No. 82-FL, in force 1 October 2002

These laws, as their names imply, cover proprietary rights in new technologies. The Russians have elected to handle these areas in new legislation rather than attempt to shoehorn them into legislation designed to deal with more established areas of intellectual property rights.

Loopholes in the 1990s Statutes and Cultural Inhibitions to their Enforcement

At first blush, the body of law confected by the Russian Federation in 1992-1994 to handle intellectual property rights after approximately sixty years of denial of their existence seems remarkably consistent and up-to-date. On the other hand, the writing of laws to control the administration of a class of property the existence of which was denied for so very long didn't necessarily mean that the mind sets of the people charged with administering those laws, many of whom remained as residue from the prior bureaucracy, would change.

The Communist administration had created in Russia, over its years of presence, a bureaucracy noted for its inefficiency, corruption, and the prevalence of "apparatchiks." These members of the Communist Party elite operated on a "what's in it for me" basis. By the late 1980s some bureaus of the Russian government were staffed largely with apparatchiks who were themselves the children and grandchildren of earlier "apparatchiks." Thus there was a certain antipathy on the part of government employees for the enforcement of the new laws. After all, in the "good old days" a successful inventor got an invention certificate and a modest sum of money. Why should such inventors or, analogously, newly minted business successes now get a monopoly on their creativity. As a result, enforcement of the new laws was not as avid or dedicated as one might expect from the rigor of their confection.

Russia appeared on the Special 301 Priority Watch List of the *Special 301 Report* (an annual review that examines in detail the adequacy and effectiveness of intellectual property rights protection in 87 countries and places those of dubious quality on the Watch List) of the US Trade Representative (USTR) beginning in 1997 (USTR, *2006 Special 301 Report: Russian Federation*.). Piracy of copyrighted CDs and DVDs was rampant in Russia, some of the pirate plants even operating in locations leased from the government, usually on former military bases to which access by civil authorities was severely restricted. Pharmaceutical copying was also a major source of intellectual property abuse within Russia.

The European Union, in its 2006 survey of EU businesses concerning their experience with intellectual property rights issues outside the EU in 2005, identified Russia, second only to China, as one of the five countries (along with Ukraine, Chile, and Turkey) with high levels of production, transit, and consumption of counterfeit goods who need to step up their efforts to tackle deficiencies. (www.europeancommission>5october2006)

THE SECOND EFFORT: PART FOUR OF THE NEW CIVIL CODE

New Remedies: Part Four (Title Seven) of the Civil Code (2006 Version)

Part Four of the Civil Code introduced significant changes in the terms of the early-1990s laws. As enactment of the code approached the Coalition for Intellectual Property Rights surveyed Russian trademark and copyright owners concerning their attitudes toward the new law. The findings were not promising. Seventy percent of those responding were negative about the proposed law. Sixty-seven percent said they believed the proposal would reduce the effectiveness of IP enforcement in Russia. Sixty-eight percent agreed with the statement "It is of the utmost importance to strictly enforce existing legislation" rather than make changes to the IP laws then in force. Nonetheless, President Putin signed Part Four of the Civil Code into law.

Part Four of the Russian Civil Code as Currently Enacted

Part Four of the new Russian Civil Code supersedes the Patent Law; the Law on Trademarks, Service Marks, and Appellation of Origin of Goods; and the Law on Copyright and Related Rights, all three of which were discussed earlier; and the Law on the Provisions on a Firm of 1927, Article 138-139 of the Russian Civil Code, not otherwise mentioned herein. Amendments were also made to those articles of the Civil Code having to do with franchising (now Federal Law No. 230-FZ "Civil Code of the Russian Federation, Part Four" of 18 December 2007). The Russian Criminal Code, Article 180, was also changed to increase penalties for trademark infringement (the former maximum fine of 10,000 Rubles was increased to 5 million Rubles), along with double indemnity of twice the value of the infringing goods, and the new Article 146 now allows jail terms of up to six years for copyright infringement, making this a serious offense under Russian law.

The most significant changes under Part Four with respect to patents have been the increase in the terms of utility model patents from five years to ten, and of industrial design patents from ten years to fifteen. The new version of Article 138 of the Civil Code provides an extensive list of intellectual property objects.

The new Part Four applies in some respects to both copyrights and trademarks. The new law simplifies the regulation of license agreements in both contexts. It subjects license agreements to a detailed list of requirements, the net result of which is to clarify the meaning of such agreements in the specific. The licensor is no longer required to supervise the quality control of the licensee but may do so if he or she so wishes. Rospatent does retain, however, some rights of restriction of public inspection of trademark applications under Items 1-7 of Article 1483 of the Civil Code. In sum, the new Part Four of the Civil Code is a much clearer document.

ENFORCEMENT IMPROVEMENTS SINCE 2006

Recent Legal Cases

The thrust of recent Russian legal proceedings seems to show an increased interest in upholding the law. In November 2007, in anticipation of the implementation of Part Four, four managers at Brynsalov-A, a Russian pharmaceutical firm, were charged with the use of trademarks owned by several western pharmaceutical companies. Each of them faces a prison term of up to six years if convicted (AFX News Limited, "Russian Police Charge Brynsalov-A Execs with Illegal Business Activities," November 9, 2007). In a second case, the Moscow region Arbitration Court ruled that Lukoil's trademark was illegally used by a gasoline filling station in the Moscow area. Observers consider this to mark the beginning of a trend of successful enforcement actions in the arbitration courts (Prime-Tass Business Newswire, "Court Orders Company to Remove Lukoil Trademark from Gas Station," February 1, 2008).

An Interesting Anecdote

Finally, and quite interestingly, one of the most well-known products to emerge from the old Soviet Union – some 60 years ago – the Kalashnikov AK-47 automatic rifle has become the subject of a threatened trademark or patent action by the Russian government. Total production of the Kalashnikov worldwide has exceeded 100 million units, but Russia receives few royalties for current production from the some 47 countries whose military use the weapon. The Russian point of view seems to be that they are entitled to payments for Kalashnikovs made outside Russia. Most recently, noises along this line were being made by Dmitry Rogozin, the Russian ambassador to NATO.

The reason for Rogozin's assertion seems to stem from the fact that the US Pentagon purchased the AK-based rifles with which they supplied Iraqi and Afghani Security Forces from non-Russian sources. Any patent on the design, had one ever existed, would have expired in 1967. Since it is highly dubious that many Russian Kalashnikovs bore trademarks and it is moreover true that Russia insisted on production and adoption of the weapon by her former Warsaw Pact allies, any patent or trademark infringement claim is, on its face, specious. It does, however, reveal that the Russians have now at least developed a conceptual grasp of the concept behind intellectual property (RIA Novosti, "Russia's Envoy Poised for Military Patent Discussions with NATO," January 24, 2008)

CONCLUSION

Twenty years ago, the Soviet Union celebrated its seventieth anniversary as a Communist country. Three years later, it emerged from political discord and instability as the Russian Federation. On its face, the new Russian Federation appeared to outside interests to be a desirable market for goods and services. Trade with the Soviet Union, particularly by US interests, had been a barter arrangement of goods for goods due to the inexchangeability of the ruble. Foreign transactions were stifled unless an explicit agreement of the worth of products could be stated The risk of trade with Russia, however, beyond erring in the estimation of the value of the traded goods, was minimal.

The appearance of the Russian Federation began to change things. Direct foreign investment by US and other outside interests became, despite the risk of political instability in the new nation, at least worth considering. The Ruble was unblocked, facilitating price setting. The Ruble, at this writing, is quoted at R27.54 to the US dollar (http://exchange.yahoo.com/currency)

In short, the adaptive process of the last twenty years has made the Russian Federation a much less risky place for Russians and foreigners to seek to profit from their possession of intellectual property rights. Change followed on change. First came new laws. Then people began to change, albeit slowly, to reflect the philosophy embodied in those laws. Time passed. It was realized that further legislative change was required. The laws were amended. People changed a bit more. More time passed. The laws existed, but enforcement was spotty and still plagued by the persistence of old attitudes. People changed some more. It was realized that different laws were required. Time passed. The new laws went into effect. The question now is: "How much more change, both legislative and psychological, will have to take place before Russia can be said to have achieved its proclaimed goal of being a major free-market power in the twenty-first century? " The answer to the question cannot be known at this time.

The Year 2008 drew to a close with the Russian Federation and the United States of America still on speaking terms and Eastern and Western Europe now comfortable with the idea of living on the one continent. We can only hope that it will remain that way and, hopefully, continue to improve.

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DOES USER-FRIENDLY ALWAYS MATTER? THE MODERATING ROLE OF TEMPORAL DISTANCE AND INFORMATION ASYMMETRY

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ABSTRACT

Past research has found perceived ease of use is a useful construct for explaining consumer adoption toward an Internet-based service; however, online transaction security has also come under recent alarm. The perceived risk issue may deter the consumers' adoption. To ensure online transaction security, a robust security mechanism is necessary, but this may also increase the complexity of using the online service. The present research explored the impact of perceived ease of use and network externality on Internet service adoption, and how the relationship is moderated by consumer-related factors and perceived risk. The results of two studies suggest that perceived ease of use increases the intention toward using online service when consumers are under low involvement and limited information accessibility. In contrast, consumers prefer using an online service which requires a relatively strict and complex verification process when the transaction purpose is for long term goals and the information related to online transaction security is received.

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DECOMPOSING THE EFFECT OF INFORMATION TECHNOLOGY TOOLS ON NEW PRODUCT QUALITY AND NEW PRODUCT MARKET PERFORMANCE: A PHASE-BASED ANALYSIS

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ABSTRACT

The competitive superiority of a firm depends on its ability to develop innovative products and services. Consequently, firms continuously search for ways to improve their new product development (NPD) effectiveness such as higher new product quality and market success. One way to improve NPD effectiveness is to utilize information technology (IT) tools for product development efforts. However, there is limited empirical research examining the relationship between IT and NPD effectiveness. Therefore, this research investigates the effect of particular categories of IT tools in the discovery, development, and commercialization phases of the NPD process on new product performance. Specifically, drawing from media richness, task closure, knowledge-based theories and market knowledge competence literature as foundations, the authors argue that the use of various types of IT tools in all phases of the NPD process should have a positive effect on new product quality (NPQ), which in turn, positively influences a new product's market performance. Particular IT tool categories examined are: communication and collaboration (CC) tools, product development (PD) tools, project/information and knowledge management (PIKM) tools, and market research and analysis (MRA) tools. In this study, NPQ is viewed as the degree to which a new product is superior to both competitors' offerings as well as to other products the focal firm has developed in the past (Garvin 1984).

Based on data collected from NPD managers, the findings indicate that the use of IT tools enhances market performance through its effect on NPQ in various phases of the NPD process. The results extend previous work on IT and NPD, most of which has been conceptual in nature. Specifically, the results of this study provide evidence that IT tool use during NPD positively affect product quality, and subsequently, new product market performance. It also supports previous research, which contends that NPD projects are dynamic and therefore, different types of IT tools will influence the phases of the process differently. For example, CC tool use during the development phase is found to have a positive, significant affect on product quality. This phase is an active period in which the product is being designed, prototypes are made, internal and external product testing is undertaken, and marketing, manufacturing, and sales plans are being made. This requires team members from different functional areas to integrate their work and share information and problems. It may also necessitate the involvement of external sources such as suppliers, distributors, and customers (Ozer 2000). Thus, the use of CC tools appears to enable more frequent and quicker communication and facilitate collaboration, supporting prior research (Boutellier et al. 1998). Surprisingly, the use of PIKM tools in the development phase had a negative affect on NPQ. One explanation for this finding may be that using more tools to organize, share, and manage information may lead to information-overload resulting in a more complicated product. More complex products can take a long time for customers to learn, limiting market penetration, and producing lower levels of satisfaction (Bayus et al. 1997). More information can also overwhelm NPD project team members, causing confusion and poor decision-making. Not surprisingly, the findings support the hypothesis that PD tools have a positive impact on NPQ in the development phase. This result concurs with previous work that has shown that teams in this phase will utilize online brainstorming tools to generate alternative product solutions and use CAD/CAE systems to share and revise product designs (Boutellier et al. 1998).

This study offers several implications for marketing and new product practitioners. First, the findings that particular categories of IT tools positively influence product quality which, in turn, affects a new product's market performance suggest that IT creates critical business value for the firm. Specifically, investments in IT tools for NPD contribute to the superiority of the product and its success in the marketplace. Thus, it seems advantageous for managers to advocate for greater investments in IT to build and extend their firm's innovation capability. Second, the positive effect of CC and PD tools on product quality suggests that IT tools are used for acquiring, interpreting, and integrating market and technical information during NPD. Stated differently, IT tools help project teams implement a market orientation, which leads to greater new product quality. Thus, managers need to ensure that their NPD teams have access to, training with, and experience in using various types of IT tools.

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STRATEGIC PRICING DECISIONS AS CORNERSTONES FOR SUCCESSFUL MARKETING MANAGEMENT: AN EMPIRICAL STUDY ON TECHNOLOGY-BASED SMES

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INTRODUCTION

Corey (1962) and Lynn (1967) state that all marketing, and thus, much business management focuses on pricing decisions. Strategic pricing is not about setting a price but about translating the broad objectives of a firm into market reality, establishing pricing competence, targeting markets, and managing pricing processes and systems (Lynn 1967; Nagle and Holden 2002; Rao 1984). In particular, new product and service pricing has become increasingly important (Henard and Szymanski 2001). Nevertheless, marketing activities of SMEs are still mostly informal, follow a short-term orientation, and lack strategic content (Bhide 1996; Coviello and Brodie 2000). This is particularly critical, because the scarcity of financial and personnel resources restricts the range and intensity of marketing activities an SME is able to pursue (Weinrauch et al. 1991). But so far, academic scholars have examined mostly large manufacturing firms with a few exceptions focusing on SMEs, usually with a case study approach applying descriptive statistics (e.g., Curran et al. 1997).

Our contribution to current research is threefold. First and foremost, we follow the call for more empirical research into the impact of pricing decisions on success (e.g., Noble and Gruca 1999), especially in the field of new products (Rao 1984) and SMEs (Cunningham and Hornby 1993). In contrast to the few existing studies (e.g., Homburg et al. 2005; Schuppar 2006), we do not focus on singular pricing decisions but examine all relevant fields. Second, we contribute to the research by investigating further moderators for the effectiveness of the different pricing decisions (called for in Ingenbleek et al. 2003), such as the degree of innovation (called for in Hauser et al. 2006). Our third contribution is the application of up-to-date research design and methods (called for in Diamantopoulos 1991; Ingenbleek 2002). In our study, we build on three related theoretical perspectives: Resource-Dependence Theory, Information Economics, and Principal–Agent Theory.

METHODOLOGY

We use data from a survey within technology-intensive industries in Germany, which describes the behavior of 379 SMEs and 41 larger companies. We found a high correlation between the primary performance data and that gathered from corporate reporting (where available). For data analysis we chose structural equation modeling (Fornell and Bookstein 1982) and, specifically, partial least squares (PLS) as the most accepted variance-based structural equation modeling approach.

RESULTS AND IMPLICATIONS

As the first implication for research, our study discloses a high explanatory value of strategic pricing decisions for pricing success as well as the overall performance of SMEs. The different success effects of pricing are supported most by different pricing decisions. The biggest impact on the realization of the intended price lies with the priority of pricing in the marketing mix. The advantageousness of a price–benefit relation affects sales promotion and customer satisfaction in the most extensive way. Second, the results challenge some findings of earlier studies: To realize intended prices, it seems to be more important to prioritize the offer itself instead of the price in the marketing mix. Obviously, pricing competence per se—measured in years of pricing involvement—has a negative impact on intended prices. Furthermore, the results attested the appropriateness of several pricing objectives. Third, integrating moderators—that is, the company being a new venture or an established SME, the offer being a product or service, the degree of innovation, and the complexity of product or service—greatly raises the explanatory power of the model. Contingency models incorporating moderating effects explained up to 35% of the variance in firm performance. The findings reveal that the effects of pricing decisions on SMEs differ from those on large corporations. Addressing SME managers, our study recommends that best-practice price decisions start with a consequent prioritization of marketing-mix elements. Then, SMEs need to build a specific pricing competence that keeps the liabilities of small businesses in mind. Price discrimination is to be applied with caution, since it has a negative impact not only on realization of intended prices but also on customer satisfaction. On the contrary, advanced pricing strategies—that is, skimming and penetration—are dominantly pursued only by 23% of SME managers, although showing significant positive impact on sales volume.

References Available on Request

THE JOINT INFLUENCES OF INTERACTION AND ENTREPRENEURIAL ORIENTATOIN ON PRODUCT INNOVATION

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ABSTRACT

Recently, interaction orientation and entrepreneurial orientation have received significant research attention in the field of marketing and strategic management. This paper presents a conceptual framework depicting how interaction and entrepreneurial orientations work together to influence organizational capabilities and product innovations.

References Available on Request

THE DRIVERS AND IMPLICATIONS OF FAST TRACK NEW PRODUCT DEVELOPMENT

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ABSTRACT

More and more today, companies are striving to shorten product development cycles. While we know that some companies are faster at development cycles than others, we know very little about how a given company can change and expedite their new product development (NPD) efforts. This research explores the notion of Fast Track NPD, defined as the shortening of product development cycles relative to past organizational norms. This work addresses several questions, including: What are the factors influencing new product development speed?, Are there different general approaches to expediting NPD?, and What are the consequences of this fast-tracking for innovation and firm performance? Based on depth interviews with product development managers across multiple consumer goods sectors, this study uses a grounded theory-building approach to develop a 2 x 2 typology and a conceptual model that aids in explaining the drivers and consequences of these Fast Track development efforts. The results highlight four general approaches to Fast Track NPD (crisis, change, revolution, and evolution) which are determined based on the motivation for change and the magnitude of change. As the model explores, the proper choice of these methods is influenced by both internal and external drivers: competitive pressures, changing regulations, cost/differentiation goals, and technology/scientific advances. The consequences of Fast Tacking are explored in terms of product outcomes: innovation and overall firm performance. Several interesting empirical relationships are explored in this work, including the notion that various approaches to fast-tracking can significantly influence the nature of the firm's performance and how certain forms of fast-tracking are more conducive to radical innovation. This research will propose empirical efforts to test the typology and conceptual model, including design, methods, and procedures for planned data collection and analysis. Implications for NPD managers as for future research in this area are discussed.

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KEY DETERMINANTS OF RETAIL INTERNATIONALIZATION: AN INSTITUTIONAL THEORY APPROACH

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ABSTRACT

Early attempts to describe the internationalization process of retailers indicate that market entry is determined by the nature of domestic operations and the strategic development experience of a retailer in the home market. For example, firms that grow organically in the home market expand into other markets with the same mode. Yet, increasingly retailers move beyond their initial foreign market entry mode when there are differences in the characteristics of the host and home markets. For example, a retailer is more likely to use an organic start-up in markets with a low psychic distance and favor joint ventures and licensing in markets with high psychic distance from the home market.

This paper introduces institutional theory to the understanding of retail internationalization. It argues that international retailers' entry mode is also a product of environmental and institutional constraints, and is influenced by cultural distance. Moreover, it suggests that the entry mode used by a retailer in earlier entries determines subsequent modes used in later entries. Even though institutional theory is relatively new in the field of retailing, its explanatory power is strong and, unlike traditional theories that focus on economic rationale for foreign expansion, institutional theory shows the institutional boundaries of a retailer's foreign market expansion and how retailers must choose practices which help them gain legitimacy in their internal and external environment.

This research recognizes the important role regulatory, normative and cognitive forces play in facilitating the inflow of foreign retail investments. In addition, it postulates the impact of past foreign investment behaviors of firms on their subsidiaries in a new market. This result therefore corroborates the importance of studying foreign market expansion of a firm in the context of the social and institutional structure in which it is embedded. The attractiveness of a foreign location is often a reflection of its institutional boundaries. One might suggest that the best way for a government to encourage foreign retail entry is by introducing "horizontal" improvements in their governance infrastructure, i.e., reforms or laws that benefit all firms as opposed to just a few.

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A CONCEPTUAL MODEL FOR RETAILER-VENDOR STRATEGIC PARTNERSHIPS

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ABSTRACT

Retailer-vendor strategic partnerships have ranged from informal relationships to highly structured collaborations that aim to achieve new product development, supply chain efficiencies, or other strategic goals. Challenged by global competition, hyper change in the marketplace and reduced lead times, their contribution to performance, innovation and competitiveness has been supported by academics, retail industry examples. Strategic partnerships are attractive to retailers and vendors compared to other forms of governance such as mergers or vertical integration because they offer less risk, lower financial investment and the opportunity to respond quickly to marketplace changes. These advantages are particularly beneficial during economic downturns or crises.

As vertical inter-firm collaborative relationships, retailer-vendor strategic partnerships create value for customers and profitability for partners. In traditional retailer-vendor relationships vendors were product developers who created value and retailers were value appropriators. As the need to increase supply chain efficiency developed, value has been viewed from a network perspective with the retailer-vendor dyad the hub of value creation in the supply chain.

Little progress has been made in model development. Retailer-vendor strategic partnerships were not a well-accepted form of governance in Western business in the 1970s. Many organizations did not want to work cooperatively, sharing confidential corporate information with channel members that had relationships with rival firms. Retail academic literature reflected this sentiment and focused on the use of power and control in the channel during the 1970s and 1980s. In the 1990s the competitive environment became more complex and robust due to increasing globalization and rapid changes in technology. Firms became more specialized, resulting in a growing need for strategic partnerships. Although strategic partnerships flourished in the 1990s, the phenomenon was not widely studied from a retail academic perspective.

The proposed conceptual model explores key variables that are antecedents and consequences of commitment and trust, the foundation for strategic partnerships. The performance outcome of the model is relationship value creation. The model contains eight (8) variables/constructs. It expresses interrelationships based on the premise that the channel is a social and economic system with behavioral, marketing and strategic influences. Joint power and shared values are antecedents to trust and relationship commitment. Joint power impacts both trust and relationship commitment with shared values functioning as a mediator. Consequences include decision-making uncertainty and strategic information sharing. These two variables are dependent on the use of technology in the organization and are critical to the development of marketing strategy. Market orientation moderates strategic information sharing and relationship value creation. Trust and relationship commitment positively impact relationship value creation. The performance measure is multidimensional and includes satisfaction of both economic and non-economic goals, and innovation. The model suggests implications related to strategic partnering, competitiveness and innovation.

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IMPACT OF MALLS ON SMALL RETAILERS

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ABSTRACT

The research presented here builds a picture of the changing retail taking place in India. India is poised to become a retail power house. India has well over 12 million outlets of all sizes and styles. International retailing has great opportunity.
The present study indicates that 85% of the retailers reported decline in sales however, in terms of percentage it is only 18% decline in total sales. The Average decline in Ahmedabad was 15% compared to Delhi which was 20%. Small retailers are well aware of their competitive position and adopt adequate strategy according. Store cleanliness is an important change observed during the retail survey. Many retailers have formed cooperative ventures for bulk purchase in Ahmedabad so that products can be purchased at more economical price without affecting the profit. Entry of Malls is good for economy and beneficial consumers.

INTRODUCTION

Even though India has well over 12 million outlets of all sizes and styles, it surely lacks many thing that can resemble a retailing industry in the modern term. This presents international retailing a great opportunity (Mint Report, 2007). No wonder, organized retailing is poised to become a big business in India. Retailing presently contributes 10 percent of India's gross domestic product (GDP) and 6-7 percent of employment (Kalhan, 2007) According to KSA Technopack study (2007) the organized retailing is expected to reach Rs.1800, 000 million by 2010. It means from current 4% it may reach 10-12 in another six years. It is estimated that by end of 2008 more than 300 malls across 50 million sq. feet of retail space will come up. Over 600 malls with an area of 100 million sq. feet will spring on the Indian land scope by 2010 (Prasad, 2004). Survey commissioned by government of India revealed that organized retail has an impact on sales and profit of small Stores (ICRIERsurvey, 2008). According to same report organized retail sector have grown by 20% compared to 11% per annum for unorganized sector in 2007. It is expected that organized retail will grow at 45% during 2012-17 compared to 10% for unorganized sectors. Infact, retailing sector has experienced deep changes in the last decades. With increasing number of retail opening, commercial attraction has become a basic tool for consumer option.

LITERATURE RESEARCH

Income, sex and age could influence store choice, not all shopping malls have the necessary assortment and facilities to completely satisfy consumer need. Therefore, small retail does have a role to play. The consumer chooses whether or not to purchase in a particular store after searching for information and evaluating stores. But for low involvement products such activity many not happen. Store image" has role to play in choice of store visit which is created by different activities (Parker et. al 2003) Neighborhood retail store do create certain image through service, convenience shopping, cleanliness etc. Thus, on store image it can compete with mega store too. But it may not give "shop entertainment" which many malls are trying to give value addition to consumer. Mall visit is a family picnic for many in India (Srivastava 2008). To date, there is very little under standing of what the impact of corporate retail (Mall or Mega store) will be on the so called unorganized retail sector. This preliminary descriptive study is aimed at investigating the impact of mall on small shops.

DESIGN/METHODOLOGY/APPROACH

It is said that around 500 shopping malls being projected to be finished by 2011, more than 100 of these malls are situated in Delhi city alone Therefore, Delhi was chosen for research. Delhi has population of more than 10 Million. Another city selected was Ahmedabad. We have chosen randomly selected samples of 215 small retailers which are referred as unorganized with area less than 500 sq. feet and owned by family. The distribution of samples shop by value and pattern of employment is given table I

FINDINGS

Retailing is poised to become as one of the largest industries in India. Sales through super market or Malls grew more rapidly as per Mint Report (2008). It has an impact on sales and profit of small stores. Same report mentioned about 16% decrease in sales for small retailers.

Impact of Mall

The present study indicates that 85% of the retailers reported decline in sales however, in terms of percentage it is only 18% decline in total sales. The Average decline in Ahmedabad was 15% compared to Delhi which was 20%. This is given in table – 2.

The earlier study by Kalhan (2007), Cachou (2004) and ICRIER Report (2008) reported 20%, 7.51%, 16% decline in sales respectively. Contrary to popular belief, our results suggest that the process of creative destruction unleashed by Wal-Mart has had no statistically significant long-run impact on the overall size and profitability of the small business sector in the United States (Sobel and Dean, 2007).

Comparison Of Small Trader Tactics With US Retailer Study

It is interesting to observe the fighting capacity of retailers of Ahmedabad who have more business culture. Therefore, these owners were asked to do self analysis based on earlier Cachon et. al study (2004). Factors taken like respect for customer, Courteous Sales Person, Service Quality, Product Quality, Reasonable Price and Store cleanliness were selected for measurement. They were asked to rank their store in comparison to Mega stores. Table-3 gives interesting observations.

By comparing USA and Indian small retailing self rating, we found that there is a perfect co-relationship. There rating matches with Indian rating. The calculated correlation value are R = 0.809. and R = 0.83 with respect to their self rating . While comparing USA and Indian self rating on Mega stores, we found there is Moderate co-relationship .The calculated value of R = 0.47and R = 0.59.

How Small Retailers Are Fighting Competition?

Small retailers are well aware of their competitive position and adopt adequate strategy according. Store cleanliness is an important change observed during the retail survey. This was also reported in USA study by Cachon et. al (2004). Many retailers have already started proactive approach in taking tactical decisions to face the competition. Table 4 gives the tactical steps taken by retailers which emerged during the survey.

Ahmedabad retailers are more adoptive and innovative in their tactical more. The present study mentioned longer hours as tactical more by retailers to fight competition. Difference in Ahmedabad & Delhi could be due to cultural difference between two cities. Ahmedabad retailers could be more business oriented compared to Delhi retailers.

CONCLUSION

Entry of Malls has affected small retail business. However, the good business sense of owners has enabled them to find the ways to the tackle the competition. Their approach can be applied in larger organization too. It is remarkable to observe their flexibility in fighting competition. Entry of Malls is good for economy and beneficial to consumers. At the same time, methods adopted by retailers can help others to take on competition. Bigger tree can help small tree to survive and flourish if areas for relationship can be identified. It will help consumer to get fair supply of goods and services.

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Table I: Distribution of sample shops by value and employment

Sales Value in Million Rupees (Per month)	Ahmedabad			Delhi			Total	%
	No. shop	Run by Family	Run by Family + Employee	No. shop	Run by Family	Run by Family + Employee		
Up to 0.4 million	58	58	-	69	60	9	127	59
0.5-1 Million	29	20	9	37	25	12	66	31
1.1-1.5 Million	10	3	7	12		12	22	10
	97	81	16	118	85	33	215	100

Table 2; Analysis of Sales Impact due to Malls on Small Retailers

Sales Level	**Delhi**	**Ahmedabad**
Decline Reported (AV)	21	15
No decline	97	82
Total N =	118	97

X2 = 0.143

There is no significant difference between the two cities as x2 (cal) < x2 (tab) al 5% level of significant.

Table-3: Self Rating by small retailers in comparison to Mega retailer stores or Malls (Ranking)

No.		Self Rating by		Small Retailers(Rank)			
		US study (Cachon 2004)		Present Indian study 2008			
		Small Retail	Mega store	Small Retail N = 97	N = 118	Mega store N = 97	9=118
				Ahme-dabad	Delhi	Ahme-dabad	Delhi
1	Respect for customer	1	3	1	1	7	8
2	Courteous Sales Person	2	5	2	2	6	6
3	Service Quality	3	7	3	3	3	3
4	Product Quality	4	4	4	5	4	4
5	Reasonable Price	8	1	6	7	1	1
6	Store cleanliness	6	6	5	4	5	5
7	Shopping hour	7	8	7	6	8	7
8	Competent Person	5	2	8	8	2	2

Table-4: Tactical steps taken by retailers

Tactical steps	Delhi	(%)	Ahmedabad	%	Total	%
Home deliveries	100	85	97	100	197	91
Telephonic order a delivery	115	97	96	99	211	97
Credit for amount	118	100	97	100	215	99
Fair Pricing	95	81	97	100	192	88
Longer hour (extend by one hour in morning & evening)	100	85	95	98	195	90
Cleanliness	90	76	97	100	187	86
Packed goods	118	100	97	100	215	99
Total N=	118		97		217	

TRAITS VERSUS STATES: HOW CONSUMPTION AFFECTS OUR SENSE OF SELF

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ABSRACT

This paper investigates how consumption affects aspects of the self-concept. Using gift giving situations as consumer's consumption context, we examine how three types of gift giving scenarios affect individual's gender identity. In Study 1, using a with-in subjects design, we demonstrate that gender identity changes based on the gifting scenario (self-gift vs. interpersonal gift) and show that these differences also exist between the two main contexts of self-gifts (i.e. reward and therapy.) In Study 2, using a between subject design, we show how priming subjects on different dimensions of their self-concept affects their choices of gifts in a predictable way consistent with their active self-concept.

References Available on Request

THE EFFECTS OF SELF-CONGRUENCY AND PRODUCT TYPE ON THE PURCHASE INTENTION OF REAL VERSUS VIRTUAL PRODUCTS

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ABSTRACT

Nowadays, consumers go to shops not only for the functional benefits brought by products but also for the psychological utilities such as sensational pleasure, diversities, or self-image expressions to satisfy their mental need. Previous marketing researchers have suggested that when the congruency of self-image and products' image was high, it led to a positive influence on people's preferences toward the product. This study first further proposed that the impacts of congruency of self-image and product image on the purchase intention of products would be varied in different product categories. Additionally, the Internet role-playing games were pervasive and provided fantasies which went beyond people's real lives. The virtual identities might not be the same as consumers' real identities. The second purpose of this research was to analyze whether people consuming virtual products employed different selves to satisfy their mental utility. We conducted a 2 (congruency of self-image: actual self-image / ideal self-image) * 2 (real / virtual product) * 3 (product type: utilitarian / hedonic / symbolic) experimental design. Toothbrushes (utilitarian), KTV singing (hedonic), and rings (symbolic) as the representative real products and detoxified panaceas (utilitarian), e-lovers (hedonic), and knight badges (symbolic) as the representative virtual products were selected by three pretests according to Wood's (1960) definition. The Malhotral's (1981) 15 semantic items were used to measure the respondents' self-images and product images to produce the different scores. Based on the results of 228 valid samples of real products and 201 samples of virtual products, the findings showed that the congruency of self-image had no significant influence on purchase intention of real or virtual utilitarian products. Also, the congruency of actual self-image had greater influence on the purchase intention of virtual hedonic products. The purchase intention of symbolic products was found to be influenced by the congruency of actual self-image and real product image and by the congruency of ideal self-image and virtual product image. In conclusion, when people purchase utilitarian products, they focus more on the product attributes than on the self-congruency. On the other hand, when people buy virtual hedonic products, they may want to release the pressure from the social norm in the real world and purchase a virtual hedonic product which provides more pleasures. Furthermore, consumers' "role-position" or "self-enhancement" motivations are activated when purchasing real or virtual symbolic products, respectively. This study extended the research of self-image to the purchase intention of virtual products compared with real products. Managers may establish product images according to the target consumers' self-images and the product types. A proper product image can enhance the product identification and increased the purchase intention.

References Available on Request

THE ROLE OF SELF-CONCEPT BRAND IMAGE CONGRUITY IN CONSUMERS' ATTITUDINAL FORMATION AND ATTITUDINAL BRAND LOYALTY: A VIEW FROM UTILITARIAN AND HEDONIC PRODUCT BRANDS

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ABSTRACT

There has been great interest in the marketing literature regarding the effects of consumer self-concept brand image congruity. While previous studies have investigated various marketing-related consequences of this construct, few studies have investigated its impacts on the traditional tri-component attitude model that has been identified by researchers as a necessary component of attitudinal brand loyalty. The current study addresses this gap in the literature by examining the effects of consumer self-concept brand image congruity on consumer attitude and attitudinal brand loyalty. Furthermore, while differences between hedonic and utilitarian products have been long investigated, the marketing literature is lacking in providing empirical evidence regarding the manner in which the effects of self-concept congruity constructs may differ between the two product types. In this study, it is theorized that the attitudinal components will serve differing roles in the creation of brand loyalty between hedonic and utilitarian products.

Two studies were used to assess the differential role of one's attitude on the creation of brand loyalty within the settings of two different product types. Study 1 asked respondents to consider their preferred brand of wallets (i.e., utilitarian product), and Study 2 asked respondents to consider their preferred brand of jeans (i.e., hedonic product). One's level of self-concept brand image congruity was modeled as the primary exogenous construct for each study, the three attitude components (i.e., cognitive, affective, and conative) were modeled as potential endogenous mediators, while brand loyalty was hypothesized to be the primary consequence for each study. Structural equation modeling was used to analyze our hypotheses.

Results of the two studies reveal that, while consumer self-concept brand image congruity plays a significant role in consumer attitude formation and attitudinal brand loyalty for each product type, the attitude components serve differing roles in the creation of brand loyalty between product types. Specifically, consumer self-concept brand image congruity positively influences the cognitive and affective states of consumer attitude in regards to the utilitarian product. Further, it was found that one's affective component positively influenced purchase intentions, which then positively influenced brand loyalty in the case of the utilitarian product. However, in the case of the hedonic product, both the cognitive and affective components of one's attitude were insignificant in the creation of brand loyalty. Rather, for the hedonic product, self-concept brand image congruity directly influenced purchasing intentions, which then positively influenced brand loyalty. The interpretation of these results provide evidence that, in the case of a hedonic product, the strong level of affect which is created by the self-concept congruity construct towards such a product increases the strength of the relationship between the congruity construct and purchase intentions, leaving the other attitude components as insignificant in the creation of brand loyalty.

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DISCRIMINATORY CHOICE FACTORS IN UNIVERSITY SELECTION: A SOUTH AFRICAN PERSPECTIVE OF DIFFERENT ETHNIC GROUPS

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ABSTRACT

Given the changing higher education landscape and restricted financial environment, higher education institutions have to reassess marketing strategies aimed at attracting students. These marketing challenges have sparked an interest in students' institution selection processes. A proper understanding of the relative importance of choice factors that prospective students consider when selecting a higher education institution will enable institutions to allocate funds, time and resources more efficiently and effectively.

The selection of a higher education institution can be regarded as a multi-stage process involving a series of successive decisions: pre-disposition, search and choice. These decisions will eventually result in enrolment or non-enrolment at a particular higher education institution. The process starts with determining a student's predisposition towards higher education institutions, after which they will engage in a search for information on higher education institutions, when finally selecting their preferred institution. Learners enter the choice stage when they submit applications to a number of higher educational institutions. During this choice stage, learners evaluate institutions on aspects such as academic reputation, cost and location, and ultimately decide which institution to attend. During the process of selecting a higher education institution, the evaluative criteria that learners use are referred to as choice factors.

The research aimed to identify the choice factors that discriminate between Black African and Caucasian student groups within South Africa during their higher education institutional selection process.

A convenience sample of 1 241 respondents was drawn, representing six South African universities. The data was collected by means of a self-administrated questionnaire distributed during normal lecturing periods at university, consisting of a three-page questionnaire, a cover letter and a consent form. The questionnaire was based on an adaptation of the Admitted Student Questionnaire (ASQ) as well as the Cooperative Institutional Research Programme (CIRP). Respondents' opinion on the importance of twenty-three choice factors were measured using a 5-point Likert scale ranging from (1) not important at all to (5) extremely important. The Cronbach alpha reliability coefficient for the choice factor scale was 0.8509. A total of 1 500 questionnaires were distributed of which 1 241 were completed and returned. A stepwise discriminant analysis was performed to determine how well the twenty-three choice factor variables discriminate between the two ethnic groups.

The discriminant analysis results indicate that 71.1% of the variables were correctly classified for the Black African group, and 76.8% for Caucasians. It further shows that the multi-cultural nature of an institution and a social life on campus are the two most powerful discriminators between the two ethnic groups. For Black African students, diversity, financial assistance, flexible study mode and entry requirements seem to be the most important factors. For Caucasian students, factors such as a social life on campus, quality of teaching, friends who attended the institution before, on-campus housing, language policy and sports programmes seemed to be more important.

The results can aid South African universities in developing effective marketing and recruitment strategies to attract students of different ethnic groups. When compiling a strategy to recruit Black African students, higher education institutions should communicate the multi-cultural nature of the institution, the financial assistance available, flexible study mode options offered by the institution and clear guidelines on entry requirements. Of all the afore-mentioned factors, the main focus should be on communicating the multi-cultural nature of the institution as the results indicate that the most powerful discriminating factor relates to diversity. On the other hand, a recruitment strategy for Caucasian students should focus on choice factors such as providing a social life on campus, evidence of quality teaching and lecturers, availability of on-campus accommodation, the institution's language policy and the variety of sports programmes offered. From the results it is clear that the provision of a social programme (or opportunities for participation in student life) as part of the overall student life experience is the strongest discriminator for Caucasian students.

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CAUSE-RELATED MARKETING IN SOUTH AFRICA: THE INFLUENCE OF STRUCTURAL CAMPAIGN ELEMENTS

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ABSTRACT

Consumer insights about cause-related marketing in South Africa and the influence of structural campaign elements on consumer decision-making is investigated by means of qualitative research. The study confirms consumer preference for cause-related marketing campaigns and provides findings about structural campaign elements, trust, guilt, charitable giving, demographics and other important factors.

INTRODUCTION

In recent years, the use of cause-related marketing in commercial settings has grown substantially (Adkins, 1999). In this paper an overview will be provided of cause-related marketing origins, communication, framing and structural campaign elements as it is relevant to the South African context. The problem statement, objectives and methodology utilised for the study are discussed and research findings are provided.

THE ORIGIN OF CAUSE-RELATED MARKETING

Firms have recognized the decreasing effectiveness of traditional forms of philanthropy and now rather opt for social interactions that make good business sense and are socially responsible (Berglind and Nakata, 2005). Cause-related marketing has become a manifestation of the current tendency toward the alignment of corporate philanthropy and enlightened business interest (Varadarajan and Menon, 1988). The national marketing campaign, launched in 1983 in the United States of America by American Express in a successful attempt to generate funds for the renovation of the Statue of Liberty, is for the most part noted as the first true cause-related marketing campaign (Polonsky and Speed, 2001).

CAUSE-RELATED MARKETING DEFINED

In 1988 Varadarajan and Menon became the first researchers to define the term cause-related marketing. They described it as "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specific amount to a designated cause when customers engage in revenue providing exchanges that satisfy organizational and individual objectives" (Varadarajan and Menon, 1988: 60). It seems that this definition is still viewed as the most appropriate and comprehensive description of cause-related marketing and it is therefore used for this study.

CAUSE-RELATED MARKETING, COMMUNICATION, FRAMING AND STRUCTURAL CAMPAIGN ELEMENTS

Grau and Folse (2007) placed particular emphasis on the importance of communicating cause-related marketing campaign factors in order to stimulate interest in the campaign and to influence the consumer decision-making of high and low involvement consumers. Their research aligned with framing theory by indicating that positively framed messages result in more favourable attitudes towards cause-related marketing campaigns (Grau and Folse, 2007). Framing is described as 'the use of decision-relevant information by a buyer to make comparative evaluations about a product or service relative to a reference point' (Smith and Wortzel, 1997: 123). It can be inferred that the approach used for framing information within a cause-related marketing campaign can act as an important signal for consumers (Grau and Folse, 2007).

Grau and Folse (2007) emphasise the potential importance of structural cause-related marketing campaign elements (e.g. donation quantifiers, the total donation amount the firm undertook to donate to the cause, geography, duration, etc.) in the process of designing and implementing cause-related marketing campaign communication efforts. It is important for both practitioners and policymakers to understand how the various elements in the structure of the cause-related marketing offer influences consumer processing and reactions as it will impact on the nature and effectiveness of such campaigns (Cui, Trent, Sullivan and Matiru, 2003). Campaign structural elements represent messages that describe the campaign presented to the consumer (Grau and Folse, 2007). Campaign description messages are important as it relates to the manner in which a particular advertising claim is communicated and it has the ability to either trigger consumer scepticism or protect cause-related marketing messages against scepticism (Kim, 2005). The structural elements of a cause-related marketing campaign are further important as triggers for positive consumer responses, because in the structure of the cause-related marketing offer, the consumer must find compelling elements "to justify the belief that the company is rejecting its basic self-interested nature or somehow making a sacrifice" (Cui et al., 2003: 311). If consumers perceive cause-related marketing offers as mere self-interest, they are likely to have less favourable attitudes towards the offers, because they will view it as simply a means to an end used by firms to advance their objectives (e.g. sales and profits) (Cui et al., 2003).

Some research in the area of structural cause-related marketing campaign elements has been conducted and a number of elements have been found to play a role in consumer responses. Elements such as the type of product that is purchased, the amount of money that is donated and the importance of the cause to the consumer (Lafferty and Matulich, 2002), are all aspects that influence cause-related marketing effectiveness and consumer decision-making (Webb and Mohr, 1998). In addition to the elements mentioned by Webb and Mohr (1998) structural campaign elements include the non-profit partner (and strategic fit between the partners) (Hamlin and Wilson, 2004), the time-frame of the campaign, the strategic or tactical orientation of the campaign, the geographic parameters of the campaign, and the manner in which the donation amount is communicated (Varadarajan and Menon, 1988). Aspects such as price-donation relations, computational bias and estimation error are also relevant (Subrahmanyan, 2004; Olsen, Pracejus and Brown, 2003).

Grau and Folse (2007) acknowledged that some research was emerging in the area of cause-related marketing structural elements and emphasized the importance of further studies. In this study, findings are provided about structural campaign elements in general with particular emphasis on the donation aspect of cause-related marketing.

SOUTH AFRICA AND CAUSE-RELATED MARKETING

South Africa is faced by many social challenges (e.g. HIV/AIDS, poverty, crime, etc.) and has an extreme need for action in its social sphere (Engelbrecht and Du Plessis, 2004). Cause-related marketed seems to provide much-needed potential benefits for non-profit organisations, firms and consumers. However, in South Africa, only two empirical studies that relate directly to cause-related marketing have been published. Tustin and Pienaar (2005, p. 133) conducted a survey in South Africa that addressed the importance of communicating cause-related marketing strategies. Another South African study examined the effect of the nature and importance of the cause in cause-related marketing in South Africa and found that consumers are most concerned about crime prevention (Engelbrecht and Du Plessis, 2004).

PROBLEM STATEMENT

Cause-related marketing has been used by American firms for almost 30 years and research relating to structural campaign elements has been conducted by a number of researchers. Although several studies have focused on cause-related marketing, structural elements and the impact thereof on consumer behaviour, the studies most often considered the impact of single structural elements. It seems that cause-related marketing structural elements exist in an interactive relationship and research about their interactive influence might be warranted. Due to the lack of existing knowledge, specifically about donation amounts and the manner of expressing these amounts in cause-related marketing campaigns, researchers have suggested further exploration (Grau and Folse, 2007). In South Africa, cause-related marketing seems to have the potential to add value to marketing decision-making and social causes. The use of the technique in South Africa is still quite new, but substantial growth has been noted. As mentioned in the above, little cause-related marketing research has been conducted in South Africa and context-specific knowledge that can be used by firms and non-profit organisations/cause managers, is lacking.

RESEARCH OBJECTIVES AND METHODOLOGY

The overall objective of this study was to gather qualitative and initial quantitative consumer insights about cause-related marketing and therefore the following goals were set: (1) To collect consumer insights (knowledge, perceptions, preferences, attitudes, motivations, etc.) about cause-related marketing in South Africa; (2) To gain an understanding of the influence of various structural elements of a cause-related marketing campaign (e.g. donation size, donation expression formats, product involvement levels, campaign duration, campaign geography, brand-related aspects, etc.) on consumer decision-making in South Africa; and (3) To add to the body of knowledge of donation amounts and the manner of expressing it in cause-related marketing in general and in South African in particular.

This study forms part of broader cause-related marketing research project in which a triangulation approach is used. The broader study includes: (1) in-depth personal interviews with business/marketing leaders in South Africa who have been involved with cause-related marketing or similar campaigns, (2) qualitative consumer focus groups (comprising of one pilot group, one white male group, one white female group, two black male groups and two black female groups), including a quantitative research component, and (3) an experimental study. The in-depth interviews and qualitative consumer focus groups (that provide the findings for this particular study) have been completed. Discussion guides that were prepared from theory were used. The experimental study design and implementation is in progress.

FINDINGS AND DISCUSSION

Findings were obtained through the analysis of consumer focus group transcripts by means of qualitative analysis software. Quantitative support from questionnaires that were completed by consumers during the focus groups is also mentioned.

General Consumer Insights

South African consumers seem to have a high level of awareness of pro-social marketing campaigns. Cause-related marketing terminology was not necessarily familiar to the consumer, but consumers had no difficulty in comprehending the technique and in expressing their opinions and attitudes about it. Consumers preferred the use of cause-related marketing as opposed to not using the technique even though the charitable giving is conditional. Generally, South African consumers are positive towards cause-related marketing and expressed a willingness to, at least, temporarily switch brands in favour of campaigns that support social causes when brand loyalty was not at an extremely high level.

Gender, Race and Marital Status

Gender, race and marital status (relating to the nature of a household) have been identified as important influencing variables during consumer donor decision-making (Sargeant, Ford and West, 2006; Hall, 2004; Bendapudi and Bendapudi, 1996). Therefore, the potential role of these variables in cause-related marketing was explored. Focus groups suggested that gender and particularly race could have a significant influence on cause-related marketing. In the South African context, the cultural concept of ubuntu (humanness) was quite evident amongst black participants, especially males. Black groups indicated that giving was logical behaviour and generally preferred campaigns linked to donations. White females largely agreed. White males were much more skeptical about non-profit organisations and potential corruption. They emphasized the need to exert control over their money for as long as possible. Black consumers indicated a notably large emphasis on the importance of the product brand. Significant conclusions could not be made about the influence of marital status.

Brand Importance and Price Premium Influences

Subrahmanyan (2004) explored the effect of hedonic versus utilitarian product type and price premium on the likelihood of consumer's choosing a brand linked to a cause. It was found that, in contrast to studies that have been done in Western countries, the Chinese Singaporean respondents included in the study by Subrahmanyan (2004: 116) "were more likely to buy cause-linked brands for practical than for hedonic products" and they were also more likely "to pay a price premium for cause-linked practical products". It was confirmed that in South Africa brands (product/business and non-profit), brand fit and willingness to pay a price premium play a prominent role in cause-related marketing, but that the exact impact of these factors warrants further research.

Trust, Guilt and Charitable Giving

All focus groups referred to the importance of trust in cause-related marketing campaigns. This included trust in: the product/corporate brand; the non-profit organisation and/or cause; the indicated donation levels; and the cause-related marketing campaign design, implementation and management process. Consumers emphasised their dislike of guilt-based appeals often used in pro-social campaigns to generate empathy and positive responses.

Consumers indicated similarities between their attitudes, perceptions and motivations towards charitable giving (donation) and cause-related marketing. It seems that insights for the improvement of cause-related marketing planning and campaign design can be gathered from the consumer donor decision process. Aspects such as age, gender, motives, perception and social class play an important role in consumer reactions to cause-related marketing.

Product Involvement, Donation Level and Expression Format Interactions

Analysis of the questionnaires indicated an interaction relationship between donation expression format, donation level perceptions and product involvement. In the case of high involvement product scenarios, consumers regarded the actual donation made as higher when expressed in percentage of price format than when expressed in actual amount format – for low involvement products the exact opposite occurred. In most cases the results were significant. The finding implies that cause-related marketing campaign planners should take into consideration product involvement levels before deciding on the accompanying donation amount and donation expression format.

Cause-Related Marketing Structural Campaign Elements

Various cause-related structural elements (campaign duration, geographic boundaries, etc,) influence the effectiveness of such campaigns. Consumers showed a preference towards short-/medium-term campaigns as it limits the time available for donation and ultimately forces a buying decision due to their need for giving. If cause-related marketing is viewed as a co-branding relationship, the finding is in line with suggestions from co-branding literature that alliances should be short- or medium- rather than long-term (Blackett and Boad, 1999). The preference for shorter term relationships is also in line with existing research findings that people prefer causes aimed at supporting disaster relief rather than ongoing causes (Ross, Patterson and Stutts, 1992). A relation is thus drawn between the type of cause and the duration of a campaign. Local giving was preferred by consumers in the focus groups. It was continuously mentioned that 'charity begins at home' and 'when it's local the effects of my giving is easier to see'. Consumers agreed that donation communication, also referred to as claim types or donation expression formats, play an important role in influencing consumer decision-making in cause-related marketing. Results from the self-completion questionnaire indicated that participants were negative towards vague communication (e.g. 'an amount will be donated…") about donations and donation magnitudes. Preferences for actual amount, percentage-of-price and percentage-of-profit donation expression formats were similar. However, further discussions in the focus groups suggested a definite preference for actual amount donation expression formats, particularly amongst females. This research confirmed the complexity of determining the donation magnitude to be communicated to consumers in a cause-related marketing campaign. Consumers who participated in the focus group confirmed previous research findings that size indeed matters and that the size of the donation amount in cause-related marketing influences the effectiveness of the campaign. One consumer said: "if a company is giving more, you would support that company that's more willing to give". Although it was not part of the initial aims to explore the role of anchor and reference points in cause-related marketing communication, discussions within the groups indicated the important role of the price of the product and the perceived customer value of the exchange as anchor and reference points in campaigns. Consumers, in other words, seem to form opinions about donation levels (acceptability, appropriateness) in cause-related marketing based on the relation of the donation amount with the price and value of the product. During the group discussions it became evident that females are less skeptical about pro-social campaigns and more willing to contribute.

CONCLUSION

Cause-related marketing seems to have the potential to add substantial value to the marketing environments of firms in South Africa and to the creative interaction of firms with society. In this study a number of findings by researchers from around the globe were confirmed for the South African environment by means of primarily qualitative measures (focus groups and interviews). Focus group participants indicated positive attitudes towards cause-related marketing. It was evident that framing and the manner in which cause-related marketing contributions are communicated in campaign advertisements, play an important role in influencing consumer behaviour. Emphasis was placed on the importance of cause-related marketing structural campaign elements such as campaign duration, geographic parameters, the non-profit partner, and strategic versus tactical orientations. In this study the focus was on the influence of donation-related aspects in cause-related marketing campaigns. It was found that donation size and donation expression formats influence consumer attitudes and preferences. Further, an interaction effect was detected between the size of the promised contribution, the manner in which the contribution was expressed and various product involvement levels. The study indicated that gender, race and the cultural concept of ubuntu influence consumer attitudes and decision-making in cause-related marketing. The study provided important insights for South African marketing managers about the planning of cause-related marketing campaigns. Valuable input was generated for future research endeavours.

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A SALES PERSPECTIVE ON SERVICE DOMINANT LOGIC

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ABSTRACT

This paper considers the role that the sales function plays in the development of a Service-Dominant logic. A single case study provides evidence from an organization that is in transition between goods-dominant logic to a service-dominant one. The study concludes that sales will need to evolve additional skills to adopt a Service-Dominant logic.

Service-Dominant logic (S-D logic) is creating considerable interest in academic and practitioner circles with the proposition that S-D logic has the potential to create mutual benefits to buyer and seller groups, but no one has yet considered if this development has specific implications for sales functions. As one of the primary interfaces with the buyer the sales function should have a key role to play in the creation of conditions that allow a S-D logic to succeed. Interestingly Vargo and Lusch (e.g. 2004) make no specific reference to sales in their articles. At the core of a S-D logic lies the exchange of service for service. This implies that firms should provide their customers with value propositions that constitute experiences and/or solutions. To achieve this transformation changes are required in an organization's mindset, structure and objectives, and. it may be that application is mainly limited to complex and high value products and services where individual solutions are more critical and the potential profits allow the organization to invest more in pleasing the customer (Sawhney 2006). Many of these types of organization rely on a person-to-person sales force to sell the offer to the customer/consumer. However, to focus only on the organization is to imply that it is responsible for the creation of value propositions, but Vargo and Lusch (2004) stress the importance of co-creation of value between the seller and the buyer. This implies that the sales function, which in many such organizations is the dominant customer interface, is the primary mechanism through which this value could be created.

Building Blocks of a Service-Dominant Logic: There are already some moves towards creating the conditions necessary to promote a S-D logic within sales. To examine the relationship in literature between sales and S-D logic, four building blocks of marketing that relate to the fundamental principles (FP) of a S-D logic outlined by Lusch and Vargo (2006c, 2006b) are adopted: conversation and dialogue (FP1 and 2), customer value (FP3 and 4), co-creation (FP6, 7 and 8), and networking (FP9). The case study is of an organization that practices both goods and service dominant logic. The case study centers on a house builder active in the UK and US, which aims to co-create serviced homes embedded in community rather than simply "selling a box". An interactive marketing suite provides a setting for dialogue-based customization of products and services. A customer journey approach to insight and dialogue provides a framework and set of criteria by which marketing decisions can be made and helps to define the responsibilities of the marketing and sales teams. The case data demonstrates that the marketing team was effective in communicating their aims and ambitions to the sales team who responded positively to the initiatives. Further, the customer journey provides the means by which the expectations of customers can be understood by the sales team who can use their unique relationship building skills to demonstrate empathy and responsiveness and co-create solutions. In this way the sales force is enabled to co-create value-in-use.

Conclusion: This research establishes some implications for sales of the organization adopting a S-D logic, as their interaction with the customer enables them to engage in dialogue, co-creation and creating value. The implications for changes in sales practice may be considered by reference to the four building blocks of S-D logic. *Conversation and dialogue* - one of the primary reasons for employing sales people is their potential for listening to, empathising with and responding to customers; such a dialogue needs organizational encouragement and support. *Co-creation* - S-D logic suggests the need for a much more intimate understanding of the customer's goals (a value-in-use focus) as opposed to simply their buying criteria (an embedded value focus) in order that the seller can accept greater responsibility for guiding customers to create the value required. *Customer Value* - this captures the means whereby value will be created for the customer in a way that is compelling and differentiates the offering from competitors. *Networks* - the greater integration of sales into other business activities is likely to be important, so that they have all the information they require to manage customer expectations and engage with co-creation. The study also highlights the importance of establishing links between marketing, sales and other functions to create a network focused on creating value to the customer. Co-creation between the customer and the sales personnel is a new skill that relies on the sales personnel being able to interact with other networks to deliver customer value.

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A ROADMAP OF SOA-BASED FRAMEWORK FOR INTERNET-ENABLED CRM

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ABSTRACT

Because of the changes in the service economy, the service-oriented management (SOM) approach has been adopted widely in contemporary enterprises. Service-oriented management is the operational management of service delivery within a service-oriented architecture (SOA), which allows e-service companies to design customized e-services and combine them dynamically, based on various needs. In this paper, we propose a SOA-based concept called Internet-Enabled CRM, where companies conduct CRM by utilizing devices which can deliver e-services through the Internet. The study, identifies the importance of Internet-Enabled CRM in terms of an e-service value cube and SOA-based CRM framework. The e-service value cube encompasses three dimensions of value: (1) business value, (2) customer perceived value, and (3) social value. The proposed SOA-based CRM framework also provides two perspectives: (1) the customer perspective and (2) the e-service provider perspective. This work indicates the components for Internet-Enabled CRM and provides a roadmap for future e-service industry.

INTRODUCTION

Because of changes in the service economy, the service-oriented management (SOM) approach has been adopted widely for contemporary enterprises. Service-oriented management is the operational management of service delivery within a service-oriented architecture[1] (SOA), which provides a differentiated service delivery capability during operation. SOA furnishes a basis for e-service composition and delivery over the Internet and allows e-service companies to design customized e-services and combine them dynamically based on their needs (Ordanini and Pasini, 2008). This concept enables firms to manage and serve customers anytime and anywhere via any device, that is, CRM can be executed without the limitations of location, time, device, and service type.

Customer relationship management (CRM) is a significant issue for today's companies. In particular, a good CRM strategy may assist firms to earn advanced profits, increase customer perceived value, and acquire new customers. In this study, CRM is transformed from traditional CRM (face-to-face) to Internet-Enabled CRM (over the Internet). This paper defines Internet-Enabled CRM as conducting CRM by utilizing devices which can deliver e-services through the Internet. The extent of Internet-Enabled CRM includes electronic CRM (E-CRM), mobile CRM (M-CRM), and ubiquitous CRM (U-CRM). The existing CRM framework is based mostly on the company's perspective; for example, it considers how to acquire customers, retain customers, and create profits from customers. Hence, a holistic framework for both sides is still lacking, especially for e-service industry. In this work, we propose a value cube and a SOA-based framework for Internet-Enabled CRM. The proposed value cube indicates the difference between conventional CRM and Internet-Enabled CRM in terms of business value, customer perceived value, and social value.

We divide the SOA-based framework into two parts—the customer perspective and the e-service provider perspective—and identify several components to represent the hierarchy in the framework based on SOA technology. We aim to identify the significant elements of and the value of Internet-Enabled CRM and to provide a roadmap and practical and managerial implications for future CRM.

The rest of this paper is organized as follows. Section 2 discusses the value cube of Internet-Enabled CRM. Section 3 devises a SOA-based CRM framework. Section 4 introduces the value of SOA-based CRM by comparing two different concepts. Section 5 illustrates a taxonomy of CRM e-services. Section 6 provides managerial implications, and the concluding remarks are furnished in Section 7.

A VALUE CUBE FOR INTERNET-ENABLED CRM

In the era of wireless technology, three dimensions of value are identified for Internet-enabled CRM: (1) business value, (2) customer perceived value, and (3) social value. Business value is generated from companies and is always represented by monetary value (e.g., profits). Firms can easily observe the changes in profit (customer profitability) for a given time period and can modify their CRM strategies accordingly. Customer retention another indicator with which to measure profits. According to the 80/20 rule, 20 percent of customers will generate 80% of a company's profits, so it is important to retain those customers. Internet-enabled CRM provides Internet-based e-services that customers can access anytime and anywhere,

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[1] SOA is a method for systems development and integration in which functionality is grouped around business processes and packaged as interoperable services.

and companies can utilize new technologies (e.g., wireless and mobile devices) to help earn profits based on certain e-services, so Internet-enabled CRM is believed to attain high business value.

Customer perceived value is generated by customers and reflected in their willingness to pay. The concept of willingness-to-pay represents how much customers intend to pay for furnished e-services, and different CRM strategies may result in different behaviors of customers. For example, customers will not pay for the e-services which are inappropriate for them, even if they are delivered. Internet-enabled CRM provides opportunities for customers to acquire the most appropriate e-services when they face problems, and the technology helps companies identify customers' information, such as location, personalized preferences, and behaviors. Thus, Internet-enabled CRM can help attain high customer perceived value.

Social value is generated by collective intelligence—the wisdom of crowds—over the Internet. According to certain theories (e.g., Delphi method, brainstorming), group decision-making is superior to individual decision-making. Internet-enabled CRM allows peers to assist each other in solving problems based on wireless technologies (e.g., agent-based approach). Traditional CRM merely allows firms to decide what services to deliver—a one-way delivery concept—but Internet-enabled CRM allows peers from the social network to collaborate to decide what e-services will be furnished right away. Thus, Internet-enabled CRM is believed to attain high social value.

In short, Internet-enabled CRM facilitates high business value, customer perceived value, and social value in our proposed value cube. Traditional CRM may attain high business value and customer perceived value, but it lacks a social network effect in the e-service delivery process. We believe Internet-enabled CRM is superior to traditional CRM in terms of collaboration for Internet-enabled services. Hence, Internet-enabled CRM is expected to extend social value dimension from low to high and to provide complete solutions for managing customers well.

A SOA-BASED CRM FFRAMEWORK

In this research, we define e-services as those that are produced, provided or consumed through the use of ICT-networks, such as Internet-based systems and mobile solutions (Scupola, 2008). E-services have three main characteristics (Hoffman, 2003): (1) the service is accessible via the Internet or other electronic networks, (2) the service is consumed by a person via the Internet or other electronic networks, and (3) the possibility of a fee that the consumer pays the provider for using the e-service. In this section, we propose an innovative SOA-based CRM framework from the customer and e-service provider perspectives. From the customer perspective, the customer profile must be created based on SOA technology. Next, since each customer has a social network (e.g., families, friends), the providers can utilize the power of collective wisdom (collaboration) from the social network to develop a composite of e-services. From the e-service provider perspective, an e-service ontology should be created based on SOA technology. Once the e-service ontology is established, an e-service taxonomy will appear, and e-service providers can discover and re-mix existing e-services in order to match customers' real-time needs. Finally, customer value and e-service quality need to be measured to maintain good relationships between customers and e-service providers. We discuss details of those components in the following sub-sections.

Customer Perspective

In the customer-perspective part of the framework, we identify significant components for customers, including social network, decentralization/collaboration, mashup/personalization, and customer value. These components are particularly crucial and essential in the environment of Internet-Enabled CRM. The following description demonstrates the concepts and rationales of those components.

Social Network

The social network component indicates the power of collective wisdom. The effect of word-of-mouth is extremely important for the existing Internet environment. In particular, a collective decision is possible from the virtual world and useful for solving problems. For example, we can send a request to any system over the Internet and call for a group decision-making process immediately based on agent-based technology, meaning that collective decisions can be realized anytime and anywhere. Hence, peers from a specific customer's social network may play an important role in dealing with the customer's real-time problem.

Decentralization/Collaboration

Decentralization is the concept of decomposing the efforts of each peer from the social network. Each peer has his or her expertise and can contribute to certain solutions based on a different knowledge base. Decentralization solves the problem of domination by specific peers in the group decision process, and collaboration allows peers to solve problems together collaboratively over the Internet. Peers from a social network discuss and brainstorm with one another to generate solutions. Thus, the proposed solutions will be filtered by peers collaboratively via decentralizing efforts from a group decision-making process (e.g., e-brainstorming, Delphi method).

Mashup/Personalization

After the solutions are identified by peers from the social network, the e-services should be organized according to required hardware (e.g., a hand-held device) and software (e.g., basic e-services). This is the concept of mashup. Moreover, the composited e-services are personalized and identical to the specific customer because peers in the group decision-making process are selected from the specific customer's social network, which means they are familiar with the customer and can realize the customer's preference more accurately. Thus, the composited e-services are not only personalized but helpful to the customer.

Customer Value

Customer value is a specific term in Internet-Enabled CRM, which is not the same with current customer lifetime value (CLV) concept; for example, customer value is based on the e-service environment and should be estimated by perceived value. The basic concept of customer value is to explore the perceived value of e-services a customer uses based on his or her access costs.

$$\text{Customer Value} = \frac{\text{Profit}}{\text{Cost}}$$

The traditional concept of customer lifetime value is no longer helpful in identifying the profit from each customer, especially in an e-service environment. Financial indicators are not the only way to estimate customer value. Many e-services are free (Shampanier, 2007) and customers will not pay for them if the services can not solve their problems over the Internet. Hence, a new measurement of customer value is needed for future e-service industry.

E-Service Provider Perspective

From the perspective of the e-service provider in the framework, we identify significant components for e-service providers, such as e-service ontology, e-service taxonomy, e-service discovery, e-service re-mixture and e-service quality. These components are particularly crucial and essential in the environment of Internet-Enabled CRM. The following descriptions will demonstrate the concepts and rationales of those components.

E-Service Ontology

E-service ontology is significant for e-service industry, since e-service providers can follow the format of each e-service based on the e-service ontology. However, e-service ontology is not easy to construct because of domain limitations. For example, entertainment e-services have specific attributes, such as scope, required hardware, and memory of device. Daily-life e-services focus on totally different attributes, including personal preference, schedule, and intended objective. Hence, e-service ontology is important and essential in covering the entire e-service industry based on existing SOA technology.

E-Service Taxonomy

Once the e-service ontology is constructed, we can classify the e-services into different categories. An e-service taxonomy is needed to assist e-service providers in determining to what category the delivered e-service belongs (Cook et al., 1999). The e-service providers can also easily identify what kind of e-services still need to improve or be established in the current status. The taxonomy is useful and essential, so more research can focus on this topic in the future.

E-Service Discovery

When e-service providers create e-services based on the e-service ontology and position them into appropriate categories according to e-service taxonomy, the providers can easily and quickly discover what e-services they require. Dynamic e-service discovery is a significant part of the e-service delivery process. E-service providers should provide personalized e-services; however, the required e-services need to be composites from different fundamental e-services. Thus, a real-time method to discover e-services is needed to satisfy customer needs at any time.

E-Service Re-mixture

An e-service re-mixture component means that e-service providers can reorganize the e-services efficiently. Customer needs are generated according to different contexts; however, work is still need on how to catch up with their needs. The accuracy of delivered e-services is another important issue for e-service re-mixture since, if the e-service providers deliver the wrong e-services, the customer will not use them, resulting in a failed delivery process. If this happens to e-service providers, it will result in poor effectiveness (e.g., do the wrong things) (Robbins and Coulter, 2007). Hence, e-service re-mixture should be efficient and effectiveness.

E-Service Quality

E-service quality was originally measured by Zeithaml et al. (2005) from the evolution of the PZB model. E-service has specific attributes (e.g., delivery over the Internet or other electronic networks) and issues (e.g., security, privacy) and will be different from conventional services. Today, e-service quality is measured by customer perceptions. However, a fair third party is still lacking which could monitor e-service providers and the quality of delivered e-services. This third party could also provide a fair instrument for measuring e-service quality, not merely customer perception or e-service provider identification. This issue can be elaborated in greater details in future studies.

E-Service Pricing

Service pricing has become a significant topic in service marketing and has been identified as a potential research issue by Rust and Chung (2006). Zeithaml *et al.* (1985) indicated that cost-oriented pricing was the most popular approach used by service firms. However, while this method offers some advantages, the simplistic nature of cost-oriented pricing is not effective for selling over the Internet. Many researchers have investigated the topic of the pricing of services, and most have emphasized analytical and simulation approaches. However, little has been done on developing appropriate and efficient e-service pricing approaches, even though the existing service pricing method is no longer applicable to the e-service environment. Thus, an appropriate pricing approach is needed for the future e-service industry. Certainly, the pricing method should be based on high customer perceived value and high perceived e-service quality.

THE VALUE FOR SOA-BASED CRM

In this section, we compare traditional customer-oriented CRM with SOA-based CRM in terms of value generation, resources, platform, experience, collaboration, focus, economical potential, and ownership (as shown in Fig. 3). This work identifies the differences between the two types of CRM and the major characteristics of SOA-based CRM. First, value is generated in different ways in the two concepts. Customer-oriented CRM provides what the customer needs (customer creation), while SOA-based CRM co-produces what the customer needs (mutual co-creation). In the meantime, the resources for customer-oriented CRM are atoms because of the limited abilities of providers. However, SOA-based CRM enables e-service providers to cooperate with their specific abilities, so resources are abundant because of the various types of furnished information.

The platforms are also different in the two concepts. Customer-oriented CRM operates based on a traditional concept which relies on call centers. SOA-based CRM improves the ability to operate CRM according to Internet-enabled devices. In particular, the notion of experience is varied. SOA-based CRM can attain personalization, but customer-oriented CRM can only reach mass customization. Thus, Internet technology enables the new CRM concept to get closer to personalization.

Customer-oriented CRM allows the customer and a firm to collaborate at the same time; however, SOA-based CRM strengthens collaboration by getting involved with more roles (e.g., customer, peers from the social network, and e-service providers). Meanwhile, customer-oriented CRM focuses only on customer value in terms of financial perspective, while SOA-based CRM focuses on customer perceived e-service quality. Once the perceived quality is high, the perceived value will be enhanced.

Moreover, customer-oriented CRM generates revenues for firms when the customers are satisfied and become permanent consumers. However, SOA-based CRM moves toward the concept of the free economy, where customers expect free-to-use future e-services, e.g., searching and free information. Based on this particular phenomenon, e-service providers need to discover other ways to earn money. Finally, the firm owns and controls the generated value for customer-oriented CRM, but each customer can own it for SOA-based CRM.

In summary, traditional customer-oriented CRM is in the mainstream today and is successful in earning profits for firms. SOA-based CRM not only enhances the traditional concept but enables companies with more abilities to strengthen their competitive advantages.

A TAXONOMY OF CRM E-SERVICES

In this section, we classify CRM e-services as components based on a SOA framework. The existing CRM e-services consist of four major components: attractive e-service, interacting e-service, analytic e-service, and retaining e-service. Attractive e-service provides e-services which employ marketing methods. For example, blog marketing, experience marketing, and 1-to-1 marketing are extremely suitable for e-services. These attractive e-services can be utilized by firms that appeal to customers using an appropriate approach, and e-service providers can devote traditional marketing methods to the Internet environment.

The second component is interacting e-service, which allows firms and customers interact over the Internet. In this category, e-service providers can furnish post-purchase survey e-services, online responding e-services, and collected FAQ e-services. Post-purchase survey e-services allow firms to get a better understanding of their customers after purchase, and online responding e-service enables customers to obtain real-time answers when they have a problem. For example, some travel agents hire employees to work at home and answer questions via Skype. Collected FAQ e-service furnishes fast self-services to customers anytime and anywhere. The third component is analytic e-service, which is used to analyze customers through two main e-services: statistic analysis and data mining e-services. Statistic analysis employs conventional statistical approaches, like clustering and linear regression, while data mining employs artificial intelligence approaches, like neural networks and genetic algorithms, to analyze customers. Thus, this category provides clues for future e-service providers by furnishing various analytic approaches dynamically via the Internet.

Finally, retaining e-service includes customer segmentation e-service and performance measurement e-service. In this category, the aim is to help firms retain their customers. Customer segmentation e-service can assist firms to segment their customers, identify key value, and provide retaining strategies. Performance measurement e-service provides various metrics with which to measure performance (e.g., retention rate) and the effectiveness of certain strategies. The proposed taxonomy still needs improvement and further elaboration. The existing categories can be extended by any e-service provider in order to embrace the whole concept of CRM e-services.

CONCLUDING REMARKS

This study identifies the importance of Internet-Enabled CRM in terms of an e-service value cube and SOA-based CRM framework. Internet-Enabled CRM is a novel concept that allows e-service providers to deliver e-services any time and anywhere. In addition, Internet-Enabled CRM empowers collective intelligence based on the customer's social network. The e-service value cube consists of three dimensions of value: (1) business value, (2) customer perceived value, and (3) social value. We aim to attain high business value, high customer perceived value, and high social value using Internet-Enabled CRM. In addition, the proposed SOA-based CRM framework provides two perspectives: (1) customer perspective and (2) e-service provider perspective. The e-service providers can follow the guidelines for concepts such as e-service ontology and e-service taxonomy to create and position their e-services. They also can discover and remix in real time the existing e-services in order to satisfy customer needs immediately. Customers can utilize their social networks to get help via group decision-making using agent-based technology; that is, the collective wisdom can be realized over our framework. In short, this work identifies the components for Internet-Enabled CRM and provides a roadmap for the future e-service industry.

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BUYER ORGANIZATION MAPPING: NEW CRM TOOL FOR SALESPEOPLE

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ABSTRACT

Traditionally, salespeople have been called the "eyes and ears" of a company in the marketplace. But, in the era of customer relationship management, they have been largely underutilized even though scholars continue to call for understanding salespersons' effectiveness in interacting with customers and buying centers (Zoltners et. al. 2008). Our primary purpose in this paper is to show how salespeople can contribute significantly to improving customer relationship management by using their knowledge of the tacit inner workings of *buying centers*.

A new construct, *buyer organization mapping* (BOM) is introduced, operationally defined, procedurally developed, analyzed, and illustrated theoretically and pragmatically. In conceptualizing, illustrating, and analyzing buyer organization mapping (BOM), we focus on salespeople's knowledge of the tacit socio-political influence relationships among members of a buying center, instead of the manifest formal hierarchical relationships. We contend that the diverse needs of buying center members stem not only from their individual beliefs, values, and motives, but also from their being embedded within unique influence networks. Greater knowledge of the tacit interrelationships and influences among members of a buying center can give salespeople more power to favorably impact decision behaviors of its members. Moreover, salespeople can be trained, motivated, and rewarded to use their BOM knowledge and power to achieve CRM goals.

In proposing our theoretical framework, we are guided by several issues. First, our framework builds on findings in personal selling literature that emphasize the role of salespeople in initiating new opportunities for the selling organization based on extensive customer knowledge (Moon and Armstrong 1994). Second, we draw upon the literature on marketing strategy implementation that calls for key initiators to participate in implementation of the strategies that they help formulate (Colgate and Danehar 2000). This emphasizes salespeople's role in implementing marketing strategy initiatives such as CRM. Third, we take into account recent studies that have looked at managerial issues related to CRM implementation and the important role that salespeople must play (Speier and Venkatesh 2002; Richards and Jones 2008). Finally, our framework balances the need for theory building in CRM strategy implementation and the need for guiding managerial action based on BOM.

Buyer organization mapping (BOM) may be described as a systematic process to accurately depict the formal and informal network structures of a customer buying center. Salespeople, who interact most with customers, are best positioned to develop such accurate maps and derive the power to influence decisions based on the knowledge of network structures. Research in sociology has long viewed organizational power or influence as a multi-level concept (Brass 1984). Krackhardt (1990) found that power accrues not only to those who occupy central network positions in organizations but also to those who have an accurate perception of the network in which they are embedded. In fact, the power that an individual derives from knowing and capitalizing on the power that others have to influence a situation is called "meta-power" (Krackhardt 1990). Thus, a salesperson's knowledge of formal and informal networks within a customer organizations leads to meta-power that can result in superior personal sales performance and enhanced CRM. Thus, we define buyer organizational mapping (BOM) as "the graphic, and/or quantitative representation of both formal hierarchical and informal social interaction patterns among a customer organization's buying center members that are salient for achieving customer relationship management (CRM) objectives of the seller organization primarily through its sales force."

Our approach to preparing buyer organization maps consists of three steps. In the first step, the salesperson captures data on buying center members' formal reporting structure and their informal ties within buying center networks. In step two the salesperson plots the buying center relationships -- both the formal hierarchical and the informal social -- based on the information acquired in the previous step. In the third and final step, some quantitative metrics are developed that describe the structural properties of the individual buying center members and the buying center as a whole. This stage enables the salesperson to report some meaningful metrics on the buying center structure that can be used to formulate strategies to achieve CRM goals. In the paper an example is used to illustrate these steps. We conclude with a discussion on avenues for future research.

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INTERRELATIONS OF ADVERTISING CHANNELS—
AN EMPIRICAL STUDY ON ONLINE PURCHASE BEHAVIOR

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ABSTRACT

The question how advertising works and how effective it is has been the topic of research for decades. Various models have been developed to explain the persuasion process from advertising input to consumer behavior. With the advent of the internet and its growing importance as a place to do business, advertising on the internet has become a topic in academic research. Internet advertisers have since moved from classic banner advertising to new advertising models (e.g. "on-demand" advertising such as search engine advertising and price comparison websites) that make better use of the internet's unique potential for interaction between consumer and advertiser, often blurring the line between advertising, promotion and sales as defined in the offline world. Research into how these new advertising channels interact, e.g., how banner advertising affects search advertising, is still missing. In our study, we address the questions: How do online advertising channels work and interact? How do clicked and unclicked ads affect sales, and each other? And in particular, what is the role of price comparison websites in online advertising?

Drawing on the established elaboration likelihood model we develop an advertising effects model in the presence of interrelations between advertising channels. We then apply this model using a comprehensive database obtained from the .com-website of a leading online-platform for used and antiquarian books. We include four channels in our analysis: e-mails, affiliate advertising, search-engine advertising and advertisements on price comparison websites. The sample spans a period of 365 days, eliminating seasonal effects in the books market. It provides, on a day-by-day basis, indicators on advertising activity and sales. In total, the data contain more than 2.8 million purchases and 25 million website visits.

For data analysis we use structural equation modeling (SEM), as it allows for the assessment of structures in complex research models. We apply AMOS 16.0 as an implementation of a covariance-based SEM approach, enabling us to assess the overall model quality. As all our data are observed variables, our model is comprised only of the structural model with no associated measurement models to be tested. The model quality assessment indicates a very good fit of the model.

We find that there are significant interrelations among advertising channels, as advertising affects not only sales but other advertising channels. In particular, consumer-initiated ad exposures on search engines and price comparison websites are a likely effect of advertising. While Cho in his 1999 article predicts virtually no attitude change from unclicked ads, our findings clearly show an impact of ad impressions on sales and on further ad exposures. These results confirm the findings of previous studies. A second interesting finding is the weak negative effect of affiliate ad impressions on search ad clicks, together with their positive effect on search ad impressions. A possible explanation for this is that users who reacted to the banner exposure by using a search-engine rather than clicking the banner, thus causing a search ad impression, are apparently equally reluctant to click this self-initiated advertisement. Similarly, the strong effect of unclicked affiliate ad impressions on purchases can be explained by this wide-spread reluctance to click banners. With respect to our research question on the role of price comparison websites, we find that they are an important step in the decision-making process of online consumers. In addition to extant research showing that brands matter in price comparison shopping, we find that previous ad exposures also matter and increase clicks.

Our finding of significant advertising channel interrelation has wide-ranging implications for practitioners, as the common tracking approach using cookies or hyperlinks does not account for these effects. Typically, neither tracking of unclicked ad exposures nor of multiple (clicked) exposures is possible. Therefore, the total sales effect of advertising channels affecting other channels is systematically underestimated, as only the last channel in the navigation sequence will be measured by direct tracking. Further, we find that a large part of ad effects is caused by unclicked exposures, and thus cannot be measured with current tracking approaches. The limitations in direct tracking necessarily cause advertisers to question their current policies, and lead to suboptimal allocation of resources to advertising channels due to missing and misleading data. We therefore suggest that advertisers apply our methodology or a similar approach to identify the total effect of impressions and clicks in each advertising channel. Combining these total effects with the cost associated with generating the corresponding ad exposures allows practitioners to optimize their online advertising spending.

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TAILORING ADVERTISEMENTS FOR THE GENERATION 50+: THE ROLE OF ACTIVITY AND MODESTY FOR SELF-VERIFICATION

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ABSTRACT

This paper analyzes the impact of self-verification on the efficacy of advertisement campaigns for the generation 50+. An experiment gives evidence that perceived similarity between the self-image and the advertisement model fosters perceived attractiveness and perceived credibility of the model as well as attitude towards the ad.

INTRODUCTION

In many industrialized nations the relative share of the older population stratum is on the rise, which in turn affects various facets of society considerably. For example, organizations are more and more interested in the generation 50+ as potential customers for their products and services. This is also due to the fact that these consumers have a relatively high propensity to consume and a low saving ratio. To attract the generation 50+, marketers have to adjust their advertisement activities to the needs and desires of this target segment. However, marketing research so far does not provide sufficient findings on how to address the generation 50+ effectively. This article therefore aims at closing this research gap.

The paper suggests that advertisement campaigns should provide platforms for self-verification (Swann 1990). In particular, the concepts activity and modesty are of special concern for the generation 50+ (see table 1). For that reason, the effect of these motives on advertisement efficacy has to be analyzed. The paper aims at answering the following research questions: (1) How effective are advertisement models that personify concepts of activity or modesty? (2) To what extent does the interplay between the self-view of the observer and his perception of the advertisement model explain the effectiveness of an advertisement?

THEORETICAL BACKGROUND

Consumers of a specific age group cannot be regarded as a homogeneous segment with similar attributes, needs, and desires (e.g., Ahmad 2003; Powers and Trawick 1993). Recently published typologies of the generation 50+ reveal this diversity. As the present study is conducted on German consumers, current German typologies are reviewed (table 1). The synopsis shows, that most of the suggested segments are related to a modest or an active consumer type. Both, the modest and the active type, make up one third up to half of the generation 50+. Therefore, the paper focuses on these two most important consumer types and discusses the underlying concepts: modesty and activity. Modesty is a traditional virtue in Germany. Although this virtue is becoming less relevant for younger consumers it is still very important for older cohorts. Thus, many consumers might strive for this traditionally ideal characteristic. Nowadays, the concept activity is becoming more and more relevant for the generation 50+. The ideal self often is described as the youthful old. Due to healthy nutrition, higher life-expectancy and the common striving to feel younger, today's generation 50+ is characterized by a mindset which differs from their predecessor generations' point of view. They strive for staying young on the inside as well as on the outside (e.g., Borland and Akram 2007).

According to the theory of self-verification (Swann 1990) people try to confirm their self-view. Thus, advertisement effects are expected to be higher if advertisement models are rather similar to the receiver. Therefore, the present paper states that advertisments that address the generation 50+ by showing advertisement models that are of the same age segment will only be effective, if the respondents can recognize similarities between the model and themselves. The paper suggests that the perceived discrepancy between the self-concept and the perception of the advertisement model ('difference of concepts') affects the advertising effectiveness.

HYPOTHESIS

Drawing on self-verification theory, the present article proposes that the generation 50+ will respond positively to an advertisement if the model personifies their self-concept. The perceived similarity of the consumer and the advertisement model depends on two central aspects of the self-concept: activity and modesty. The smaller the difference of concepts on the dimension of modesty, the higher the perceived similarity between the advertisement model and the perceiver (H1) and the smaller the difference of concepts on the dimension of activity, the higher the perceived similarity between the advertisement model and the perceiver (H2). The paper postulates that a dimension (modesty or activity) is more salient when the self-concept of the respondent differs significantly from the perception of the advertisement model. The more a dimension is salient the more important it is for the receivers' perception of similarity with the advertisement model. Thus, it depends on the discrepancy of the characters of the advertisement model and the respondent (moderator variable 'relative difference') whether modesty or activity is more important for the overall evaluation of the similarity (H3). A respondent identifying similiarities between himself and the advertisement model is more likely to find the advertisement model attractive (H4; see Griffith, 1966). Individuals ascribe more postitive attributes to persons they find attractive than to persons they do not find attractive (Eagly et al. 1991). The halo-effect gives an explanation: The attractiveness is a central attribute of the person that irradiates on other attributes. Thus, the stronger the perceived attractiveness of the advertisement model the better the individual's attitude towards the advertisement (H5; see Baker and Churchill 1977; Petroshius and Crocker 1989). Respondents expect a person who is similar to themselves to judge information from the same point of view. For that reason, an advertisement model who is similar to the recipient with regard to status, interests, attitudes, and needs is more credible (H6; see Simons et al. 1970). Credibility of the model is rooted in the assumption that he generally gives reliable information. The higher the perceived credibility of the advertisement model the better the individual's attitude towards the advertisement (H7).

METHOD

Treatment: Two fictive advertisements for automotives are developed as experimental treatment. Almost all elements of the two ads are identical (e.g., slogan, background). Both times, a male person is shown. However, the character represented by the advertisement model is different. The first ad (treatment modest) shows an advertisement model wearing shirt and glasses. He obviously is conscientious and modest. In the second ad (treatment active), the advertisement model wears sportive clothes and has a tennis racket in his hands. He appears to be very sportive and active. Both, a pretest and a manipulation check in the main study, confirm that the participants perceive the two advertisement models differently and that the treatment has been implemented as expected. The respondents state that the modest model (M=3.8) is more modest than the active model (M=1.6). In contrast, the active model (M=4.7) is perceived to be more active than the modest model (M=3.0). T-tests confirm that the differences are statistically significant (modesty: $t=10.85$; $p\leq.001$; activity: $t=9.56$; $p\leq.001$).

Sample: Participants of the study had to be 50 years or older. They were recruited in senior academies, inner cities, and in libraries. The participants were randomly assigned to one of the two treatments. 66 respondents were exposed to the first advertisement (modest); 64 participants saw the second advertisement (active). Three participants had to be excluded because they were younger than 50 years. Thus, the final sample consists of 127 respondents (modest: n = 65; active: n = 62). The mean age is 59.6 years (SD = 7.18; maximum = 80). 34.7% of the respondents are between 50 and 54 years, 18.5% are 55-59 years, 22.6% are 60-64 years, 15.3% are 65-69 years, and 8.9% are 70 years or older. 49.2% of the participants are female; 50.8% are male. 60.5% are employed, 33.1% retired, and 6.4% unemployed. Although respondents were randomly assigned to the two treatment groups, the possibility of group differences was explicitly ruled out by control variables. A t-test showed that the two groups did not significantly differ in their interest and expertise in automotives. Moreover, the self-concept (measured by the dimensions activity and modesty) of the two groups does not differ significantly.

Measures: The indicators of the self-concept and the perception of the advertisement model are derived from Malhotra (1981). The following indicators operationalize activity: 'not dynamic vs. dynamic', 'passive vs. active' and 'not adventuresome vs. adventuresome'. Modesty is measured by the items 'demanding vs. modest' and 'wasteful vs. frugal'. The efficacy of the two ads is evaluated by the construts perceived similarity (similarites to own life, similarities between me and the person shown in the ad), perceived credibility (trustworthy, authentic, honest, credible), perceived attractiveness (likeable, attractive, appealing to me), and attitude towards the ad (like the ad, appealing, credible, convincing, likeable). Subjects rated all indicators on seven-point rating scales. Reliability and discriminant validity of the constructs are analyzed separately for both treatment groups. All constructs display a high level of internal consistency. The average variance extracted for each factor exceeds at least .70 and factor reliablity is higher than .90. All factor loadings are well above .70.

Analysis: The analysis is conducted in two steps. First, the paper analyzes if there are significant differences between the two treatment groups with regard to perceived similarity, perceived credibility, perceived attractiveness and attitude towards the ad. Differences between the two groups are analyzed by t-tests. Next, the paper examines whether these differences are rooted in differences between the self-concept and the perception of the advertisement model. Therefore, the suggested structural model is tested by means of partial least squares using the software SmartPLS 2.0 (Ringle et al. 2005). To test the paths with inference statistics, standard errors and t-values are estimated via bootstrapping.

RESULTS

Considering the perceived similarity of the respondents and the advertisement model, t-tests show significant differences between the group exposed to the modest advertisement model and the one exposed to the active advertisement model. The respondents state that they are more similar to the active model than to the modest one (M_{modest}=2.4; M_{active}=3.0; t=2.56; p≤.05). Moreover, the respondents clearly state that the active model is more attractive than the modest one (M_{modest}=2.7; M_{active}=4.3; t=6.63; p≤.001). On the contrary, there is no difference in the perceived credibility of the two advertisement models (M_{modest}=3.7; M_{active}=4.0; t=1.17; n.s.). Nonetheless, the attitude towards the ad is significantly higher after being exposed to the active model than after having seen the modest one (M_{modest}=3.0; M_{active}=3.9; t=4.29; p≤.001).

After having shown that there are significant differences between the two groups, the paper now turns to analyze the explanations for these differences. To examine the antecedents of perceived similarity between the self-concept and the perception of the advertisement model the structure of the self-concept is described first. As expected, an exploratory factor analysis (PCA, varimax-rotation) extracts two dimensions of the self-concept. The indicators 'not dynamic vs. dynamic' (factor loading: a=.81), 'passive vs. active' (a=.89), and 'not adventuresome vs. adventuresome' (a=.81) highly load on the first dimension which is named activity (explained variance: 50.0%). There are high factor loadings of the indicators 'demanding vs. modest' (a=.75) and 'wasteful vs. frugal' (a=.85) on the second dimension that is named modesty (explained variance: 20.7%). For both dimensions indices are calculated for further analysis. T-tests for pooled samples show that the respondents identify significant differences between the self-concept and the perception of the advertisement model with respect to the dimensions of modesty and activity. This is true for the group that was confronted with the modest model (modesty: $M_{selfconcept}$=3.3; M_{model}=3.8; t=2.27; p≤.05; activity: $M_{selfconcept}$=4.2; M_{model}=3.0; t=6.39; p≤.01) as well as for the group confronted with the active model (modesty: $M_{selfconcept}$=3.0; M_{model}=1.6; t=7.55; p≤.001; activity: $M_{selfconcept}$=4.3; M_{model}=4.7; t=3.54; p≤.01). Thus, the respondents perceive themselves as being located between the two extrems of the modest model and the active model. Looking at the dimension modesty, the self-concept of the respondents is closer to the perception of the modest model than to the one of the active model. Both, the respondents and the modest model are seen as being rather modest. With regard to the dimension activity the results are mirrored. The respondents state that they are more similar to the active model. The modest model is perceived as being rather passive.

In a next step, the influence of the difference between the self-concept and the perception of the advertisement model on the perceived similarity is analyzed. Therefore, an index is calculated for both, the modesty and the activity dimension. For each indicator variable of both dimensions the difference between the self-concept and the perception of the advertisement model is standardized by the standard deviation of the indicator variable. For both dimensions, modesty and activity, the mean of the corresponding indicator deviations is calculated. In the following, this mean is named 'difference of concepts'. The hypothesized model is analyzed by means of partial least squares (figure 1). The model is run for both treatments separately. In both groups almost all paths are statistically significant. However, in the group that was exposed to the modest model there is no significant influence of the difference of concepts in modesty on the perceived similarity. In contrast, in the group that was exposed to the active model there is no significant influence of the difference of concepts in activity on the perceived similarity.

The moderating effect of the treatment is explicitly analyzed by a test suggested by Chin (2000). As postulated in hypothesis H3 the coefficients differ significantly between the two groups for the paths 'differences of concepts for modesty - perceived similarity' (t=2.26; p≤.05) and 'differences of concepts for activity - perceived similarity' (t=2.71; p≤.01). Additionally, there is a significant difference for 'perceived attractiveness - attitude towards the ad' (t=1.98; p≤.05). All other paths are stable across the two groups: 'perceived similarity – perceived attractiveness´ (t=1.09; n.s.); 'perceived similarity – perceived credibility' (t=0.89; n.s.); 'perceived credibility - attitude towards the ad' (t=1.64; n.s.).

DISCUSSION

The study shows that the generation 50+ reacts significantly differently to advertisements that show active advertisement models compared to those that show modest ones. With regard to the perceived attractiveness and the attitude towards the ad an active model is generally more effective. No difference was found for the dependent variable perceived credibility. Being modest does not imply being more credible. The paper proposes a model stating that the perceived similarity between the respondent and the advertisement model plays a key role to explain these differences. This model is fully supported by the empirical data. As expected, the perceived similarity exerts a statistically significant positive effect on perceived attractiveness (H4) and perceived credibility (H6). In turn, perceived attractiveness (H5) as well as perceived credibility (H7) improve the attitude towards the ad. As suggested, the perceived similarity depends upon the difference between the self-concept and the perception of the advertisement model on the dimensions modesty (H1) and activity (H2). Moreover, the relative influence of the difference of concepts for modesty and activity depends upon the relative importance of these dimensions (H3).

The interpretation of the lastly mentioned finding is crucial for understanding that different characters of advertisement models exert different influences on the generation 50+. Respondents rate themselves as being rather modest. Therefore, the difference of concepts for modesty is not important for the perceived similarity if a modest model is displayed (β=.15; n.s.). However, there is a gap between the perceived activity of the advertisement model and the one of the respondents. Therefore, the dimension activity is highly important for perceived similarity for the respondents that were exposed to the modest model ($\beta = -.49$; $p \leq .05$). With regard to the active model the results are mirrored. The difference of concepts for activity is not important for the perceived similarity (β=.02; n.s.) whereas the difference of concepts for modesty strongly influences the perceived similarity (β=-.33; $p \leq .05$). To summarize, the study confirms that if the character of an advertisement model with regard to a certain dimension is relatively close to the character of the respondent this dimension is not important for the perceived similarity. However, if the advertisement model represents a dimension in an extreme way the dimension is of great importance for the similarity judgement. Thus, the relative importance of a dimension moderates the influence of the dimension on the perceived similarity.

The present study reveals that participants strive for self-verification. An advertisement is more effective if the respondent perceives the character of the advertisement model as being similar to his own character. This finding has crucial implications for practitioners. Before designing an ad campaign, marketers should learn about the self-concept of their target groups (e.g., via focus groups). Advertisment models should be personifications of these self-concepts.

Like every empirical examination, the present study has some limitations that should be addressed in further research. The study has analyzed the importance of differences of concepts with regard to advertisements for cars. The latter are generally seen as high-involvement products with a great social impact. Maybe the striving for self-verification is less important in case of advertisements for low involvement products. The present study applies the self-verification theory to explain the influence of the difference between the self-concept and the perception of the model on the advertising efficacy. The analysis was conducted for the dimensions activity and modesty. Further research should analyze the model for other dimensions that might be important for the generation 50+ (e.g., health consciousness).

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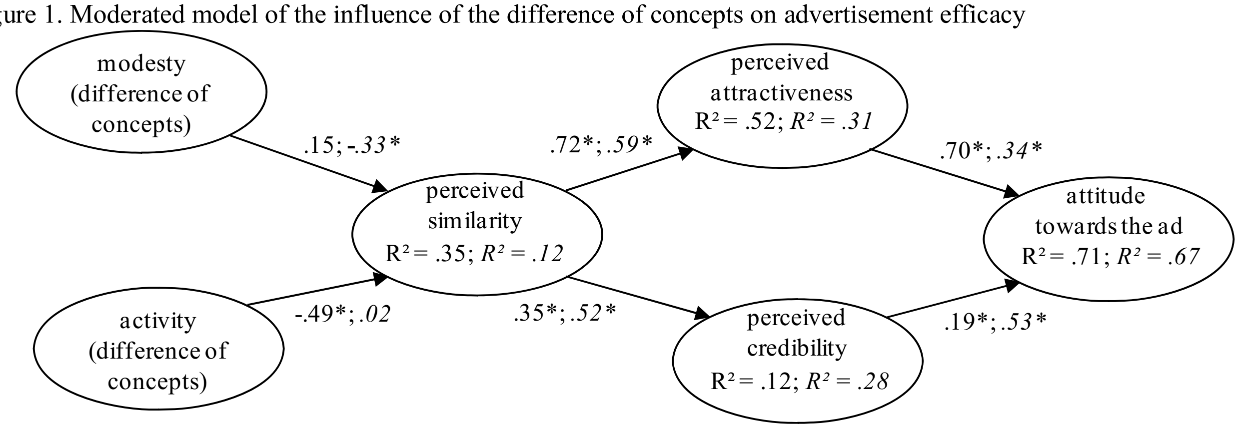
TABLES AND FIGURES

Table 1. Synopsis of typologies of the generation 50+ in Germany

	Consumer types		
	Modest	**Active**	**Other**
Best Agers(TNS Infratest)	passive (37%)	experience-driven (30%)	culturally active (33%)
VuMA 50+ Typology	worldly-wise, satisfied (25%) grey, passive (20%)	active, flexible (22%) open-minded, interested (31%)	
AC Nielsen50+ Typology	oldie (37%)	current (20%) adventurous (4%)	desinterested (12%) well-educated (27%)
Life-experienced consumer (Carat)	modest (19%) solid (33%)	established (29%)	sceptical (20%)
GfK Generation 50+	satisfied (30%) withdrawn (21%)	lively (19%) curious (29%)	

Figure 1. Moderated model of the influence of the difference of concepts on advertisement efficacy



Notes: Partial least squares: * p≤.05 (bootstrapping). Figures: modest model; *active model (displayed italic).*

BEYOND SENTRY AND SEEKER: A NEW LOOK AT CONSUMER COPING BEHAVIORS WITH INTERPERSONAL MARKETING PERSUASION

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ABSTRACT

We propose a multi-dimensional model of consumer coping behaviors with interpersonal marketing persuasion by integrating meta-cognition and regulatory-focus theories with the Persuasion Knowledge Model (Friestad and Wright 1994). In three studies, we identify "control-assess-discount" aspects of the coping behaviors that enrich the established *"Sentry-Seeker"* framework (Kirmani and Campbell 2004).

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THE EFFECTS OF SOCIAL NORMS ON CONSUMERS' RESPONSES TO MOBILE ADVERTISING

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ABSTRACT

The purpose of this study was to examine whether social norms and perceptions of mobile advertising play any role in predicting consumers' responses to mobile advertising. The study used a questionnaire survey method to measure mobile users' attitudes, perceptions and adoption intention of mobile advertising. A total of 343 college students from a large southwestern public university were recruited to participate in this study. The study demonstrated that social norms predicted perceived usefulness (PU) and perceived ease of use (PEOU) of mobile advertising. The study also found that PU predicted attitude towards mobile advertising, whereas PEOU did not predict attitude towards mobile advertising. Lastly attitude towards mobile advertising significantly predicted the intention to adopt mobile advertising.

INTRODUCTION

Mobile advertising refers to advertisements sent to and received by mobile devices, i.e. cellular phones, Personal Digital Assistants (PDA), and other handheld devices that people carry with them (Salo and Tähtinen 2005). As mobile technology continues to evolve, the number of mobile subscribers has grown exponentially. Marketers have referred to mobile phones as the "third screen" (Cuneo 2005) because of their potential to send targeted and personalized advertisements to consumers' on the move (Salo and Tähtinen 2005). With mobile phone penetration expected to reach 100 percent by 2013 in the United States (Kagan 2007), marketers have demonstrated a lot of interest in this new media application. As a result, mobile advertising has created a new marketing communication channel and has the potential to reach millions of wireless devices at the right time, the right place and to the right consumer (Maneesoonthorn and Fortin 2006). Although technical, psychological, and executional factors have been most commonly studied in mobile advertising literature (Khalifa and Cheng 2002; Okazaki 2005), one area that has been left unexplored is how social norms factors predict mobile users' willingness to respond to mobile advertisements. The objectives of this study aim to examine whether social norms factors affect mobile users' attitudes toward, intention to use, and actual use of mobile advertisements.

LIERATURE REVIEW

Social norms are defined as standards of behavior that determine how individual members with a group ought to behave in a specific circumstance, on the basis of widely and commonly shared beliefs (Voss 2001). Past studies have consistently found the importance of social norms in affecting human behavior (Lapinski and Rimal 2005; Klein and Boster 2006; Rimal, Lapinski, Cook and Real 2005). Although social norms were often used in the intervention of undesirable behaviors, such as smoking, binge drinking, and sexual behavior, researchers in technology acceptance have integrated social norms as an important predictor of technology adoption behavior (Venkatesh and Davis 2000). Conceptually similar to social norms, subjective norms in the Extended Technology Acceptance Model (TAM2) is considered to be an important variable in explaining the adoption of a variety of new technologies (Venkatesh and Davis 2000; Yang 2007).

TAM2 research has examined the importance of social influence in consumers' adoption of technologies. Nevertheless, what types of social norms are most predictive of consumer responses to new technology remain to be investigated? Social norms are composed of injunctive, descriptive, perceived and collective norms (Lapinski and Rimal 2005). Injunctive norms are behaviors which are perceived as being approved of by other people, these are the norms that refer to people's beliefs about what ought to be done (Lapinski and Rimal 2005; Klein and Boster 2006; Rimal, Lapinski, Cook and Real 2005). Descriptive norms are perceptions of how other people are actually behaving, whether or not these are approved of. On the one hand, perceived norms are defined as the people's understanding of those norms (Lapinski and Rimal 2005). Collective norms emerge through shared interaction among members of a social group or community (Bettenhausen and Munighan 1985), and the way in which norms emerge rely on how these norms are transmitted and socially construed among group members. The study extended the use of social norms to study consumers' responses to mobile advertising. For many mobile users, receiving mobile ads is not desirable. For people around mobile users who receive and read mobile ads, for example, in class or during work, responding to mobile ads is likely to be considered as undesirable behaviors. Therefore, in this study, we argue that the concept of social norms will better explain consumers' responses to mobile advertising since social norms are viewed as regulations of behavior and act as social controls.

Given that subjective norm (Venkatesh and Davis 2000) is similar to social norms (Berkowitz and Perkins 1986) and have been found to influence consumer's adoption to new technologies, the research proposed the following theoretical framework that integrates both social norms theory and the Extended Technology Acceptance Model (TAM2). First, we argue that, on the basis of past TAM2 studies (Venkatesh and Davis 2000), social norms can influence consumers' perceived usefulness (PU) and perceived ease of use (PEOU) of mobile advertising. When mobile advertising is perceived as easy to use and useful to users, it is more likely that consumers will adopt mobile advertising (Venkatesh and Davis 2000). Therefore, the following research hypotheses and research questions were proposed:

Research Question 1: Do social norms positively affect perceived usefulness of mobile advertising?

RQ1-1: Do subjective norms affect perceived usefulness of mobile advertising?

RQ1-2: Do types of norms affect perceived usefulness of mobile advertising?

Research Question 2: Do social norms positively affect perceived ease of use of mobile advertising?

RQ2-1: Do subjective norms affect perceived ease of use of mobile advertising?

RQ2-2: Do types of norms affect perceived ease of use of mobile advertising?

Research Hypothesis 1: Perceived usefulness (PU) of mobile advertising positively influences consumers' attitudes towards mobile advertising.

Research Hypothesis 2: Perceived ease of use (PEOU) of mobile advertising positively influences consumers' attitudes towards mobile advertising.

Research Hypothesis 3: Attitudes towards mobile advertising positively influences consumers' intention to adopt mobile advertising.

METHODOLOGY

Okazaki (2005) pointed out that there is little empirical research available in the literature of perceptions and utilization of mobile advertising. To examine whether and what types of social norms affect mobile users' perceived usefulness, perceived ease of use, attitudes towards, and intention to use mobile advertising, the research employed a questionnaire survey method to collect empirical data. This study employed a non-probability convenience sampling method. A total of 343 students from a large state university in the southwestern part of the United States were recruited to take part in this study. A screening question was used to remove 43 participants from the sample to ensure all participants have prior experience with mobile advertising. College students have been used in various mobile advertising studies because participants were in the age range of 20-28, reflective of one of the major target groups for mobile advertising (Carroll, Barnes, Scornavacca, and Flecher 2007). The respondents that participated in the study ranged from freshman, sophomore, junior, senior, and graduate level students. Among 300 respondents, 53.3 percent (n=160) were females, while the other half, 44.7 percent (n=134) were males. Regarding their age difference, the majority of the participants were between the ages of 19-22 years old, 61.4 percent (n=184). 33.5 percent (n=91) of participants have been using a cell phone between 49 and 72 months. Lastly, 77.6 percent of participants (n=203) have received mobile advertising messages in the last three months.

As to the instrumentation, a pre-test was conducted with a group of 40 university students to determine the inclusion or exclusion of questionnaire items that would better help determine consumer's responses to mobile advertising. A total of five statements using 5-point Likert scales were developed from Yang (2007) to measure subjective norm. Four Likert statements were developed from Rimal et al. (2005) to measure descriptive norms, while six 5-point Likert statements were modified from Klein and Bloster (2006) to measure injunctive norms. To measure Perceived Usefulness (PU), Perceived Ease of Use (PEOU), and intention to use mobile advertising, we modified from Davis (1989) and Venkatesh and Davis (2000) to generate five-point Likert scales to be coherent with mobile advertising. A seven-item scale was developed from Tsang, Ho and Liang (2004) to measure consumers' attitudes toward mobile advertising. Cronbach's alpha coefficients were computed to assess the internal consistency and reliability of the scales measuring study variables in the model (Patten, 2005). Cronbach's alphas of 0.60 or greater indicate strong internal consistency as an indicator of the instrument's reliability (Nunnally 1976). Scales measuring subjective norm (α=0.83), perceived norms (α=0.84), collective norms (α=0.82), descriptive norms (α=0.92), and injunctive norms (α=0.86), have shown good reliability coefficients. Perceived usefulness and perceived ease of use on the other hand, show acceptable coefficients of (α=0.77) and (α=0.79) respectively. Lastly, attitude towards the mobile ad had a high alpha coefficient of (α=0.90). All constructs in the model show high internal consistency with reporting high or acceptable alpha coefficients (α).

FINDINGS

A simple linear regression procedure was conducted to test if subjective norms predict consumers' perceived usefulness of mobile advertising. A significant regression equation was found ($F(1,298)= 182.78$, $p= 0.000<0.001$). Overall, regression analysis found that participants' subjective norm predict perceived usefulness of mobile advertising. Consumers' subjective norm was found to account for 38% of variance in their perceived usefulness of mobile advertising (R^2 =0.38, β=0.58, t=13.52, p<0.001). To examine if types of social norms predicted perceived usefulness of mobile advertising, a simple linear regression procedure was used. A significant regression equation was found (*F*(5,293)=71.64, p= 0.000 <0.001). Although the overall model supported the importance of social norms, not all types of social norms were predictive of consumers' perceived usefulness of mobile advertising. The regression analysis demonstrated that, injunctive norms (acceptance) (β=0.17, p<0.001) collective norms (β=0.39, p<0.001), and descriptive norms (β=0.30, p<0.001) predicted perceived usefulness of mobile advertising. These constructs contributed with high levels of significance. Perceived norms (β=0.03, p>0.05), and injunctive norms (punishment) (β=-0.01, p>0.05); on the other hand, did not show significance. Consumers' types of norms were found to account for 54% of variance in their perceived usefulness of mobile advertising (R^2 =0.54).

A simple linear regression was conducted to examine if subjective norm explained perceived ease of use of mobile advertising. A significant regression equation was found (*F*(1,298)=69.47, p=0.000<0.001). Regression analysis explained that participants' subjective norm (β=0.44, p<0.001) can explain perceived ease of use of mobile advertising. Consumers' subjective norm were found to account for 19% of variance in their perceived ease of use of mobile advertising (R^2 =0.19). To investigate if types of norms affected perceived ease of use of mobile advertising, a simple linear regression was calculated A significant regression equation was found (*F*(5,293)=17.25, p=0.000 <0.001). Although types of norms were found to be significant predictors in the whole model, only some norm types were significant predictors. The regression analysis predicted that perceived norms (β=0.18, p<0.001) and descriptive norms (β=0.26, p<0.001) were found to be significant predictors of perceived ease of use of mobile advertising. However, for injunctive (acceptable) (β=-0.50, p>0.05), injunctive (punishment) (β=0.00, p>0.05), and collective norms (β=0.12, p>0.05), these constructs did not demonstrate that they can explain consumers' perceived ease of use of mobile advertising. Overall, consumers' norms were found to account for 23% of variance in their perceived ease of use of mobile advertising (R^2 =0.23).

A simple linear regression was calculated to examine if perceived usefulness and perceived ease of use predicted attitudes towards mobile advertising. A significant regression equation was found (*F*(2,297)=149.00, p=0.000 <0.001). Although the linear regression model showed the predictive power of PU and PEOU, not all perceptions of mobile advertising were found to be significant. Regression analysis predicted that perceived usefulness (β=0.72, p<0.001) predicted attitude towards mobile advertising. However, perceived ease of use (β=0.61, p>0.05) was not found to be a significant predictor of consumers' attitudes towards mobile advertising. Consumers' PU and PEOU, combined, were found to account for 50% of variance in their attitude towards mobile advertising (R^2 =0.50). To examine if attitude towards advertising predicted the intention to adopt mobile advertising, a simple linear regression was executed. A significant regression equation was found (*F*(1,299)=219.24, p<0.001). The regression analysis explained that attitudes towards mobile advertising (β=0.77, p<0.001) predicted the behavior intention of mobile advertising with high significance. Consumers' attitudes towards mobile advertising was found to account for 42% of variance in their intention to adopt mobile advertising (R^2 = 0.42).

DISCUSSIONS AND CONCLUSION

Past TAM2 studies have found that subjective norm can influence consumers' adoption of mobile advertising (Yang 2007), PROFS electronic mail (Davis 1989), and XEDIT file editor (Davis 1989). Our study extended the application of subjective norm to mobile advertising and found that subjective norm continues to be an important predictor of consumers' adoption behavior of new communication technologies. Congruous with Venkatesh and Davis (2000), the relationship between subjective norm and attitudes towards mobile advertising was supported by the empirical data. The inclusion of subjective norm as a variable is noteworthy to the study of mobile advertising among college students, due to strong reference group influence in their adoption decision among younger generations (Yang, 2007). Similarly, the study also demonstrated the important role of subjective norms in predicting consumers' PEOU, which has been found consistently to predict technology adoption (Venkatesh and Davis 2000). The research demonstrated that subjective norms explained PEOU of mobile advertising. Consumers' subjective norms were found to predict perceived ease of use of mobile advertising. TAM2 research has posited that PEOU is of prime relevance for technology acceptance behaviors. Past TAM2 studies further supported that variables similar to PEOU can be linked to consumers' attitudes and usage (Davis, Bagozzi and Warshaw 1989). On the basis of past TAM2 studies (Venkatesh and Davis 2000), subjective norm was found to influence consumers' perceived ease of use (PEOU) of mobile advertising. When mobile advertising is perceived as easy to use and useful to users, it is more likely that consumers will adopt mobile advertising (Venkatesh and Davis 2000).

Because social norms have been consistently found to be an important predictor of human behavior, the study further examined what types of social norms can account for consumers' adoption of mobile advertising. As shown in the empirical data, although the overall model supported the importance of social norms, not all types of social norms were predictive of consumers' perceived usefulness of mobile advertising. In other words, while injunctive norms, collective norms and descriptive norms accounted for perceived usefulness of mobile advertising, perceived norms and injunctive norms (punishment) did not predict PU of mobile advertising. Perceived norms exist at the individual, psychological level, representing each individual's interpretation of the prevailing norm. It is likely that college students did not perceive receiving mobile advertising to be a prevailing norm in society or another factor can be, that mobile advertising is still at its infancy and is not saturating consumers' with advertisements at this point. On the other hand, injunctive norms (punishment) refer to people's beliefs about what ought to be done (Cialdini, Reno and Kallren 1990). One of the reasons that injunctive norms (punishment) did not predict PU of mobile advertising is because students might not think that using mobile advertising should be punished since it is a norm for everyone to be using mobile advertising. Participants' might not see it as appropriate to use under these contexts, but not to the extent of punishing the behavior. Perceived norms are a reflection of students' behaviors. Participants' in the study may have underestimated their behaviors, thus giving the impression that they are not receiving mobile advertising. Social norms seek to correct misperceptions about the regularity of a behavior with the belief that correcting these misperceptions will result in behavior change. In terms of PEOU, perceived norms, collective norms and descriptive norms successfully predicted perceived ease of use (PEOU) of mobile advertising. However, injunctive norms (acceptable and punishment) did not predict PEOU of mobile advertising.

Unexpectedly, the study did not found PEOU to be a predictor of attitude towards mobile advertising along with PU in the regression model. It is likely that mobile advertising is not perceived as a difficult thing to do. Moreover, perceived ease of use might not be significant in the study, due to the known role of direct hands-on experience in forming this belief (Davis 1989). However, favorable attitudes toward mobile advertising can lead to adoption of this new advertising format. TAM researchers have observed a significant link between attitudes and usage (Davis, Bagozzi, and Warshaw 1989). Additionally, Jun and Lee (2007) reiterated that the more consumers have a positive attitude towards mobile advertising, the more they have positive behavioral intentions for mobile advertising. The regression model also showed that positive attitudes towards mobile advertising could predict adoption intention in general.

Social norms should be considered as interventions in decision-making for mobile users, as social norms have been found to be effective in changing the behavior of students (Berkowitz, 2004). The concept of social norms can be used to develop interventions that focus on mobile advertising perceptions in order to correct misperceptions among students and positively affect adoption intention. For mobile advertisers and marketers, such intervention can prove beneficial to increase the adoption and effectiveness of mobile advertising. The inclusion of social norms will enhance scholars in the understanding about how norms are formed, transmitted, and modified among members of a social group. Mobile advertising has been viewed as an unprecedented way of marketing communications (Ventanparast and Asil 2007). Nevertheless, low acceptance rate will hinder the success of mobile advertising campaigns. As a result, it is crucial to understand what factors can enhance people's acceptance and adoption behavior of mobile advertising. If misperceptions are corrected among students, mobile advertising responses will be higher. For advertisers as well as media and marketing professionals, the managerial implications of this study are to help them better understand mechanisms and factors leading to more effective mobile advertising campaign. For mobile marketers and advertisers, it is important to understand that mobile advertising is a personal communication medium that empowers them to engage consumers in a one-on-one relationship. If mobile advertising is conceptualized as a permission-based, it is thus important to ensure that mobile users will accept mobile advertising as expected. Therefore, findings from this study help mobile advertisers and marketers understand if and how social norms and misperceptions can be tailored into mobile advertising campaigns to ensure higher level of adoption and acceptance. Without encouraging mobile users to first accept mobile advertising, it is difficult to ensure mobile advertising will be processed. Although mobile advertising adoption and acceptance is on the rise, without an unambiguous understanding of the fundamentals affecting consumers' responses' to mobile advertising, mobile marketing and advertising professionals will have a limited power to constantly generate positive and effective yields from their programs. Mobile advertising is only in its infancy stage; however, it promises a bright future in the mobile advertising and marketing industry.

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A TYPOLOGY OF CHANNEL ORGANIZATIONS

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ABSTRACT

The authors develop a typology of channel organizations that consists of two fundamental and opposite types with respect to channel anatomy and channel coordination: 1) complex organic and 2) simple bureaucratic channels. Complex organic channels have a large number of parallel channels, many levels between the manufacturer and its end customers, and numerous channel member types, whereas simple bureaucratic channels have few of each. In complex organic channels the members function with decentralized authority, informality, and high specialization, whereas in simple bureaucratic channels they function with centralized authority, formality, and rudimentary specialization. The complex organic type of channel is proposed to be ideal in dynamic, unpredictable, diverse and munificent environments, whereas the simple bureaucratic type of channel is ideal in stable, predictable, homogenous, and lean environments. In both cases the meaning of "*ideal*" is that this channel type in this environment elicits loyalty, smoothes working relationships, and contributes to the bottom line.

The authors show support for the typology with data that was collected from sales/marketing managers in the electronic components industry. Post hoc analysis lends credence to the underlying theoretical explanations: in dynamic, unpredictable, diverse, and munificent markets, the purpose of channel anatomy and governance is to foster adaptability so firms are able to take advantage of emerging market opportunities, whereas in simple, predictable, homogenous, and lean markets, the purpose is cohesion and compliance from channel members so the playing field is level with a fair share of a fixed and limited market for all members.

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DISTRIBUTION STRATEGIES FOR ENHANCED CHANNEL PARTNER PERFORMANCE

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ABSTRACT

This study focuses on the distribution strategy for enhanced channel partner performance in Insurance, Mobile telecom and Fast moving consumer goods (FMCG) Sectors. The dimensions considered in the study were Motivating channel members, positive attitude towards channel, providing the channel members with market knowledge, conducive credit facility, constant and effective communication and being aggressive. Results indicated lesser correlation between the distributors and channel managers of insurance sector, whereas the Mobile telecom's distributors correlated with that of the channel manager's attitude. The attitude of High performing distributors and channel managers of FMCG sector were similar, while it did not correlate with that of the low performing distributors.

INTRODUCTION

Distribution research and practice have now recognized the importance of developing strategies for enhanced distribution functions. Company executives/sales managers normally design such strategies. They are anyone in the firm or organization who is involved in distribution channel decision making, though in practice few firms or organizations actually have a single designated executive position called the channel manager (Jackson, 1988, Walker et al, 1985, Speh, 1978). Depending on the type of firm or organization, a variety of different executives are involved in making channel decisions (Rosenbloom 1999). Effective management of marketing channel is a necessary prerequisite for successful implementation of a firm's marketing strategy. Normally, channel managers would appear to favor a climate of communication ease, whereas subordinates in the distribution function would prefer a climate of cooperation .Communication and cooperation will promote sales-distribution effectiveness (Kahn Kenneth et al. 2004). Channel personnel must explicitly consider the attitude-behaviour consistency or inconsistency of target organizations' boundary personnel in order to fully understand the tasks confronting them within their inter-firm influence attempts. Reliance on a single influence approach or communication strategy across each channel relationship in attempting to achieve the acceptance and implementation of channel programs is clearly inappropriate. The importance of the decision of channel program to target organizations' boundary personnel must also be taken into consideration when designing inter firm influence strategy (Frazier Gary et al. 1985). Boundary personnel had a significant positive effect on relative dealer satisfaction with the relationship. This link is a key factor in effective communication (Gassenheimer, 1996), who should help in developing skills of middlemen to improve distribution management (Hardy Kenneth, 1988).

Company executives are entrenched in managing their firm's distribution channels. They formulate channel strategies, design marketing channels, motivate channel members and manage conflict (Mehta Rajiv et al. 2000). Strategic alliances are cooperative arrangement that transcend organizational boundaries to achieve channel goals. Managers at all levels in the channel have a wealth of information. This diffusion of information technology into channels is having a profound effect on how managers look at the problem of managing the channels and the resultant channel relations (Mentzer, 1993). Distributors/Channel members appear to spend more time than economically "optimal", (in short term) on principals with whom they have a trusting relationship and good communication. Personal contacts in the form of visits by the principal have a significant positive effect on time allocation (Anderson, 1987). They often complain that their suppliers don't provide enough training and support (Cespedes**,** 1998). Channel Managers, thoroughness and performance may be improved by according greater importance to managing distribution activities (Coviello, 1989). Manufacturer support programs are related positively, though weakly to distribution intensity, when a manufacturer provides many support programs, retailers may have some incentive to join and remain in the channel system. Manufacturer coordination efforts are related inversely though weakly to distribution intensity, when close coordination is needed manufacturers are likely to limit distribution to reduce potential difficulties in channel operations and foster a supportive atmosphere in their exchange relationships(Frazier, 1996). Manufacturers in heterogeneous market must ensure that the retailer interests are properly aligned (Iyer, 1998). Previous research indicates that the type of products might affect the distribution management functions that are involved. The use of intermediaries in distributing certain services can result in increased effectiveness, product-channel interactions and consumer-channel interactions (Csipak james 1995, Black Nancy Jo 2002). Two schools of thought exist concerning the length and potential of using intermediaries in service industries the first school believes that the distribution of services differs from that of goods due to the difference in service attributes, (Donnelly 1976) . The second school believes that more similarities than differences exist between the distribution of services and goods, and refutes the general assumption of direct or short channels based on service attributes(McIntyre 1988), while sales managers in consumer product manufacturing firms are more actively involved in formulating channel strategy, designing marketing channels, motivating channel members, and managing conflict than their counterparts in industrial goods firms(Mehta Rajiv 2003). Greater supplier expertise will result in greater distributor trust and cooperation in the context of high-technology products, expert power influences channel members when the external environment is highly turbulent.(Sahadev 2004).

RESEARCH METHODOLOGY

This study focuses on the Channel Managers strategy that influences the Channel Partners to perform effectively in Insurance, Mobile telecom and Fast moving consumer goods (FMCG) Sectors. The sectors considered for study consisted of variation from service, hybrid to a tangible offering where channel management structures are used predominantly. All the three sectors considered are highly competitive in nature having to use intensive distribution network. A sample size of 750 distributors/channel partners were considered for the study. Equal numbers of high and low performing distributors were considered in each sector. 230 from FMCG sector, 240 from the Mobile telecom sector and 280 from the Insurance sector, which consisted of equal number of high and low performing distributors(HPD and LPD) in each sector. 75 company executives/channel managers were considered in each sector totaling 225. The study was conducted in four major cities in India. To assess the primary channel objectives and also the primary role of the company executives that influence channel performance, the factors were ranked by the respondents. To get the order of ranking, Friedman's test was applied and rank correlation was identified.

RESULTS AND DISCUSSION

The following hypothesis were tested for all sectors,

H_o: Channel partners and channel managers gave equal importance to motivating channel members, positive attitude towards channel, providing the channel members with market knowledge, conducive credit facility, constant and effective communication and being aggressive as factors for enhancing performance

$H_{1:}$ Channel partners and channel managers did not give equal importance to motivating channel members, positive attitude towards channel, providing the channel members with market knowledge, conducive credit facility, constant and effective communication and being aggressive as factors for enhancing performance

Insurance sector

Table-1 indicated that the calculated value of significance (.000). Hence H_o was rejected The Chi-square High Performing Distributor = 331.135, Low Performing Distributor= 420.692, Company Executive =74.65, indicating that the ranking were significant. Rank correlation was, $R_{H, L}$ = 0.679, $R_{H, E}$ = 0.490, $R_{L, E}$ = - 0.310. From Table -2 it is evident that high and low performing distributors of the Insurance sector had similar attitude, whereas there was lesser correlation between the distributors and channel managers. While the distributors maintained that motivating channel members and positive attitude towards channel members are primary for the channel partners to perform, the company executives have identified providing market knowledge as primary because insurance customers look for company that assures trust and relationship, which can be offered when the database is strong. This gap between the channel managers and partners can be attributed to the fact that the partners are looking for various motivational mixes. Channel managers believe that they are more aware about the market and have better information than the distributors. Company executives need to be slightly more aggressive towards low performing distributors, as this will enhance them to perform better.

Mobile telecom sector

Table- 1 showed the calculated value of significance (.000) for this sector. H_o was rejected. The Chi-square High Performing Distributor = 188.303, Low Performing Distributor= 290.808, Company Executive = 83.211, indicating that the ranking were significant. The rank correlation was $R_{H, L}$ = 0.8286, $R_{H, E}$ = 0.9429, $R_{L, E}$ = 0.7714. Rank Correlation indicates that the Mobile telecom's distributors had similar attitude and it also correlated with that of the channel manager's attitude. As shown in table- 3, the respondent's ranked motivating channel members highest since the distribution of mobile telecom products and services is very challenging, the company needs to constantly motivate its distributors. While the distributors gave the second rank to positive attitude towards channel, the executives on the other hand considered being aggressive as the second factor that makes channel partners to perform effectively, executives felt that being forceful is requisite for performance in a highly cutthroat environment which prevails in mobile telecom sector. The gap exists as the channel partners do not want the managers to be forceful and push the product and services, instead support them wherever required. For effective channel dynamics in this sector high the channel managers should develop innovative methods of distributor motivation by financial rewards and advertisement support, and not adopt aggressiveness to perform.

FMCG sector

Table -1 indicated the calculated value of significance (.000). H_o was rejected. The Chi-square High Performing Distributor = 150.298, Low Performing Distributor= 103.038, Company Executive =74.65, indicating that the ranking were significant. The rank correlation was $R_{H, L}$ = - .4286, $R_{H, E}$ = 0.5428, $R_{L, E}$ = - . 0857. Rank Correlation indicates that the attitude of High performing Distributors and channel managers of FMCG sector were similar, while it did not correlate with that of the low performing distributors. As indicated in table-4 while high performing distributors considered providing channel members with market knowledge as the foremost factor for channel performance, as they are looking for more customers, low performing distributors preferred conducive credit facility, this could be due to the very low margin given to the distributors in this sector, to sustain these distributor look for better credit facility, company executives gave the highest ranking to positive attitude towards channel, which will develop a cordial working relationship. High performing distributors in this sector are organized and hence are more established, they need the channel managers to provide market information, whereas the low performing distributors require monetary benefits as their sales turnover is lower and they get lesser margin.

TABLES

Table- 1- Friedman Test Statistics

Sector	Insurance			Mobile telecom			FMCG		
	HPD	LPD	E	HP	LP	E	HP	LP	E
N	140	140	75	120	120	75	115	115	75
Chi Square	331.135	420.692	74.650	188.303	290.808	83.211	150.298	170.491	103.038
d.f	5	5	5	5	5	5	5	5	5
A. .Sig,	.000	.000	.000	.000	.000	.000	.000	.000	.000

Table- 2- Ranking of Insurance sector Channel managers influence on distributors for effective performance

	Mean Rank HPD	Ranking	Mean Rank LPD	Ranking	Mean Rank executive	Ranking
Motivating the Channel member	1.91	1	1.43	1	3.63	4
Positive Attitude for Channel partners	2.47	2	2.91	2	2.97	2
Provide Market Knowledge	2.98	3	5.09	6	2.45	1
Conducive Credit Facility	5.34	6	4.20	4	4.91	6
Constant and Effective Communication	3.88	4	4.70	5	3.28	3
Being Aggressive	4.43	5	3.39	3	3.76	5

Table-3- Ranking of Mobile telecom sector Channel managers influence on distributors for effective performance

	Mean Rank HPD	Ranking	Mean Rank LPD	Ranking	Mean Rank executive	Ranking
Motivating the Channel member	1.84	1	1.51	1	2.64	1
Positive Attitude towards Channel	3.06	2	2.45	2	3.09	3
Provide Market Knowledge	4.30	5	4.90	6	4.27	5
Conducive Credit Facility	4.85	6	4.63	4	4.83	6
Constant and Effective Communication	3.89	4	3.90	5	3.45	4
Being Aggressive	3.28	3	3.61	3	2.72	2

Table- 4- Ranking of FMCG sector Channel managers influence on distributors for effective performance

	Mean Rank HPD	Ranking	Mean Rank LPD	Ranking	Mean Rank executive	Ranking
Motivating the Channel member	3.43	4	2.75	2	2.81	2
Positive Attitude towards Channel	3.00	2	3.89	4	2.73	1
Provide Market Knowledge	2.43	1	4.73	6	3.03	4
Conducive Credit Facility	3.87	5	1.94	1	4.91	6
Constant and Effective Communication	3.07	3	3.46	3	2.92	3
Being Aggressive	5.19	6	4.23	5	4.60	5

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MY PRODUCT, MY SELF: SELF-PRESENTATION CONCERNS IN PRODUCT EVALUATION

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ABSTRACT

Individual behaviour is often motivated by self-presentation or impression management concerns (Tedeschi 1981). Impression management involves controlling personal expressions and behaviors in order to influence the opinions and responses of others (Leary 1995). Research has shown that personal possessions affect observers' impressions (Gosling et al. 2002) and that consumers strategically buy and display products for this reason (Burroughs, Drew, and Hallman 1991). In addition, they will avoid products that might cause them to be perceived as members of dissociative reference groups (White and Dahl 2006). The current work demonstrates that consumers' desire to avoid creating a particular impression exerts an important influence on their attitudes and ultimately their willingness to pay (WTP) for a product.

Study 1 explored whether impression management concerns influenced product evaluation and WTP. We chose an item likely to be used in public (an MP3 player) and manipulated its color to evoke impression management concerns, predicting that when it was offered in a feminine color, men –but not women– would worry about the impression it conveyed. Ninety-eight students (52% women) participated in a 2 (product color: pink vs. black) x 2 (gender) between-subjects factorial design in which they bid on a pink or a black MP3 player. Men bid significantly less for the pink player (M's = $41.20 vs. $84.43; $F(1, 94) = 22.54$, $p < .001$), but there were no differences for women (F's < 1). Mediation analyses of the men's results found that impression management concerns –not "liking of the color"– mediated the effect of product color on WTP.

The second study examined the accuracy of consumers' impression management concerns by comparing their beliefs about the impression they would create using a product to their impressions of another consumer using the same product. Ninety-one students (57% women) participated in a 2 (product color: pink vs. black) x 2 (gender) x 2 (target: self vs. other) between-subjects factorial design. In the "self" conditions, participants saw an MP3 player embedded in a variety of other products and rated what they thought others would think of them if they were seen using this product. In the "other" conditions, participants saw a picture of a male in a gym setting who happened to be wearing an MP3 player. We found that only men believed they would be perceived less positively wearing a pink player (M's = 2.08 vs. 3.35; $p < .001$). However, neither men nor women formed a less positive impression of the target when he was wearing the pink player. They did notice the player and were more likely to remember its color when it was pink. This suggests the inaccuracy was not caused by overestimating the number of people likely to notice the product, as per the spotlight effect (Gilovich, Medvec, and Savitsky, 2000).

Study 3 investigated whether consumers' impression inaccuracies result from a failure to account for other personal cues that might influence this impression. We primed consumers to consider other personal aspects that might influence their overall impression. Two-hundred and four students (50% women) participated in a 2 (prime: other cues vs. no prime) x 2 (gender) between-subjects factorial design in which they responded to questions about how they would feel wearing a pink MP3 player. The possible impact of other cues on the impression they created was primed by asking half the participants to rate the extent to which various cues might influence the impressions other people form of them. As before, we found that men were less willing to wear the pink player than were women (Ms = 2.17 vs. 3.25). However, we also found that the prime increased the likelihood that men would wear the MP3 player (Ms = 1.80 vs. 2.54, $F(1,201) = 7.62$, $p < .01$), but it had no change on women's intentions (Ms = 3.34 vs. 3.15, $F < 1$). Analyses of the impression participants believed they would create wearing the pink MP3 player showed that the prime influenced both men's and women's perceived impression (Wilks' Lambda = .94, $F(4, 197) = 3.16$, $p < .05$) but only men were sufficiently concerned that it affected their intentions to wear the player.

Our work extends the existing literature, first by demonstrating that product attitudes and WTP are influenced by the extent to which products help consumers achieve or avoid certain impressions, even outside of contexts where they actively engage in impression management. Second, we explore the accuracy of impression management concerns. We show that consumers tend to overestimate the extent to which products are likely to create an undesired impression, as evidenced by a discrepancy between the impression they believe they create using a particular product and their impression of other consumers using the same product. Finally, we investigate the mechanism responsible for this discrepancy, and find that consumers fail to account for other person-related cues that might dilute the impact of an individual product on the aggregate impression created.

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AFFECT-REGULATION THROUGH NOSTALGIA-SHOPPING

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ABSTRACT

Two studies integrate research on mixed emotions, self-regulation of moods, and nostalgic consumption. They shed insight on the emotional and design nature of more and less authentic nostalgic brands, the mood-boosting function of consumers shopping for authentic nostalgic brands, and the influence of individual hope and need for cognition on mood boosts. The first study provides evidence that the level of mixed emotions depends on the indexicality of nostalgic brands: Less authentic nostalgic brands evoke higher levels of mixed emotions whereas authentic brands evoke lower levels of mixed emotions. Indexicality, in turn, traces back to extrinsic brand characteristics including names, brand marks, pictorial content, typeface, and colors. Study 2 uses a mood induction experiment to confirm that consumers buy authentic nostalgic brands to boost their mood. Effects are especially strong for individuals high in need for cognition and hope. Implications focus on advancing nostalgia research, and on *Nostalgopoeia*, the successful design and management of nostalgic brands.

References Available on Request.

THE EFFECT OF GOAL ACTIVATION ON THE EVALUATION OF HYBRID PRODUCTS: THE ROLE OF CATEGORY FAMILIARITY IN THE DILUTION OF THE MEANS-GOAL ASSOCIATION

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ABSTRACT

Currently, high technologies lead the emergence of a wide variety of new products created by integrating two or more distinct product categories in the market. Among a dizzying array of such new convergence products, *hybrid products* arise from combining two or more previously independent product categories into one, such as integrating the cellular phone with the personal digital assistant (PDA) and/or the digital camera. This research examined (1) whether an active goal, be it a perceptually or conceptually cued category-relevant goal, changes the inference of the hybrid product, depending on the consumers' familiarity with its constituent product categories; and (2) whether product category familiarity influences the degree of the *dilution of the means-goal association* by varying the strength of category-goal associations, and thus serves to moderate the effect of the active goal on the inference-based evaluation (i.e., valuation or devaluation) of the hybrid product.

References Available on Request.

RELATIONAL CONFUSION

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ABSTRACT

There is a plethora of focal constructs that are used in RM literature (e.g., commitment, loyalty, strength, closeness, attachment, quality, bond, satisfaction). For instance, in their meta-analysis, Palmetier, Dant, Grewal and Evans (2006) presented a number of constructs that were used in prior research to capture the core concept of a relationship. Our literature review identified additional constructs that have been used as focal constructs in RM literature. We argue that the proliferation of constructs has also had a substantial impact on the confusing results. This is partly acknowledged by Boulding, Staelin, Ehret and Johnston (2005) in their introduction to the special issue on CRM when they argue that "though constructs relevant to CRM may be conceptually distinct, their effects may be empirically indistinguishable" (p. 162). Indeed, are all these constructs conceptually distinct? Has prior research done a robust examination of the conceptualization, operationalization and dimensionality of the multitude of focal constructs used in RM literature? We argue that more work needs to be done and this study is an attempt at filling that gap.

Addressing this research issue was a challenging task given the extent of prior literature, the sheer numerical volume of constructs, and the multiple targets of relationships. We approached this challenge by first conducting an extensive review of the prior literature aimed at identifying all the conceptual and operational definitions used. Our examination of these constructs is skewed towards the services marketing field; however, we did rely on other marketing disciplines (e.g., channels, products) to inform our literature review. Next we conducted a multi-phase large scale survey in which we captured the consumers' views of the constructs in the context of three relationship targets, which enabled us to do a comparison of the theoretical view versus the consumer view. We did so by using the prototyping technique used previously in the literature for similar analysis (Fehr 1996; Fehr 1999; Fehr 1988). In doing so, we managed to address the following important issues: Are the numerous constructs used in RM literature truly unique, are there overlaps among these candidates, or indeed, are some of the constructs redundant? What, if any, are the similarities and differences between the conceptualization and operationalization of key RM constructs by academics versus how consumers interpret those same constructs?

Our literature review highlighted a fair amount of conceptual overlap in the relationship marketing field with respect to key constructs. The prototyping study further cemented the issue of conceptual overlap by demonstrating that service consumers have difficulty distinguishing between most of these constructs. What emerges from both of these studies is a need to consolidate the field and focus on distinct constructs. Both academics and consumers seem to be able to adequately distinguish between three types of constructs. The first type refers to the evaluative aspects of the relationship, such as its content and the features specific to the person or the organization. These are typically housed in the constructs of relationship quality and relationship satisfaction; however, the prototyping study revealed that consumers do not distinguish between the two. The second type of construct refers to features of the relationship that hold it together (i.e., the glue). These features are typically housed in the constructs of commitment, attachment, and loyalty. These variables are also hard to distinguish from each other by consumers, thus are best viewed as one construct. We suggest that researchers focus only on commitment as it is the one that is most commonly defined using the terms "pledge", "psychological force", and "dependency" – all suggestive of some element that holds the relationship together. The third type of construct includes a number of manifestations of each of the 'glue' variables. While these were not mentioned often by consumers when asked to describe the constructs, academics often used these in the operationalizations (i.e., the measurement) of the constructs. These manifestations include such variables as repurchasing, strength of preference, word of mouth, share of wallet, and the like.

This research has highlighted the relational confusion that has emerged over the past twenty years of relationship marketing research largely due to the use and proliferation of a number of constructs. The results of this research suggest that many of the constructs are redundant and that future research should focus on only two of these – relationship satisfaction and commitment.

References Available on Request.

STUDYING CUSTOMER VALUE OF SOCIAL NETWORK SERVICES

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ABSTRACT

Social network services (SNS) make it dramatically easier for people to maintain connections, deepen relationships, and meet like-minded ones that they would never have met in real life. Practitioners who provide SNS would prefer to attract many visitors to their websites, provide enjoyable activities encouraging users to their sites, and engage potential users in "sticking" for a time to become loyal users. However, some SNS attract a large number of members in the early stages, but suffer from turn over at a later stage. Many SNS have failed due to the reluctance of members to continue their participations in these websites. These findings point to a theoretically and substantively important research questions: Why do user participations translate into such low levels of customer loyalty? Moreover, how this can be improved? One likely reason for this situation may be that many SNS mangers simply have not found a way to create superior value for surfers that visit their websites. Obviously, the potential is great, and to realize this potential, it is necessary for SNS practitioners and e-marketers to find out the core value sought by surfers and excel in that core value delivery.

Traditionally, customer value are divided into utilitarian value and hedonic value. Based on prior research and according to the characteristics of SNS, this study categorizes utilitarian value into convenience, information availability and sociality, which reflect participants seek relationships via SNS. On the other hand, this research categorizes hedonic value as adventure, escapism and affiliation. The scales in this study were adapted from previous published research. Once refined, the final instrument with 37 items was collected using an online survey. The survey was implemented over one week and resulted in 875 usable responses. All items were measured on a 7-point Likert scale and this study employed structural equation modeling (SEM) via Maximum Likelihood estimator of LISREL 8.8 to model the relationships among the constructs and to test the theoretical hypotheses. This study had empirically demonstrated a positive relationship between customer value and satisfaction. Utilitarian and hedonic values influence loyalty (word-of-mouth and repatronage intention) through satisfaction. Results from this study also revealed that hedonic value had a relatively greater influence on satisfaction compared with utilitarian value as is evidenced by the standardized path coefficients of 0.505 for hedonic value and of 0.364 for utilitarian value. Satisfied customers are more likely to indulge in word-of-mouth and report greater repatronage intention, which are supported by statistically significant path coefficients.

The interrelationships that exist among utilitarian and hedonic value, satisfaction and loyalty within SNS context are worthy topics of inquiry, as little existing research examines these effects concurrently. From a marketing perspective, the SNS provider should design, develop and deliver the service offering on the basis of customers' perceptions which are influential factors for selection of providers. This study might be a good starting point to investigate SNS users' perceptions of value.

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SATISFACTION – LOYALTY: IT'S NOT THAT SIMPLE

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ABSTRACT

The role of customer satisfaction in generating loyalty to the service firm is frequently reported in the literature. We believe that this is an oversimplified view of a complex relationship. The satisfaction-loyalty effect is not as it appears and firms need to be aware of the moderating effect contextual variables may have on this relationship. Using a national sample of service customers across nine service types (n=509) we examine the effect involvement, relationship benefits, and switching costs have on the relationship between satisfaction and customer loyalty. As would be expected, we find that satisfaction positively predicts customer loyalty. We hypothesize that satisfaction will have a reduced relationship with customer loyalty as perceived switching costs increase, but a stronger association when relationship benefits and perceived involvement increase. Three-way interactions between the main effects of satisfaction, switching costs, relationship benefits and involvement provide new insights into the effect of satisfaction on the customers' decision to remain loyal to the service firm. Of key importance is the finding that when customer involvement is high the negative moderating effect of switching costs on the relationship between satisfaction and loyalty reduces. However, when relationship benefits are high the opposite is true. That is, the negative moderating effect of switching costs on the relationship between satisfaction and loyalty increases. Implications for managers are discussed in terms of situations when managers should focus on improving satisfaction to increase loyalty.

References Available on Request.

EFFECTS OF SERVICE QUALITY, TRUST, AND PERCEIVED VALUE ON CUSTOMER LOYALTY: THE CASE OF MOBILE SUBSCRIBERS

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ABSTRACT

In this study we conceptualize a theoretical framework linking service quality, trust and, perceived value to both attitudinal and behavioral aspects of customer loyalty. The model is among the first attempts to explore the direct and indirect effects between trust and perceived value (conceptualized as a four dimensional construct: emotional, social, functional, and monetary) and customer loyalty (conceptualized as a four dimensional construct: cognitive, affective, conative, and action) in a continuous service setting. Data analysis incorporates confirmatory factor analysis and structural equation modeling on 1385 mobile subscribers. The primary insights this study gives are: 1) service quality has a strong direct influence on trust and emotional, social and functional value; 2) trust has a direct positive influence on all dimensions of value, of which the effect on functional value is the strongest; 3) individual value dimensions and trust are strong indicators of loyalty dimensions; 4) monetary value is the strongest individual value dimension in predicting cognitive, affective and conative loyalty. The importance of these findings for practitioners and academics, research limitations and future research avenues are subsequently discussed. The research contributes to the literature by providing a more integrated view of customer loyalty and the effects of customer value in the context of continuous service providers.

References Available on Request

THE ROLE OF MASS MEDIA AND MARKETING COMMUNICATION IN CONSUMER ETHNOCENTRISM: A STUDY FROM THE RUSSIAN MARKET

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ABSTRACT

Consumer ethnocentrism is a potential barrier to international trade. Although this concept has been investigated over many decades in the U.S. market, there is a scarce research addressing ethnocentrism in transitional economies (e.g., Russia). If consumer ethnocentrism is a major factor in the Russian marketplace, under what conditions can its negative effects be altered?

Given its size and potential for growth, Russia represents a major investment opportunity for the Western world. Here, we report evidence that consumer ethnocentrism negatively influences Russians' attitudes toward foreign products and foreign product ownership. We argue that consumer ethnocentrism's influence may be moderated by extensive exposure to mass communication (e.g., exposure to television and foreign films) and by marketing communication efforts (i.e., attitude toward advertising in general).

Based on a convenience sample of Russian college students (n=178), we find that the relationship between consumer ethnocentrism and attitude toward foreign products is attenuated by the higher levels of exposure to both television and foreign films. For instance, when ethnocentric consumers experience considerable exposure to television, they tend to associate Western products with success, modernity, and an upper-class lifestyle. As a result, they modify their attitude toward foreign products. Similarly, the more Russian consumers are exposed to foreign films, the more accessible the information about foreign products becomes in the memory. In turn, this accessibility makes it easier to process information about foreign products and may lead to more positive evaluations of such products. In addition, we find that the relationship between consumer ethnocentrism and attitude toward foreign products is moderated by attitude toward advertising in general. However, our results show that the negative influence of consumer ethnocentrism on foreign-product ownership is not moderated by exposure to marketing communications. We explain this finding by the lack of discretionary income that prevents Russian consumers from buying foreign products, as well as by the persistent presence of counterfeit brands and forgeries. We conclude with a discussion of theoretical and managerial implications.

References Available on Request.

SALES MANAGERS' LEARNING ORIENTATION, SALESPEOPLE GOAL ORIENTATION AND OVERALL ORGANIZATIONAL PERFORMANCE

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ABSTRACT

In this study we develop and empirically test a conceptual model of sales management learning orientation, salesperson's goal orientation and sales performance. Focusing on a Greek sales environment we explored the responses of 182 sales managers – salespeople dyads. Our findings demonstrate that learning orientation of sales managers does not directly impact organizational performance, but has a rather indirect effect on this construct through stimulating salesperson's learning and performance orientation.

References Available on Request.

FIELD SALES MANAGEMENT CONTROL SYSTEMS: INFLUENCE ON SALESPERSONS' PSYCHOLOGICAL AND BEHAVIORAL RESPONSES

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ABSTRACT

This study proposes refinements to the conceptualization of field sales management control systems by examining the control concept at two distinct levels of analysis, namely sales managers and salespersons. Past research on sales management has revealed that various job related issues are characterized by perceptual incongruence between sales managers and salespeople, but the research on field sales management control systems has not taken this issue into consideration clearly. However, the scholars have tacitly discussed the difference between salespersons' perceptions of control and "controls-in-use" by the managers.
Our model distinguishes between the role of control as they are exercised by the sales manager, and control as they are perceived by salespeople. The primary objective is to increase our understanding about the nature and influence mechanisms of the field sales management control systems. And more specifically, to compare the salesperson consequences of the managers' exercised control and salespersons' perceptions of control. It is asserted that sales manager's control behavior does shape salespersons' perceptions of control to some extent, but the perceptions of control are not necessarily accurate. So the effects of sales manager's control behaviors on salesperson consequences may be direct or (fully or partially) mediated by salespersons' control perceptions. The focal salesperson consequences in the present study are both psychological (i.e. organizational commitment, role ambiguity, and role conflict) and behavioral (unethical behavior).

An examination of the responses from 154 sales managers and 257 salespersons from Finnish field sales organizations indicates that the managers' exerted controls and salespersons' perceptions of control do indeed have differential effects on salespeople. The results of the study show that perceptions of control explain the psychological outcomes of salespeople (i.e. role conflict, organizational commitment) More specifically, salespersons who perceive that they receive greater amount direction from their managers experience less role conflict and are express higher levels of organizational commitment compared to those who perceive less direction. The behavioral salesperson outcome (i.e. unethical behavior) is predicted by the controls –in-use by managers. Salespeople behave less ethically when sales managers rely on evaluation of performance metrics. Sales managers' monitoring behaviors, in turn, are associated with more ethical selling behaviors.

References Available on Request

THE IMPACT OF CHANGE IN THE SALES PROCESS ON SALES PERFORMANCE: A MULTI-LEVEL ANALYSIS

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ABSTRACT

In the contemporary sales literature, it is implied that sales management will be tasked with the change of the sales organisation (Marshall et al, 1999; Jones et al, 2005). Yet, few attempts have been made to model change and transformation in sales organisations. The purpose of this study is to examine the impact of sales process activity change on sales performance. Examining the impact of activity change in the sales process on organisational performance over time has a number of important implications. First, the dearth of any systematic research into the role and impact of change in the sales process suggests the need for more information concerning the change-performance linkage. Second, incorporating a series of observations nested within individual companies into a growth (change) model, allows examination of sales process activity change in companies over time, thus providing a more complete model of companies' performance.

Even though prescriptions for change intervention and management are plentiful (Kanter, 1995), there is doubt as to whether existing change research has produced a cumulative and falsifiable body of knowledge (Weick and Quinn, 1999), and scholars continue to lament that the change literature is largely fragmented (Mintzberg, 1992) and atheoretical (Hendry, 1996). The reasons given for change have attracted some attention (e.g., Alt and Puschmann, 2005; Hunter and Perreault, 2006; Marshall et al, 1999; Piercy and Lane, 2005), but most of the literature confines its attention merely to the identification and classification of the many and varied drivers which serve to describe change, and interpretations vary as to what the drivers of change are and which ones are dominant (Kemelgor, 2000).

Face-to-face interviews with 100 sales managers explored the degree of change occurring in the sales process and in its activity subcomponents, as well as sales performance, over three discrete and equally spaced time periods (1998-99; 2000-01; 2002-03). The data are treated as longitudinal. In this study, multilevel growth models (Singer and Willet 2003) are used to examine performance over time and to study the effects of explanatory variables (activity change, type of company) on performance change. Growth models separate the analysis of change into two components. Level-1 represents within company changes (performance change over time) and level-2 represents the variance in growth patterns across companies using level-2 predictors (type of company, activity change).

Three unconditional models – random intercept, random slope, random intercept and slope – were fitted indicating that company *i's* performance at time period *t* is a function of the intercept (the initial status), the slope (the growth rate), and a time-specific residual term that captures the deviation between a company's observed data points and their estimated linear trajectory respectively. AIC values for the three models reveal that the random intercept *and* slope model has the best fit. Interpreting this, companies with lower initial performance scores experienced higher rates of growth than those with a high initial performance score. Adding level 2 variables indicate that activity change in the sales process makes a significant contribution to explaining the sales performance of organisations, as does the type of company, but not for all companies.

This study posited that change should be seen and considered from a dynamic perspective. By including time as a variable in multilevel models it allowed for the emergence of a new interpretation and increased the ability of researchers to propose alternative and possibly more robust models. Multilevel theories are emerging as powerful models to examine organizational phenomena, because they simultaneously and interactively examine how a variable at one level of analysis can interact with and influence a variable in other levels. They afford a means of describing complex and changing organizational phenomena.

From a managerial perspective, activity change in the sales process is likely to yield improved sales performance. However, in our study only independent companies benefited from this change. This is unexpected as the assumption was that all companies would benefit. The reason for this finding could perhaps be that for subsidiary affiliates and divisions of MNC the content changes occurring are imposed upon them by the parent company.

References Available on Request

A MISSION OF CIVIC ENGAGEMENT: THE EVOLUTION OF A SERVICE LEARNING PROJECT IN MARKETING

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ABSTRACT

Combining academic study with project work for “real” organizations is increasingly encouraged by colleges in the United States (Braunsberger 2007; Bringle and Hatcher 2002; Jones and Hill 2003; Sedlak et al. 2003). This move from instructional to experiential learning is natural for the marketing discipline, especially since marketing instructors in the U.S. have long realized that there is a need for marketing curricula to include not just theory but also the application of such theory (Bobbitt et al. 2000). Consequently, many marketing courses now include practical projects (Vern and de los Santos 1989).

The purpose of this presentation is to illustrate how such projects have been incorporated into the capstone marketing course at the University of South Florida, St. Petersburg, FL. The presenters include the faculty member who has taught the capstone marketing course and her liaison with government and non-government organizations (NGOs). Students have developed marketing plans designed to address specific government/NGO goals ranging from saving manatees, to boater education, to scooping dog poop, and coastal cleanups. Both presenters will discuss their experiences with these types of projects. The presentation is organized into three sections: (1) the challenges of community engagement projects, (2) the benefits of community engagement projects, and (3) the evolution of project quality over successive semesters.

Challenges of coordinating community engagement projects arose from and affected the students and clients, and also affected the instructor. Problems we experienced with our students included missed appointments with clients, time management by the students, and complaints about the amount of time and effort needed to complete the projects. Client challenges included having expectations that were too high and the lack of time or understanding of the commitment needed to make the projects successful. In this regard, some clients also did not seem to understand how marketing can help solve specific problems they are facing, and thus failed to take advantage of the marketing expertise offered by students. The marketing instructor was impacted negatively primarily by the fairly large increase in work load and effort compared to traditional teaching and the frustration that occasionally was felt as a result of substandard work produced by students. There were also pressures on the instructor related to the students being the face of the University and the College of Business to the professional community.

There were many benefits of coordinating community engagement projects. These included greater frequency of high student motivation compared to the traditional classroom, an incredible learning curve that most of the students achieved that in the long term greatly benefited the students, and student growth through intensive teamwork requirements. From the client perspective, they received the marketing help they needed and learned to appreciate the value of marketing. For the instructor, it was very rewarding to see students learn so much in so little time.

We will conclude this presentation with a discussion on how these community engagement projects in the marketing capstone course have evolved over the years. Most importantly, changing the format of the course from one unique project per student group to all groups competing to develop the best marketing plan for the same project has had a major positive effect on student motivation and performance. Also, word-of-mouth has attracted students who are willing to put in the extra effort to work on real-world problems.

References Available on Request

DEVELOPING ALTERNATIVE MEASURES FOR SERVICE QUALITY IN HIGHER EDUCATION: EMPIRICAL EVIDENCE FROM THE SCHOOL OF PHYSICAL EDUCATION AND SPORTS SCIENCES

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ABSTRACT

The increased competition in the higher education marketplace forces colleges to utilize a more market-oriented philosophy in delivering their services. Developing satisfied customers, whether they are students, parents of students, alumni, or industry has become a primary goal for survival for many colleges around the globe. Therefore, it is imperative for higher education institutions to focus on delivery of higher levels of service quality and provide well-trained, highly educated and knowledgeable graduates to the communities they are serving. Although some of these higher educational institutions do not face market conditions similar to the commercial businesses, we argue that those higher educational institutions that do not provide high quality services will be marginalized and their effectives in achieving organizational goals will be jeopardized.

Literature show that the concept of service quality has attracted significant academic and practitioner interests in the last several decades and major academic studies have investigated the measurement of service quality levels in different settings (Parasuraman, Zeithaml & Berry, 1985; Cronin & Taylor, 1992; Firdaus, 2005). However, higher educational institutions are unique in a sense that the experience is considered to have two overlapping areas: the evaluation of quality of teaching and learning and the evaluation of student experience. This requires the development of specific service quality measurement instruments for the higher educational environment.

Furthermore, units within a university can have totally different characteristics. For instance, the School of Physical Education and Sports Sciences (PhysEd) differ from other colleges because of their inter-disciplinary nature, importance attached to close student-teacher interaction, and skills rather than knowledge (belief that physical education classes focus more on the psychomotor-physical-skills rather than cognitive-mental-skills) based education. Therefore, the objective of this study is to develop an instrument for measuring service quality in the PhysEd schools. In this study, we test the developed instrument of service quality for unidimensionality, reliability and validity using both exploratory and confirmatory factor analyses. Availability if such an instrument should prove to provide a valuable tool for school administrators in assessing service quality levels for their institutions.

References Available on Request

THE GROWTH OF GLOBAL EXPOSURE IN MBA PROGRAMS

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ABSTRACT

The incorporation of a global experience component, as a required part or an elective of MBA and other business-related graduate degree programs, has been a pronounced trend in management education over the past decade. Executive MBA “international residencies” were popular in the early 1990’s, but, until recently, these residency programs were not a regular aspect of MBA programs. These MBA programs, instead, have relied more heavily upon the traditional study abroad offerings, usually incorporating substantial time abroad in one foreign location. However, times and the global marketplace are changing and academic programs are evolving to better serve today’s MBA students. The focus of this research is on the international component of MBA programs. This study incorporated two different research-based surveys of top ranked business schools worldwide, examining their globalization efforts and the current efforts being incorporated to increase the global competency of their MBA students. Many of these MBA programs are now utilizing student exchange programs with educational partners in numerous countries. More recently, short term study tours are now being used more frequently by B Schools, along with consulting practicums and internships abroad to enhance students’ global exposure. These study tours are very similar, if not identical to the aforementioned “International Residencies” that Executive MBA programs have used for many years. Results from this research also suggest that these global connections are still evolving. Many of these MBA study tours are ad hoc, faculty driven efforts. Little conversation has focused on the content of the trips or the learning outcomes that are to be achieved. Few standards are found that govern the delivery of these programs in terms of content, requirements, or academic policies. Based upon the surveys underlying this research, and the subsequent identifications of the best practices from many of these programs, we conclude this paper by suggesting how study tours should fit into an overall menu to increase the globalization of MBA programs. We have also examined both direct and indirect global exposure approaches. Both the best practices and recommendations of these programs are highlighted, based upon our literature review, the MBA Roundtable survey, and our primary research survey which employed content analysis of program websites and MBA administrator surveys.

References Available On Request

CREATIVE LEADERS' VIEWS ON MANAGING ADVERTISING CREATION

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ABSTRACT

People who create advertising are charged with finding creative ways to solve clients' problems, mobilize the target audience, and to bridge the communication gap between marketers and consumers. However, it is still unclear how to best facilitate the creative process during the creation of advertisements. What are the key ingredients for the successful management of advertising creation? Some research suggests that discipline and rules are important in the creative process, particularly in agencies based in the United States. However, agency leaders feel formulaic creative briefs and copy testing, which should improve the effectiveness of advertisements, are among the factors that hamper the creative process (Koslow, Sasser and Riordan 2006). A conflict exists regarding the balance between freedom to explore ideas and constraints that ensure the ideas are relevant to the problem. Other conflicts in the literature surround the use of diverse tasks, teams and group conflict in the creative process. People who draw from diverse backgrounds are supposed to have access to a wider array of associations (Mumford 2000). However, they may lack the focus to solve the problem at hand (Leenders, van Engelen and Kratzer 2003). Collaboration is supposed to help creativity, but can also lead to group think and social loafing (Mumford 2000). De Dreu (2006) suggests that moderate conflict can help innovation. However, he also suggests the role of conflict depends on whether the conflict relates to the task or the relationship, and on the innovation team culture.

To address these gaps in the literature, 120 creative leaders' views on managing the creative process in the context of advertising creation are analyzed. The perspective of successful creative leaders is valuable in understanding how to effectively manage the creative process. It also provides insights regarding unresolved conflicts pertaining to the creative process in the context of ad creation. The report on this analysis is designed to increase our understanding of the advertising creation process. Common themes include the importance of addressing creative challenges using flexible teams with shared responsibility for the development of big ideas. A fun and energy-charged environment that encourages risk-taking and respectful conflict among driven and curious creators are also important. However, the interviews reflect different opinions regarding the use of formulas and the level of enforcement of standards during the ad creation process. The results are related to the existing literature on managing the creative process and directions for future research are identified.

References Available on Request

THE EFFECTS OF SPOKESPERSON ACCENT ON ATTITUDE TOWARD ADVERTISING AND BRAND: A HEDONIC VERSUS UTILITARIAN PERSPECTIVE

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ABSTRACT

Although spokesperson accent is one important communication component in changing consumers' attitude toward advertising and brand, academic research in the marketing literature has not yet put much importance in its multitude of theoretical and practical implications. The current paper conceptualizes a multidimensional construct of the advertisement's (and thus, the brand's) literal 'voice' as manifested by spokesperson accent, a variable with profound heuristic and persuasive qualities. By building upon country-of-origin (COO) research, we introduce the effects of two types of spokesperson accent (hedonic vs. utilitarian) on transformational/informational advertising appeals and brand attitude. We argue that consumers perceive countries on a continuum from a strong utilitarian image to a strong hedonic image. Similarly, we propose that consumers align spokespersons' accents with their perceived COO and transfer utilitarian or hedonic perceptions to the accent. In addition, we explore the moderating effects of accent intelligibility, consumer involvement and COO competence evaluations. A conceptual model is proposed by utilizing existing literature within psychology, marketing, language and communication, and education.

References Available on Request.

SHOULD CHARITABLE ORGANIZATIONS EVOKE PERSONAL NOSTALGIA?: EFFECT OF NOSTALGIC APPEALS ON DONATION INTENTIONS.

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ABSTRACT

Personal nostalgia is a longing for the actual "lived" past. Companies utilize nostalgia to evoke a basket of emotions, including warmth and the regret that the past is no more, to bond the consumer to their brand. Merchant and Ford (2008) propose, in a conceptual note, that personal nostalgia can also influence charitable giving to non-profit organizations (such as alumni associations and health related charities). This study builds on this conceptualization and empirically finds (in a preliminary study using a within subject design) that appeals for charity that evoke personal nostalgia effect emotions and the donation intentions of consumers. Theoretical and managerial implications are also discussed.

References Available on Request.

DOES TABOO ADVERTISING HELP GETTING CONSUMERS' ATTENTION AND ENHANCING MEMORY?

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ABSTRACT

Taboo execution of an ad involves themes and images representing a taboo (suicide, murder, deviant sex practices, as examples) to promote a product that is essentially irrelevant to the taboo (Manceau and Tissier-Desbordes, 2006). Exploiting taboos in ads has become a very widely used practice (Vezina and Paul, 1997; Pope, Voges, and Brown, 2004). For instance, Benetton has represented various societal taboos as a black woman breastfeeding a white baby or a priest kissing a nun to promote their clothes' lines. In the same way, many brands have followed this advertising strategy based on taboos' violation such as Ikea, Diesel, Calvin Klein or Eastpack. This managerial context has given birth to a stream of research interested in assessing how effective taboo ads are. Literature on sex appeals, fear appeals and more recently provocation has given some insights regarding the effectiveness of taboo ads. Research on provocation provides an interesting theoretical framework and preliminary results on the effects of taboo ad on attention and memory. Vézina and Paul (1997) have shown that provocative ads lead to a greater awareness of the ad and memory, results corroborated by De Pelsmacker and Van Den Bergh (1996). Dahl, Frankenberger, and Manchanda (2003) have also established that provocative ads help gaining and retaining attention compared to fear or informative appeals. Nevertheless, as noted by De Pelsmacker and Van Den Bergh (1996) as well as Vézina and Paul (1997), the research on provocation has major limitations as they are dealing with real ads for well-known brands. Surprisingly, after controlling for brand awareness and previous exposure, the effects of provocation on attention and memory have remained untested and the linearity of the relation between taboo arousing manipulation and attention is not clearly established. Moreover, next to nothing is known about the effect of humoristic taboo ads on attention and memory (Manceau and Tissier-Desbordes, 2006). This present research aims to fill those voids.

Through two experiments replicated for two kinds of taboo (sex and death related taboos), we have demonstrated that there is an optimal level of taboo-arousing ads (medium one) that triggers the highest level of attention toward the ad and memory of visual information. In addition, we show that humor associated with taboo ad content helps increasing taboo ad effectiveness.

The findings from this study contribute a number of practical implications that can lead to the development of more effective taboo communication in the future. The transgression of taboos in advertising has often been regarded as the most effective strategy to break through the clutter (Dahl et al, 2003). It is commonly accepted by practitioners that the transgressions of taboos in ads will help gaining attention and enhancing memory. However, the results of this present research warn professionals about the limits of such a strategy. Our findings support a curvilinear relationship between taboo intensity in advertisements and attention on the one hand and on memory of visual information on the other hand. Consequently, there is a threshold beyond which the positive effects on attention and memory fade and the taboo advertising strategy becomes counter-productive. Those findings have great impact on professionals. Advertisers must be able to determine the optimum taboo level which helps gaining the highest attention toward the ad and its memory. Moreover, research findings highlight the importance of associating a humoristic treatment with taboo ad content in terms of advertising effectiveness. We then show that humoristic taboo ads promote greater attention toward the ad, which must be a practice that has to be developed by advertisers. However, humoristic treatment of taboo ad content does not seem so easy. Our manipulation checks show that manipulating taboo print ad through the introduction of humorous slogan is not enough to trigger a high perceived humor of the ads. Professionals must develop creativity to find out very humoristic slogan associated with taboo print ads.

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ADOPTION OF ONLINE DIRECT SALES CHANNEL BY SMALL AND MEDIUM-SIZED ENTERPRISES

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ABSTRACT

In the past two decades, researchers studying the adoption and diffusion of innovations have proposed numerous adoption factors. The coexistence of an overwhelmingly large number of factors in multiple influential theories without a unifying structure has limited the usefulness of innovation adoption research. Building upon Rogers' Paradigm of the Adoption of an Innovation by an Individual within a Social System (Rogers, 1962, p306), this paper proposes a simple but robust theoretical adoption framework, which classifies innovation adoption factors into three dimensions: Decision Entity (DE: an individual or an organization), Decision Object (DO: the information technology to be adopted), and Decision Context (DC: the environment where a decision is made).

I operationalize the classification framework through an empirical investigation of critical factors underlying the adoption of the online direct sales channel (ODSC) by small and medium-sized enterprises (SMEs). Synthesizing existing studies on the adoption of e-Commerce technologies among SMEs, I propose a research model on the impact of DE, DO and DC factors on an SME's behavioral intention to embrace ODSC. Those factors include perceived relative advantage and perceived ease of use (DO factors), risk tolerance, resource availability, and expertise in the Internet (DE factors), and perceived competitive pressure (DC factor).

I developed, validated, and administered an Internet-based survey to a sample of SMEs in the State of Ohio in the United States. Structural Equation Modeling (SEM) on the data collected from 202 SMEs demonstrates a very good fit of the ODSC model. The SEM has also revealed that DE factors including expertise, risk propensity and resource slack, DO factors including perceived relative advantage and perceived ease of use, and a DC factor, perceived competitive pressure, significantly impact, directly or/and indirectly, SMEs' behavioral intention to embrace ODSC. The findings are validated using a bootstrapping procedure.

This paper has made several major contributions to academic research in innovation adoption and diffusion. First, the classification model provides a simple but robust framework for categorizing existing factors in the literature. It will also be useful for guiding the identification of new factors in future IS adoption studies. Second, the research model on the adoption of ODSC by SMEs, which is proposed and empirically tested in this paper, will not only enhance our knowledge of the pattern of SMEs' adoption of ODSC, but also improve our understanding of SMEs' adoption and use of IS innovations in general. Third, the measures that I have developed and validated for this paper may be useful for future studies of adoption and diffusion of IS innovation, particularly the adoption of Internet related technologies. Finally, the study may trigger interests among researchers in Online Direct Sales Channel and topics related to Internet channel such as Internet channel strategies and Internet channel conflict management.

This paper has significant implications for practice as well. The examination of ODSC adoption among SMEs provides empirical evidence regarding what drive the adoption and use of ODSC among SMEs, which in turn, will help facilitate better decision-making by managers of electronic market service providers, e-Commerce system developers, and policy-makers of relevant governmental agencies to stimulate the use of ODSC among SMEs.

The findings of the study imply that, to accelerate the adoption and diffusion of the ODSC among the ODSC, e-Business systems developers and small business governing agencies should first focus on strategies that enhance and publicize the ODSC's values and advantages (in particular, economic values and process efficiency) to small businesses. E-Business systems vendors may also analyze and profile potential SME clients based on their resource availability, risk propensity, and competitive situation, and accordingly, determine their marketing strategies.

In addition, the findings of this study provide SMEs with an overall picture of the use of the ODSC by other SMEs, which may eventually influence their own decisions in the future on the adoption and use of ODSC.

References Available on Request

THE ROLE OF ESERVICE QUALITY: A WEB2STORE SHOPPING PERSPECTIVE

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ABSTRACT

Advances in technology have changed the services offered by retailers, as well as consumers' shopping behavior in today's multi-channel settings. Consumers' use of e-services by brick-and-mortar stores is conceived as Web-to-Store (Web2Store) shopping. With the increased use of e-services in cross-channel contexts, a critical issue is how Service Quality (eSQ) affects consumers' behavioral intentions and evaluation in the brick-and-mortar store. The cross-over influence of eSQ has not been explored in previous research, which focused on the scale of eSQ or the effects of eSQ in the purely electronic channel. This paper provides a conceptual model to identify the scale and effect of eSQ in the cross-over context of Web2Store shopping. Based on the literature review, we suggest the hierarchical framework of eSQ with twelve subdimensions as first-order factors and four dimensions as second-order factors. Using the theoretical perspectives of service quality and customer value, we link eSQ to consumers' behavioral intentions and evaluation in the brick-and-mortar store through Web-based service value. In addition, our model explains the moderating effect of consumers' interaction readiness and relationship proneness on the relationship between eSQ and Web-based service value in the context of Web2Store shopping.

References Available on Request.

MARKETING BEHAVIOR ANALYSIS OF DIGITAL PRINTING CHANNELS

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ABSTRACT

The digital printing industry has not been around long but it is continuing to grow. According to the Photo Marketing Association(PMA) Marketing Research, spending in major photo categories – digital cameras, digital printing, photo books, calendars, posters, and other custom items, as well as home printing consumables – grew 11.2% in 2006 compared to 2005 (Delis, 2007).

Digital printing service is provided by different channels. To better understand how the companies design their channels in the home printing industry, managers would better to break down the market into four dimensions. These four dimensions are market geography, market size, market density, and market behavior (Rosenbloom, 2004). Because our concern is how consumers view the home printing industry, the most relevant of these dimensions is market behavior. Market behavior is one dimension that approaches the marketing strategy in attempts to understand the consumer by viewing the market through their perspective (Rosenbloom, 2004). Businesses ask a series of questions that help them better determine the importance of this market to consumers. Rosenbloom (2004) proposes four sub dimensions of market behavior in the channel design process: when the market buys, where the market buys, how the market buys, and who buys.

In this study, we examine four major channels in the digital photo printing industry: kiosks, photo centers or mini-labs, home printing, and online printing. Analyses based on four sub dimensions of market behavior in channel design are provided.

References Available on Request

PRICE INFORMATION SEARCH AND BARGAINING BEHAVIORS: A SIMULTANEOUS EXAMINATION OF THEIR RELATIONSHIPS AND ANTECEDENTS

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ABSTRACT

To obtain a better purchase deal, consumers often engage in price information search and/or bargaining with the seller. While they can utilize these behaviors as substitute means to achieve the objective, this may not always be the case. This study proposes a complementary view of price information search and bargaining efforts and simultaneously examines factors that may influence the relative utilization between these two behaviors. Within this view, we expected a positive relationship between price information search and bargaining efforts. Several factors, including perceived budget constraint and price dispersion were hypothesized to increase both price information search and bargaining efforts, while perceived difficulty of price comparison and perceived time constraint were hypothesized to reduce both behaviors. A cellphone purchase in the Indonesian retail market was chosen in this study. To test the hypotheses, we conducted two similar recursive structural models, except for the path between price information search and bargaining efforts. In one model, the path goes from price information search effort to bargaining effort, while in the other model is the opposite. Supporting the complementary view, the results showed a positive relationship between price information search and bargaining effort. Both behaviors were positively influenced by perceived price dispersion. Perceived budget constraint was found to increase bargaining effort while perceived time constraint was found to reduce it. Finally, perceived difficulty of price comparison among stores was found to only reduce the price information search effort.

References Available on Request

THE EFFECTS OF STORE ENVIRONMENT ON SHOPPING BEHAVIOR: NEW INSIGHTS THROUGH THE CONCEPTS OF PERCEIVED CONTROL AND MOTIVATIONAL ORIENTATIONS

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ABSTRACT

The shopping behavior literature has not, for the most part, integrated perception of control into the store environment evaluation process. Yet a comprehensive understanding of consumer behavior in the retail environment can best be attained by including both consumer's perception of control and motivational orientation. We propose that negative effects of arousal-inducing store environments are occurring for consumers with utilitarian motivations because such environments prevent those specific consumers from controlling their shopping experience, inducing negatives responses. Using surveys, the authors collected data from a sample of real consumers (n=205) and conducted a field study in Europe that gave support to our framework.

INTRODUCTION

Several studies that have relied on theoretical concepts drawn from the psychological have appeared in the consumer research and marketing literature, as the perceived control concept which refers to the belief that one can determine one's own internal states and behavior, influence one's environment, and/or bring about desired outcomes (Wallston et al. 1987). Although current models and theories in retailing have neglected consumer's perceived control, we believe it is unrealistic to assume that consumers do not feel controlled through the use of atmospherics and environmental characteristics. Indeed, since Kotler' seminal work about atmosphere in 1973, there has been a great deal written on the effects of store environment on shopping behavior. According to Turley and Milliman (2000) who made a review of 60 experiments dealing with the influence of store environments, the effect of the retail environment on consumer behavior is both strong and robust, and is likely to elicit particular shopping behaviors.

Since However, Kaltcheva and Weitz (2006) note that the existing literature on the effect of arousal-inducing store environments does not provide consistent results. The authors explain these inconsistent results through the concept of motivational orientation. According to them, shopping motivational orientation moderates the effect of arousal induced by the store environment on pleasantness. For recreational-oriented consumers, high arousal has a positive on pleasantness and shopping behavior, while this effect is negative for utilitarian-oriented consumers.

In this research, we examine the role of perceived control in the store environment and propose that high-arousal-inducing store environments have negative effect on pleasure for utilitarian-oriented consumers because such environments prevent them from controlling their shopping activity. This study makes two important contributions to the literature dealing with store environments. First, we organize this research into a new framework that highlights the major role played by perceived control in shopping behavior. Second, with data collected from a field study with real shoppers, we analyze the relationships between perceived control, motivational orientations and shopping behavior. In general, our results are in the direction predicted by Kaltcheva and Weitz.

THEORETICAL FRAMEWORK

Perceived Control and Behavior

Unfortunately, previous studies have not consistently defined the term "control". As noted by Skinner (1996) in her review of a decade of control literature, it has become so overdefined and been used to refer to very different constructs, that its meanings are variable, leading to uncertainty surrounding what is properly included in the domain of control. Firstly seen as a cognitive construct by social psychologists through the concept of locus of control (Rotter 1966), perceived control refers to an individual's belief that events are internal to or outside of his or her control : individuals with internal locus of control think that general events in their life are related to their behavior whereas individuals with an external locus of control think that fate learns the rules. While locus of control refers to a tendency to attribute life outcomes to either intrinsic or extrinsic factors, a sense of personal control can result from the opportunity to influence aspects of one's environment. This alternative conceptualization of the control concept has been developed by Averill (1973) who operationalized it in three different ways: cognitive control, decisional control, and behavioral control. Cognitive control refers to "the way in which an event is interpreted, appraised or incorporated into a cognitive plan"; that is, cognitive control refers to the way an event is interpreted. Decisional control refers to "the opportunity to choose among various courses of action"; and may be defined as the range of choice or number of options open to an individual. Behavioral control refers to "the availability of a response which may directly influence or modify the objective characteristics of a threatening event" (pp. 286-287), to "the perceived ease or difficulty of performing the behavior" (Ajzen 2002 p.665).

Far from this multidimensional conceptualisation, many authors have defined control as a one-dimension concept referring to the ability to exert power over the environment. According to Fisher (1990), control can be defined as mastery over the environment, as the ability to change or reverse situations which are disliked. Allen and Greenberger (1980) argued that in the case of the built environment, an individual can experience an increase in the sense of control by altering, modifying or transforming it in some manner. Thus, control refers as one's ability to respond selectively to regulate or influence intended outcomes (Rodin 1986).

In environmental psychology, Mehrabian and Russell (1974) developed an effective conceptualisation of control. They defined control as a basic emotion, in addition to pleasantness and stimulation in their PAD (Pleasantness-Arousal-Dominance) measure of affective responses. They assert that environmental stimuli affect the emotional state of an individual, thereby influencing behavior. In their model, control refers to dominance, an emotional response ranging from extreme feelings of lack of control upon one's surroundings to feelings of being influential and powerful, or in control. Retaining this definition of control trough dominance in the service context, Van Raaij and Pruyn (1998) suggest that control can be defined as "the degree of power and influence on the service specification, realization and outcome" (p.816). In this regard, as we define personal control as the degree to which shoppers feel influential in the store environment, we define control in the present study through the dominance concept.

Prior research in environmental psychology has suggested that people tend to behave more positively when perceiving more control in their environment (Glass and Singer 1972). In marketing research, researchers provided theoretical and empirical evidence for the role of perceived control as an important influence on consumer's emotional feelings. In the service experience, Hui and Bateson (1991) demonstrated that perceived control was a powerful concept in explaining the consumer's negative emotional reactions to consumer density in the service environment. More recently, control has also been demonstrated to be related to relational responses such as satisfaction, trust and fairness. In the hotel context, Namasivayam and Hinkin (2003) found out that both choice and capacity were major dimensions of control having strong relationships with customer satisfaction. Moreover, they found a relationship between control and fairness: when consumers' perceived control is low, employee fairness behaviors can compensate for that lack of control and increase customer satisfaction. In a study conducted by Brashear, Manolis and Brooks (2005), control has been proved to affect trust among employees. Specifically, their findings show that when managers empower salespeople and include their input in managerial processes, salesperson control and subsequent trust in sales managers do so. The perception of control also had a significant effect on the evaluation of justice, a higher level of process control being associated with more procedural fairness. In the retail environment, Ward and Barnes (2001) found out that perceived control was related to affect, arousal, involvement, attitude, and behavior, revealing that consumers' sense of dominance in the retail environment is strongly related to a variety of variables of interest to marketers.

Shopping Motivational Orientations

One of the most prominent factors influencing individual's response has found out to be his or her plan or purpose for being in the environment. In the more specific retailing context, what the individual may feel while being in the store is influenced by his shopping motives. Supporting this view, retail research suggests a direct link between shopping motivations and outcomes such as retail satisfaction and loyalty (Babin, Darden and Griffin 1994). Motivation has also been found to be a moderator of the relation between pleasure and consumption time (Holbrook and Gardner 1998).

Since the four distinct "types" of shoppers identified by Stone (1954) in regard to their shopping motivations, a great body of literature has addressed the issue of shopping motives and a large number of studies have developed taxonomies of retail shoppers. Some studies have developed taxonomies based on orientations to product usage (Darden and Reynolds 1971), shopping enjoyment (Bellenger and Korgaonkar 1980), and retail attribute preferences (Bellenger, Robertson and Greenberg 1977) (for a review, see Westbrook and Black 1985). Among the large number of shopping motives that have been identified in the literature, some of them are unrelated to the actual buying of products, such as personal or social motives (Tauber 1972). Personal motives refer to the personal quest of gratification, role playing, diversion, learning about new trends, physical activity or sensory stimulation. On the contrary, social motives represent the need to live some social experiences, to communicate with others, to exist through status and authority and to experience the pleasure of bargaining. Hence, consumers engage in shopping experiences when their need for a particular good is judged as sufficient for allocating time and money to go to a store to shop, or when they need attention, to be with peers, to meet people with similar interests, to exercise, or simply when they have leisure time.

According to Kaltcheva and Weitz (2006), two fundamental motivational orientations underlie those shopping motives. The first one refers to "task-oriented motivational orientation": it involves consumers engaging in shopping activity without inherent satisfaction derived from the activity itself. On the contrary, the "recreational motivational orientation" describes consumers engaging in shopping activity in order to derive inherent satisfaction from it.

Perceived Control, Motivational Orientations and Shopping Behavior

In general, the pattern of these research findings suggests that perceived control results in positive reactions, such as pleasure or satisfaction (Hui and Bateson 1991; Ward and Barnes, 2001), whereas the perception of a loss of control results in negative effects (Burger 1989). However, the consequences of control must be studied with respect to the extent to which control is desired. For instance, because utilitarian consumer behavior has been described as task-related, control may be desired for utilitarian-oriented consumers who want to shop efficiently. The focus of such task-oriented consumers is on being efficient in completing the shopping activity. Their choice of store to shop in is mainly based on the extent to which the environmental stimuli may facilitate their goal achievement (Batra and Ahtola 1990; Kaltcheva and Weitz 2006). Thus, a loss of control during the shopping experience could avoid such consumers to achieve their goals and then could reduce their satisfaction and their return intent. Conversely, Van Kenhove et al. (1999) showed that recreational-oriented consumers appreciated to be under the influence of atmospherics during their shopping experience because they had no goal to achieve. Because recreational motivation induces more fun than task completion (Holbrook and Hirschman 1982), no goal is at stake during the shopping experience and control is not desired. Thus, a loss of control may not disturb recreational-oriented consumers. Moreover, such a loss of control could be experienced as an entertainment. Thus, we propose the following:

Proposition 1 – Motivational orientation moderate the relationship between perceived control and pleasure: perceived control *(a) increases pleasure for consumers with a motivational orientation which is more utilitarian than recreational, and (b) decreases pleasure for consumers with a motivational orientation which is more recreational than utilitarian.*
Proposition 2 –Pleasure is a mediator of the relationship between perceived control and return intent.

Our propositions can be summarized in the theoretical framework which appears in Figure 1. The framework proposes that environmental characteristics affect consumers' perceived control, which in turn affects pleasure and through it consumers' return intent. When consumers have a motivation which can be defined as more utilitarian than recreational, perceived control has a positive effect on pleasure. Conversely, when consumers have a motivation which can be defined as more recreational than utilitarian, perceived control has no positive effect on pleasure.

METHOD

Data

Data were collected from a sample of active shoppers in a medium-sized city (about 200 000 people) in France. As utilitarian motivational orientation was a core parameter in our design, a self-administered questionnaire was given to shoppers at the exit of a "supermarket", a kind of store in which the motivational orientations are primarily utilitarian. The data collection was conducted during the month of April 2007, and 234 questionnaires were finally filled by shoppers, with 205 usable questionnaires. Overall, the sample is primarily aged 46-60 (38.5%), educated and mainly employed, and 58% female and 42% male.

Measures and Psychometric Properties

To measure perceived control, we used the dominance scale of the PAD (Hui and Bateson 1991; Ward and Barnes 2001) despite that empirical research has found no support for it (Russell, 1978). This semantic subscale defines dominance–submissiveness as ''the extent a person feels powerful vis-a-vis the environment that surrounds him" (Russell and Mehrabian 1976, p. 6). From their paradigm, an individual feels dominant when he is able to influence or control the situation he is in; in contrast, he feels submissive when the environment influences him. Thus, the scale asked participants the extent to which they felt in control in the store environment through verbal appraisals of being controlling (controlled), influential (influenced), in control (cared-for), important (awed), dominant (submissive) and autonomous (guided).

To appraise whether consumers' motivational orientation was more utilitarian than hedonic or more hedonic than utilitarian, we first measured each motivational orientation from a one-item scale adapted from the scale developed by Dawson, Bloch and Ridgway (1990). To measure utilitarian motivation, shoppers had to answer to what extent they agreed with "I'm going in this store to get what I need or to get information". Conversely, to measure hedonic motivation, shoppers had to answer to what extent they agreed with "I'm going in this store to spend some good time". Then we calculated the ratio between the utilitarian and the hedonic scale. When the ratio was inferior or equal to 1, the motivational orientation was considered as "more hedonic than utilitarian" whereas it was considered as "more utilitarian than hedonic" when the ratio was strictly superior to 1.

We assessed pleasure with five items based on Mehrabian and Russell's (1974) pleasantness scale. The authors assess pleasure in terms of respondents' verbal assessment of the environment as happy rather than unhappy, pleased (annoyed), satisfied (unsatisfied), contented (melancholic), hopeful (despairing) and relaxed (bored).

For each item, we used seven point rating scales. For each multi-item scale, the cut-off value to ascribe items to a factor is (1) a minimum factor loading of .5 and a maximum loading of .3 on another factor and (2) deleting the item does not imply an increase in the factor's Cronbach's Alpha (Hair et al. 2005).

Table 1 provides description of the specific measures used in this study as well as their psychometric properties.

RESULTS

Motivational Orientation as a Moderator

We conducted a 2 × 2 (motivational orientation × perceived control) ANOVA to test the hypothesized interaction between perceived control and motivational orientation on satisfaction. We found that motivational orientation moderates the effect of perceived control on pleasure, producing a significant interaction between perceived control and motivational orientation ($F = 7.12$, $p = .008$). Neither perceived control ($F = 3.121$, $p = .079$) nor motivational orientation ($F = 2.153$, $p = .144$) had a significant main effect on pleasure, indicating the "Pure moderator" role of motivational orientation (Sharma, Durand and Gur-Arie 1981). Results can be illustrated through Figure 2.

An examination of Figure 2 reveals the key observation that the effect of control is stronger on recreational-oriented shoppers than on utilitarian-oriented shoppers. Indeed, the negative effect of control on recreational-oriented consumers is stronger than the positive effect on utilitarian-oriented consumers.

Pleasure as a Mediator.

To test whether pleasure mediates the interactive effect between dominance and motivation on return intent, we conducted the mediation analysis recommended by Baron and Kenny (1986). We coded the two levels of each independent variable (motivational orientation, dominance, and the replicates) as 0 or 1. The return intent variable was the dependent variable. We estimated two regression models:

(1) Return intent = $\beta_0 + \beta_1 \times$ motivational orientation + $\beta_2 \times$ perceived control + $\beta_3 \times$ motivational orientation × perceived control.
(2) Return intent = $\beta_0 + \beta_1 \times$ motivational orientation + $\beta_2 \times$ perceived control + β_3 motivational orientation × perceived control + $\beta_4 \times$ pleasure.

Evidence in support of mediation arises if β_3 is statistically significant in Model 1 but not statistically significant in Model 2. The results support at 10% level the hypothesized mediating effect of pleasure. The interaction between perceived control and motivational orientation was just significant at 10% level in Model 1 ($\beta_3 = .807$, $t(205) = 1.752$, $p = .081$) but was not significant in Model 2 ($\beta_3 = -0.941$, $t(205) = -1.610$, $p = .109$). Pleasure had a positive effect on return intent in Model 2 ($\beta_4 = -.695$, $t(205) = -2.685$, $p = .008$).

CONCLUSION

In this research, we develop a framework of the influence of store environment of shopping behavior, which we use to examine the consistency of perceived control instead of arousal to predict pleasure and return intent. We examine this question with field study with a total of 205 real shoppers. Findings from the field study increase our confidence that

Our results show the limitations of the traditional method of retailers who create exciting store environments while pleasure and return intent of utilitarian-oriented shoppers come from their perceived control during the shopping activity. Hence, our results raise the question of the kind of store environment retailers should create regarding the profile of their customers. If their customers are mainly utilitarian-oriented, retailers should provide an environment in which shoppers can feel in control. Conversely, if customers are mainly recreational-oriented, control has negative effect on pleasure and the environment must be arousing.

Despite significant results, certain limitations of the present research have to be noted. The measures and the ratio technique we used to appraise shoppers motivational orientation impede us to capture the wide variety of shopping motive identified in the retail research (Arnold and Reynolds 2003). Another technique from the ratio would consist of considering more than the two utilitarian-oriented and recreational-oriented shoppers. For example, shoppers who would obtain a value between .8 and 1.2 could be considered as "recreational and utilitarian oriented" shoppers. By doing so, we would analyze a kind of shoppers who do exist in the real world, shoppers who shop with utilitarian goals and feel some pleasure in the store.

Our study is limited by the field of retail stores. A fruitful area for additional research would be to extend our results to internet websites. Extending the analyses to internet websites would provide further evidence that control must be taken into account when retailers have to decide about the creation of the environment consumers will have to cope with.

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FIGURE 1
Theoretical Framework

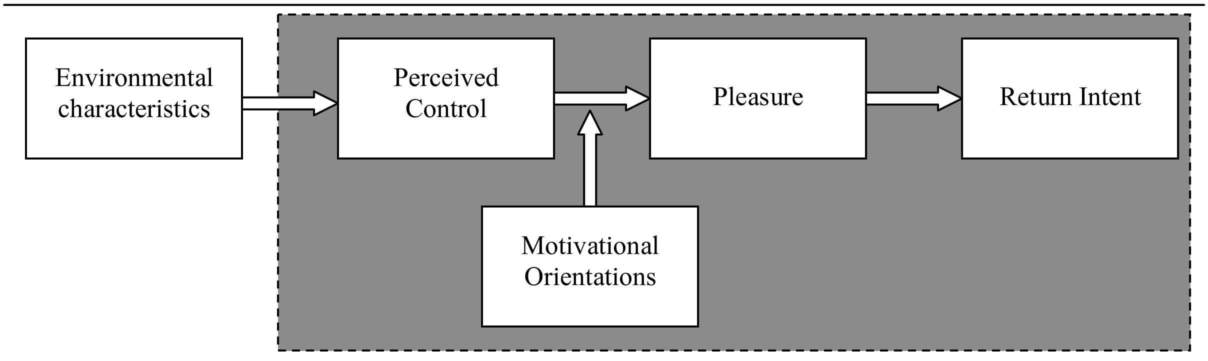
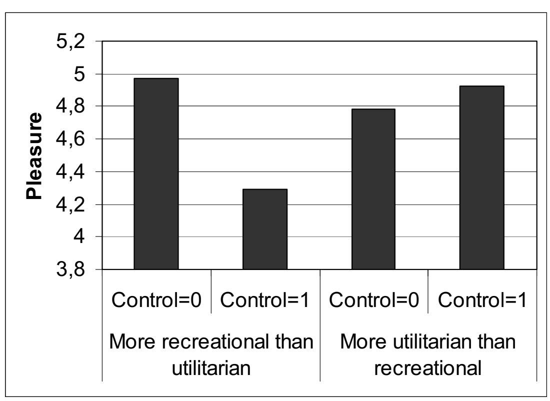


TABLE 1
Psychometric Properties

	Items	*Commu-nality*	*Loading*	*Eigen values*	*α*	*ρ*
Motivational Orientation	Ratio Util./Recre.	-	-	-	-	-
Perceived control	Autonomous	0,44	0,67	1,93	0,72	0,75
	In control	0,72	0,85			
	Influent	0,76	0,88			
Pleasure	Happy	0,69	0,83	2,92	0,80	0,82
	Contented	0,47	0,78			
	Pleased	0,60	0,78			
	Hopeful	0,54	0,74			
	Relaxed	0,60	0,69			
Return Intent	Willingness	0,87	0,93	1,75	0,85	0,86
	Return intent	0,87	0,93			

FIGURE 2
Pleasure as a Function of Perceived Control and Motivational Orientation



IS VARIETY THE SPICE OF LIFE? MEDIATING FACTOR BETWEEN KNOWELDGE AND UNMET NEEDS

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ABSTRACT

As marketing theory favors customer-centric approaches, customer-led ideation and co-creation of innovation seems a natural candidate for extracting the "sticky" information nested in some of the most innovative customers' minds. Grounded in the lead-user theory, this paper first extracts radical service ideas from customers (n=389) in three different service industries and seeks to identify salient characteristics of lead-users. To create a discontinuous-radical service innovation, firms need to go beyond current customers' needs and tap into the needs of the future market. This research shows that lead-users are mainly service defectors but not entirely, frequently switching from firm to firm, motivated by their variety seeking predispositions. Using both a multivariate regression and a structural modeling strategy, variety seeking is tested as a mediating factor between user knowledge level and high level (radical) of unmet needs (lead-users' service ideas). The lead-user group shows a full mediation of variety seeking between knowledge and unmet needs, where the non-lead-user group shows only partial mediation. Among the interpretations and explanations explored, suggestions for managers to look for evidence in their customer base of variety seeking traits such as ownership of several frequent mileage memberships, or several frequent users' reward cards, are offered. Identifying these lead-users in the most parsimonious way and in the least intrusive manner would lead to a better chance to capture new service ideas before these clients defect the firm. Furthermore, establishing a relationship based on exchange of ideas and recognition of the lead-users could foster stronger customer relationship between the service firm and this unique client group.

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ORGANIZATIONAL INVESTMENTS IN SOCIAL CAPITAL, MANAGERIAL COACHING AND SERVICE EMPLOYEE PERFORMANCE

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ABSTRACT

The examination of service organizations' human resource practices has been largely overlooked in the services marketing literature. Yet, the support and development of service employees significantly affects the quality of service that customers receive. This research study examines linkages between the enhancement of workplace environments, employee development, and work-related performance by assessing the influence of managerial coaching behavior on relationships between organizational investments in social capital (OISC) and employee work-related performance. The results from this field study of 408 employees from multiple and diverse service organizations indicate that OISC is positively related to employee job performance, commitment to service quality, and organizational citizenship behavior. However, the results from sub-group analyses also suggest that these relationships are stronger at low to moderate levels of managerial coaching. Theoretical implications are discussed and the practical applications of the somewhat counter-intuitive study findings for service provider organizations are developed.

References Available on Request.

LINKING HRM PRACTICES AND SERVICE EMPLOYEE PERCEPTIONS OF JOB SATISFACTION TO PERFORM SERVICE QUALITY FOR CUSTOMERS IN CAMBODIA

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ABSTRACT

The quality of service is a main topic and issue for service industries. Service providers pay much attention to investigating how to improve and enhance service quality for customers on time by reducing their waiting time. This study surveyed 756 individuals, including 108 questionnaires answered by managers, 324 by employees, and 324 by customers in 108 service units in Cambodia. SEM was used for hypothesis testing and to establish fit measurements for the research model, with the results indicating that eight hypotheses are supported with strong relationships providing very good evidence for the research study. However, both job satisfaction and service quality do not receive support for the 108 service units.

INTRODUCTION

Service organizations are playing an increasingly important role in the overall economy (Cronin and Taylor 1992), and must deliver quality service to survive in today's competitive environments. Service industries are hot topic service marketing literature (Brady and Cronin 2001). Service marketers try to create efficient service strategies to perform high quality service to satisfy customers; however, many service industries are subject to failure in providing services because service quality performance depends on customer contact employees to deliver service to their customers (Hartline and Ferrell 1996). In order to deliver quality service to customers, human resources (employees) plays an important role in designing and updating services to attract and satisfy customers. Professional service firms indicate that human resource strategies have been used and practiced in service sectors to enhance the quality of services for customers and to improve organizational performance. Since quality service is provided by employees to customers, service organizations set up HRM policies and procedures (i.e., selection, training development, and appraisal performance) in order to motivate employees to perform high levels of quality service to satisfy customers. These kinds of HRM practices can elicit and manage employee attitudes and behaviors to achieve the common goals of organizations (Liao and Chuang 2004). Service industries aim at conducting and developing HRM practices to motivate and satisfy employees so that employees can attain high job performance (Schneider and Bowen 1995). These practices lead to increased employee job satisfaction and customer satisfaction as well. Therefore, the purposes of this study are to examine and explore the relationships among HRM practices, services climates, and job satisfaction, for improving the quality of service to satisfy customer satisfaction and loyalty in service industries in Cambodia. In other words, service quality, customer satisfaction, and customer loyalty relationships will also be investigated.

HYPHOTHESIS DEVELOPMENT

The Interrelationship among HRM Practices, Job Satisfaction, Service Climate, and Service Quality

HRM practices are designed in different ways for application in the different situations of organizational performance (Dessler 2000). The implementation of HRM practices is key for success in communicating with customer and employees in service organizations (Schneider and Bowen 1995). According to Liao et al., (2004), HRM practices may motivate employees to commit to good working performance outcomes. By adapting the research construct from Liao et al., (2004), this study designs HRM practices which consist of three dimensions (i.e., employee participation, service training, and performance incentive). HRM practices enhance a positive employee's emotional reaction towards their level of job satisfaction. HRM practices can improve employees' perceptions of service climate and are more strongly associated with customers' perceptions of service as delivered by employees. HRM practices might influence employee's perception of their sense of service climate in organizations. HRM practices facilitate the development of a service climate in organizations (Schneider and Bowen 1995). Service quality can be described as a perception of the consumer's judgment about a product's overall excellence or superiority where customers compare their expectation with the services they perceived (Grőnroos 1984). HRM practices play an important role in encouraging employees to innovate and deliver service quality to satisfy customers. Consequently, HRM practices are crucial strategies to the improvement of quality of service to satisfy what customers and employees need in order to achieve an organizational goal. Therefore, the following three hypotheses were proposed:
H1: HRM practices are positively related to the perception of employee's job satisfaction.

H2: HRM practices are positively related to customer's perception of service quality.
H3: HRM practices are positively related to employee's perception of service climate.

The Interrelationship among Service Climate, Job Satisfaction, and Service Quality

Job satisfaction refers to the extent to which the employees feel satisfied with their job conditions (Mukherjee and Malhotra 2006). Climate provides psychological recognition of the emotions involved in employee reactions in workplace environments (Schneider, Macey and Young 2006). Service climate in an organization has a positive relationship between employee and customer perceptions. Service climate variables may influence overall job satisfaction in different ways and employee's perception of service climate is antecedents of job satisfaction. Internal service quality (service climate) drives employee's job satisfaction (Heskett, Sasser, Jones, Loveman and Schlesinger 1994). Service climate is a key concept for the examination of service quality (Schneider, Macey and Young 2006). Previous research found that the relationship between employees' perceptions of service climate has a direct relationship with customer's perception of service quality (Schneider and Bowen 1995). Service climate in an organization facilitates the creation of customer satisfaction, perceived service quality and loyalty (Heskett, Sasser, Jones, Loveman and Schlesinger 1994). In other words, employee's job satisfaction is the most important part of organizational practice for predicting employee turnover (Comm and Mathaisel 2006). Job satisfaction was defined as "a collection of feelings that an individual holds toward his or her job" (Robbins 2005). If employees are more satisfied with their jobs, they then perform high quality of service to increase customer satisfaction and loyalty (Schneider and Bowen 1995). Service organizations which treats employee well, in turn, will treat customers well. High perception of employee's job satisfaction leads to a higher level of service quality as perceived by customers (Hartline and Ferrell 1996). Thus, three hypotheses were proposed:
H4: Service climate is positively related to employee's job satisfaction.
H5: Employee's job satisfaction is positively related to the perception of service quality
H6: Employee's perception of service climate has a positive impact on customer's perception of service quality.

The Interrelationships among Service Quality, Customer Satisfaction, and Customer Loyalty

Many researchers have been defined customer loyalty as a customer's decision to repurchase or re-patronize a preferred service consistently in the future (i.e., Lovelock and Wright 2002). Customer perceived quality is associated with their service experiences and expectations. Service quality is directly related to customers' attitudes and intentions through satisfaction on loyalty (Cronin , Brady and Hult 2000). High perception of overall service quality leads to increased customer satisfaction and loyalty. Service quality is an important determinant for increasing and improving customer satisfaction and loyalty. Customer satisfaction can be defined as an attitude-like judgment following a purchase act or a series of consumer product interactions (Lovelock and Wirthz 2007). Service quality is key aspect for increasing customer satisfaction and loyalty (Lovelock and Wirthz 2007). Customer satisfaction is a key success factor in business performance because it is a significant determinant of repeat buying, positive word-of-mouth, and customer loyalty as well. If service organizations deliver good service quality to satisfy customers, then customers might retain the memory and intent to recommend to others. Customer satisfaction will result in increased loyalty. High levels of customer satisfaction lead to greater customer loyalty (Lovelock and Wright 2002). Therefore, the final three hypotheses were proposed:
H7: Customer's perception of service quality has a positive impact on customer satisfaction.
H8: Customer's perception of service quality has a positive impact on customer loyalty.
H9: Perception of customer satisfaction has a positive effect on customer loyalty.

METHODOLOGY

Sample and Questionnaire Design

This paper conducted a survey of 108 several cross service organizations in Cambodia. Managers, employees, and customers in each service unit were selected. Questionnaire items were divided into three parts: the first part was answered by managers (i.e., regarding HRM practices and service quality); the second part was answered by employees (i.e., regarding job satisfaction and service climate); and the final part was answered by customers (i.e., regarding service quality, customer satisfaction and loyalty). Questionnaires were distributed to a sample of 820 respondents for the banking services and hotel sectors. Surveys were returned by 756 respondent, which is approximately 92.2 percents usable returned. One hundred and eight questionnaires (108) were evaluated by managers, 324 by employees, and 324 by customers from 11 banking services and 97 hotels. The first returned were selected and measured by a 3-point scale (i.e., 1 manager, 3 employees, and 3 customers). It's easy to aggregate an average on a single data set; more detail about this method will be discussed. This survey was designed using two languages (Cambodian language and English), by using double back translations. Questionnaire items for each construct were adapted from previous researchers. HRM practices (21 items), customer satisfaction (3 items), and customer loyalty (5 items) were developed by Liao et al. (2004); job satisfaction (5 items) was adapted from Hsieh et al., (2001). Service climate (7 items) was adapted from Schneider et al., (1998); service quality (10 items) was adapted from Hsieh et al., (2001) and Hartline et al., (1996). A seven point Likert scale, rating from "1=strongly disagree to 7= strongly agree" was used for each of the 51 items.

RESEARCH RESULTS AND ANALYSES

Data Aggregation Procedures

In order to avoid using common variance method and bias answered by respondents who evaluated both sides of independent and dependent variables of this conceptual model, Intraclass Correlations (ICCs) technique was used to aggregate, and assess the reliability of judgments made by different observers among service organizations. Intraclass Correlations, $ICC_{(1)}$, and $ICC_{(2)}$ are commonly used to justify aggregation of data to a higher statistically reliable level of analysis (Bartko 1976). $ICC_{(1)}$ compares the variance between units of analysis to the variance within units of analysis using the individual ratings of each respondent (Schneider, White and Paul 1998). $ICC_{(2)}$ justifies and assesses the relative status of between and within variability using the average ratings of respondents within each service unit (Bartko 1976). This study aggregates the average on those perceptions of three kinds of respondents into a single data set (from 756 to 108 sample sizes), 324 employees, 108 managers, 324 customers. $ICC_{(1)}$ represents the average reliability of individual employees, managers, and customer ratings due to the same work units and $ICC_{(2)}$ indicates the aggregation reliability of difference levels of work units. The results of $ICC_{(2)}$ should be used in absolute value and are bigger than $ICC_{(1)}$ (James, Demaree and Wolf 1984). The average $ICC_{(1)}$ of job satisfaction was 0.328; service climate was 0.309; service quality was 0.334; customer satisfaction was 0.569 and customer loyalty construct was 0.503. Moreover, a median $ICC_{(1)}$ value of 0.12 was recommended by James et al., (1984). Across all variables in this study, the average $ICC_{(2)}$ value of job satisfaction was 0.709; service climate was 0.758; service quality was 0.834; customer satisfaction was 0.799 and customer loyalty construct was 0.801. Therefore, the average $ICC_{(2)}$ value is acceptable for the study according to the recommended cutoff 0.60 (Mathieu, Gilson and Ruddy 2006).

Constructs and Reliability

For testing the hypotheses, each multi-item scale was examined for reliability using Cronbach's coefficient alpha as the indicator. This study follows the main criteria or rules of thumb as developed by Hair, Black, Babin, Anderson and Tatham (2006), such as: (1) Factor Loading ≥ 0.50, (2) Eigenvalue ≥ 1, (3) Item-to-total correlation ≥ 0.5, (4) Coefficient Alpha (α) ≥ 0.6. Hence, this study eliminates the factor loading lower than 0.60. Originally, this study has 51 items and after deleting, 41 items remained. The results of this section show that the HRM practice dimensions meet an acceptable Alpha (α) value (i.e., employee participation is 0.792, service training is 0.902, and performance incentive is 0.772). Service climate is 0.779, job satisfaction is 0.776, service quality is 0.844, customer satisfaction is 0.798, and customer loyalty is 0.613.

Confirmatory Factor Analysis and Structural Equation Modeling (SEM)

Confirmatory factor analysis (CFA) is "used to test the fit of the measurement model" (Hatcher 1994, p.264). Hoyle (1995, p.1), state that SEM is a "comprehensive statistical approach to testing hypotheses about relations among observed and latent variables". Anderson and Gerbing (1988) recommended that a good fit should verify the internal consistency of the variables after refining the initial scales of measurement, such as: good-of-fit (GFI), comparative-fit-indices (CFI) are greater than 0.90 and root-squared-approximation-of-error (RMSEA) values between 0.050 and 0.08 support a claim of unidimensionality and indicated mediocre rather than good fit (Gaver and Mentzer 1999). The results of CFA show a GFI=0.912, CFI=0.938, and RMR=0.054. Then, all items shown in the SEM stage were adapted from the whole CFA procedures. SEM examines and tests relationships and hypotheses among research constructs in this conceptual model.

Research Findings

The results of GFI= 0.921, AGFI=0.863, NFI=0.902, CFI=0.972, RMSEA=0.052 are acceptable because their values are higher than the criteria or general rules of thumb as recommended by Hair et al., (2006), and Hartline and Ferrell (1996), p-value > 0.05, Chi-square/d.f <2, GFI > 0.90, AGFI > 0.90, NFI > 0.90, CFI > 0.95, RMR <0.05, and RMSEA <0.06. As for H1: HRM practices and job satisfaction (γ=0.327*, t-value= 2.741); H2: HRM practices and service quality (γ=0.578*, t-value= 2.648); H3: HRM practices and service climate (γ=0.469*, t-value= 3.821); H4: service climate and job satisfaction (β=0.455*, t-value= 2.705); H5: job satisfaction and service quality (β=0.338, t-value= 1.588); H6: service climate and service quality (β=0.518*, t-value= 2.125); H7: service quality and customer satisfaction (β=0.626*, t-value= 4.145); H8: service quality and customer loyalty (β=0.432*, t-value= 2.048); H9: customer satisfaction and customer loyalty (β=0.642*, t-value= 2.871). Besides that, "AGFI and GFI values of 0.95 or better on these indices are often seen as indicative of good overall model fit, while values between 0.90 and 0.95 suggested adequate fit" (Berne, Mugica and Rivera 2005, p.158). Taken together, with some of the above arguments, the results of this research model generally indicate an acceptable (but not outstanding) overall model fit. Eight hypotheses are supported, and job satisfaction has no significant effect on service quality, leading this study to reject H5. Interestingly, this rejected hypothesis is in conformity to the study by Mukherjee et al., (2006, p.460), reported that "job satisfaction had no direct significant effect on service quality."

DISCUSIONS AND CONCLUSIONS

Job satisfaction and service quality had positive and significant relationships in the studies of previous researchers (i.e., Hartline and Ferrell 1996). However, this relationship between job satisfaction and service quality are not significant in this study. In other words, previous research has focused on service branch levels (i.e., Hartline et al., 1996; Schneider et al., 1998), while this research focuses on cross service organization levels. Consequently, job satisfaction had no significant relationship with service quality in this study. Similarly, a research of Mukhrjee et al., (2006, p.460) showed that "job satisfaction had no direct significant effect on service quality." It is possible that since the questionnaire design was translated from English into Cambodian language there might exist a problem with meaning. Additionally, some respondents might be not familiar with the 7- point Likert rating scale. Among 756 respondents, this study found that 22.50% 38.90% had a senior high school education; 55.90% 74.40% of respondents had an undergraduate education; and 4% had an educational level of senior high school or below. Thus, educational level might affect the respondents' feeling and create misunderstanding about the meaning of the questions. In short, it is possible that the designed questionnaire items and educational level of respondents might effect the relationship between job satisfaction and service quality, leading to an non-significant effect. The relationship between marketing and human resource management practice theories can be applied for assessing customer satisfaction and customer loyalty involved in service quality in service industries. This study found that service training (λ= 0.85), employee participation (λ= 0.77) and performance incentive (λ= 0.74) are significant aspects of the HRM practices' dimensions. The service training dimension provides a stronger contribution to service organizations, and should be taken into consideration when implementing better service to meet customer need. This paper assumes that line managers have an important role in investigating the service quality provided by employees to customer needs and wants. Service managers should pay more attention to conducting surveys to gain customers and employees' feedback in order to improve service encounters and service recovery as well. Despite the limitations, this study focuses on two cross service organization levels, including 97 hotels and 11 banks. Suggestions for future research include designing the scope of the study to include specific service areas (i.e., hotel service chain units), rather than doing survey on several cross service units. Therefore, the next study should develop a sample size of at least 200 to test the hypotheses and measure relative support for the expected paths of the research model.

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MANAGING THE EMPLOYEE-CUSTOMER RELATIONSHIP FOR SERVICE ADVANTAGE: A VALUE-BASED MARKET ORIENTATION APPROACH

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ABSTRACT

What keeps high performance employees to outperform their peers in keeping loyal customers? This study proposes and tests a value-based market orientation model with the dimensions of management support, employee efforts, customer satisfaction and customer retention. The results suggest that adopting a value-based market orientation approach in service allow high performance employees to foster loyal customer retention. This study proposes and finds the direct and indirect effects of a value-based market orientation on business performance (via customer retention) from two perspectives of high service performance employees and loyal customers. The model was tested on a dyadic sample of hairdressing industry in Taiwan.

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CUSTOMERS' SERVICE EVALUATION: ANTECEDENT EFFECTS OF EMPLOYEES' CUSTOMER ORIENTATION AND SERVICE ORIENTATION BEHAVIORS

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ABSTRACT

Academics and practitioners have long recognized the importance of understanding customers' perceptions of service evaluation. While research examining customers' service evaluation is evolving, investigation of the antecedent role that service employees play in the overall service evaluation process seems less well developed. This is surprising given that service employees are recognized as having an important role to play in the formulation of customers' service evaluations. With this in mind, we develop a conceptual model, where the effects of service employees' customer orientation and service orientation behaviors are encapsulated within an extended service evaluation model encompassing service quality, service encounter quality, perceived value, customer satisfaction and behavioral intensions. The model is empirically tested using data collected from 271 customers. Data analysis incorporates confirmatory factor analysis and structural equation modeling. Findings indicate that: i) customer orientation is positively related to service orientation, customers' perceptions of service encounter quality and service quality; ii) service orientation influences customers' perceptions of service encounter quality and service quality; iii) customers' perceptions of service encounter quality influence customers' perceptions of service quality and customer satisfaction; iv) customers' perceptions of service quality influence value perceptions; v) service quality influences customer satisfaction; and vi) customer satisfaction influences customers' behavioral intentions. The importance of these findings for practitioners and academics, research limitations and future research avenues are subsequently discussed.

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STRATEGIC PROACTIVE OR TACTIC REACTIVE?
---A TYPOLOGY PORTRAIT OF CHINESE EXPORTERS BY EXPORT MOTIVES

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ABSTRACT

Substantial scholarly works have shed light on the driving forces for firms to enter into international market. However, most studies pay attention to the fact that the export motives can explain to a large extent why some firms are involved and succeed in exporting, as opposed to others that do not export at all and remain inactive(Leonidou,1995). Therefore, the question that among firms that all involved in, how do their initial internationalization motivation lead to sharp differences in terms of their implementation and performance in international market. In addition, limited empirical insights have been gained to combine different sort of motives together to shed light on firms' motive to export. To fill this gap, this paper examine Chinese exporters' export motives by incorporating proactive-reactive as well as strategic-tactic perspectives at the same time.In this paper, the authors offer a theoretical explanation that integrates both the IO view and organization learning perspective, first using a cluster analysis to incorporate both proactive-reactive and strategic-tactic drivers of firms' overseas exploration as inputs to identify typology of Chinese indigenous exporters. Base on this, authors find that Chinese exporters fall into four different profiles, namely the strategist, hesitated, experimentalist, prospector.Organization learning, commitment , competence as well as performance are then examined to characterize the four clusters, make clearer interpretation and more meaningful managerial implication of the typology.

References Available on Request

GLOBAL ACCOUNT MANAGEMENT COORDINATION: ACCOUNT SELECTION, PERFORMANCE MEASUREMENT, AND BOUNDARY CONDITIONS

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ABSTRACT

We intend to rectify some key confusions remaining in the GAM literature by distinguishing between two forms of coordination in the GAM context and examine both their antecedents and performance implications. The conceptual model is then tested using date collected from a cross-industry, cross-country sample of global account managers.

References Available on Request.

RELEVANCE OF CORPORATE BRANDING TO EMPLOYEE LOYALTY: A CROSS COUNTRY STUDY

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ABSTRACT

Corporate Brand Management gained in importance in recent literature, but rarely in terms of cross-national effects among employees in a multinational corporation. However, a strong corporate brand can contribute to an enduring differentiating positioning of business units and products. It is not only beneficial to the relationship with external stakeholders. It can also unite and motivate internal stakeholders.

In academic research, corporate brand management has rarely been viewed from an international perspective. The few international publications are mainly of conceptual nature or focus on studies regarding the perception by customers. Employees' perceptions of the corporate brand are only rarely examined.

Contributing to this field, the present paper focuses on country-specific effects of the corporate brand of a major FMCG manufacturer internationally standardized in 2001. Survey data from 36 countries has been analyzed using a multi-group partial least square approach. A total of 300 employees working in corporate communication and human resources took part in the survey. For the analysis, four country groups are formed referring to Hofstede's research. The home-country of the organization Germany serves as reference group. Based on cultural differences Europe, America and Asia were formed as three further groups.

In our research model, commitment and corporate reputation are identified as key factors for analyzing the effectiveness of corporate brand management as what concerns employees. Examining their influence on employee loyalty, we are at the same considering internal communication, leadership and job satisfaction as their antecedents and key instruments for internal corporate branding. Furthermore it is assumed that country-specific characteristics have a moderating effect on the cause-and-effect relationships stated. By applying the multi-group partial least square approach, the results provide support for a significant influence of commitment and corporate reputation on employee loyalty. However, the strength of the influence varies cross-nationally as does the effects of the antecedents do. Thus, the results not only provide strong support for the stability of the research model and show country-specific differences, but also enlarge the knowledge base in the area of corporate brand management by looking at the internal target group of employees with an international perspective and by identifying country-specific differences concerning the process of the corporate brand.

In detail, the results show a weak significance of the influence by leadership on commitment in the samples of Europe and America. A strong focus on the relationship between leaders and employees could result in a strength of commitment to the organization and thus in employee loyalty in the countries concerned. Furthermore, we can identify a stronger impact of commitment on employee loyalty in Asia compared to Europe and America. In the latter two country groups, corporate reputation is perceived to have approximately the same influence as commitment on the loyalty of employees. Moreover the comparison of Germany with the other European countries point out the least significant differences, which states similarity of the two samples. Significant for America compared to the other country groups is the strong influence from internal communication on job satisfaction and the lowest difference between the strength of the two paths influencing employee loyalty. Asia shows outstanding high coefficient from commitment to employee loyalty and the lowest path coefficient from corporate reputation to employee loyalty when compared to the other country groups.

In the course of this study, we analyzed the effect of a corporate brand on employees and identified significant cross-national variations of the influence of commitment and corporate reputation on employee loyalty, resulting from different effects of their antecedents. To form a consistent image of the corporate brand, all instruments have to communicate the core brand message. According to our results this could be achieved through initiation of different instruments in different countries or through the initiation of the same instruments worldwide. The challenge in communicating one core brand message across countries is to overcome the variety of cultural aspects and different levels of acceptance of employees.

References Available on Request.

THE CAPABILITY ANTECEDENTS AND PERFORMANCE EFFECTS OF EXPLORATION AND EXPLOITATION ALLIANCES

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ABSTRACT

This paper examines how alliance capabilities augment firm performance through exploration and exploitation alliances. The results show that exploration alliances are driven by scanning and learning capabilities, whereas exploitation alliances are driven by scanning and coordination capabilities. Moreover, both exploration and exploitation alliances promote firm performance.

INTRODUCTION

The popularity of alliances in firms' strategic behavior is growing. Alliances are broadly defined as collaborative efforts between two or more firms (Lambe et al. 2002) to develop and make use of resources in networked environments. Recent research has examined the role of explorative and exploitative alliances (Lavie and Rosenkopf 2006; Lin et al. 2007; Rothaermel and Deeds 2006) in improving firm performance and suggest that a firm's performance depends upon its ability to engage in enough exploitation and exploration (e.g. Levinthal and March 1993).

As Koza and Lewin (1998) suggest, a firm's choice of alliance is contingent upon the firm's motivation to explore or exploit. The motives for exploration include learning from partners in the hope of acquiring their technologies, products, skills, and knowledge, and prospecting for new landscapes for increased returns. In contrast, the motivation for exploitation builds on increasing the productivity of employed capital and assets. However, there is little knowledge on the antecedents of exploration and exploitation alliances.

This research contends that by augmenting their alliance capabilities, firms can promote their participation in exploitation and exploitation alliances. Ultimately, exploration and exploitation alliances drive firms' success in terms of market performance and innovation performance. We test our model using structural equation modeling and a sample of 185 firms and find support for our hypotheses.

THEORY AND HYPOTHESES

Theoretical Underpinnings

Since March's (1991) seminal article, exploration and exploitation have established their position as the key concepts of organizational learning research. Exploration is defined here in terms such as search, risk taking, and innovation; exploitation is defined in terms such as production, efficiency, and implementation (March 1991). From organizational learning discussions, these concepts have rapidly diffused to other areas such as alliances, and networks. This paper follows the function-centric perspective on exploration and exploitation alliances (Koza and Levin 1998; Lavie and Rosenkopf 2006). In the function-centric domain, exploration alliances involve knowledge generation such as learning alliances in R&D. Exploitation alliances are knowledge-leveraging business alliances in, for example, marketing and production, which maximize the use of complementary assets (Koza and Levin 1998; Rothaermel and Deeds 2006).

Conducting exploration and exploitation simultaneously within the firm is challenging (Levinthal and March 1993), but firms can amalgamate them through inter-organizational relationships and alliances (Colombo et al. 2006; Kang et al. 2007). For example, Day (1995) shows that firms can deploy their partners' resources and compete in the marketplace through alliances. Furthermore, Rothaermel and Deeds (2006) argue that a huge proportion of firms' innovation and other exploration activities are carried out in cooperation with organizations and individuals that operate beyond the company's boundaries. Firms' exploration partners include universities, research centers, and innovative firms. Exploitative alliances usually take the forms of subcontracting and outsourcing, resource pooling, and supply coalitions (e.g. Faems et al. 2005).

However, effective alliance management capabilities are critical for the realization of alliances' benefits (Sampson 2005). As exploration and exploitation are fundamentally different forms of organizational learning that require different organizational capabilities, exploration and exploitation alliances are likely to diverge in the alliance management capabilities required. Understanding these linkages is vital because, as this paper proposes, different alliance management capabilities have their unique roles in enhancing firms' exploitation or exploration alliances, and thus in achieving higher performance.

Kandemir et al. (2006) suggest that firms demonstrating enhanced alliance capabilities tend to be more skilled in alliance coordination, alliance scanning, and alliance learning. Moreover, they argue that these capabilities aid firms to achieve superior performance through their alliances. Therefore, the present study adopts Kandemir et al.'s (2006) conceptualization of alliance capabilities. Figure 1 presents the conceptual framework used in the present study to investigate the alliance capability antecedents and the performance consequences of exploitative and explorative alliances.

The Alliance Capabilities as Antecedents of Exploration and Exploitation Alliances

Alliance coordination. Alliance coordination enhances firms' ability to share knowledge, align strategies, arrange joint value production, and strengthen ties amongst actors (Kandemir et al. 2006). Dyer and Nobeoka (2000) find that Toyota's effective coordination and close integration of its supplier network have enhanced knowledge sharing, strategic alignment, and prevented free-riding. However, they note that coordination capabilities are predominantly beneficial for exploitation alliances as they promote (1) aligning rather than adapting strategies and structures, (2) transferring rather than searching for knowledge, and (3) efficiency rather than innovativeness.

Then again, arguing for coordination capability's negative effect on exploration alliances would be equally misguiding. This is because coordination eases collaboration between the parties. Ahuja (2000) demonstrate that in such cases, the benefits of increasing trust and tacit knowledge sharing along with reduced opportunism help to compensate for the disadvantages of decreased alliance diversity and knowledge variance. Because of the mixed effects of coordination on exploration alliances, the present paper only hypothesizes a relationship between alliance coordination and exploitation alliances.

Hypothesis 1: Alliance coordination will augment firms’ exploitation alliances.

Alliance scanning. Alliance scanning refers to firms' proactive monitoring and identifying partnering opportunities (Kandemir et al. 2006). Thus, scanning represents, by definition, exploration as it aims at finding new opportunities for the firm to exploit. Furthermore, because alliances are effective vehicles for exploring new technologies and markets (Powell et al., 1996), and because organizations have few mechanisms available to internal exploration (Kang et al. 2007), the more capable the firm is in scanning alliances the more likely it is to network exploratively.

The idea that scanning activities would produce only explorative alliances is too simplistic. Because partners in exploitative alliances are rarely the same partners as in exploration alliances (Faems et al. 2005), the firm has to find them separately. Colombo et al. (2006) argue that exploitation alliances are more often commercial partnerships, whereas exploration alliances include technology partnerships. In this sense, it is reasonable to expect that scanning for partnering opportunities helps the company to find exploitation partners as it helps to find exploration partners.

Hypothesis 2: Alliance scanning will promote firms’ a) exploitation alliances; and b) exploration alliances.

Alliance learning. As companies operate in alliances they gain alliance-related experience which they can leverage later on in their management of subsequent partnerships. According to Kandemir et al.'s (2006) definition, alliance learning involves acquiring, interpreting, and leveraging alliance management know-how throughout the network. Thus, firms that possess strong alliance learning capabilities are able to manage complex relationships more effectively (Rothaermel and Deeds 2006). Prior research indicates that alliance learning is particularly salient in explorative alliances. For instance, Sampson (2005) demonstrates the positive effect of rapid alliance learning on collaboration benefits in complex alliance relationships, and Anand and Khanna (2000) find that the effects of alliance learning are strongest in research alliances as opposite to marketing alliances. Thus, instead of firm-centered alliance learning capability, clan-fostering activities that strengthen shared goals and values between individual actors are of prime priority in exploitation alliances (Kang et al. 2007).

Hypothesis 3: Alliance learning will enhance firms’ exploration alliances.

Alliances and Firm Performance

In line with the prevailing practice in recent marketing research (e.g. Atuahene-Gima 2005), the current study acknowledges that firms aim both at efficiency in their current operations and at innovativeness to create future businesses. Therefore, this study examines firm performance as a composite of short-term market performance and long-term innovation performance.

In their study, Kandemir et al. (2006) find that alliance orientation does not have a direct impact on firms' performance. Instead, the authors find that alliance network performance fully mediates the relationships between alliance orientation and firm performance. Adhering to this finding, the present paper does not hypothesize relationships between the alliance management capabilities, which are the components of alliance orientation, and firm performance. Then again, the performance implications of explorative and exploitation alliances are widely recognized. For example, Faems et al. (2005) show that explorative alliances increase the turnover resulting from new products whereas exploitative alliances have a similar effect on the turnover resulting from improved products.

Hypothesis 4: Exploitation alliances increase firms' performance
Hypothesis 5: Exploration alliances increase firms' performance

METHOD

Sample and Data Collection

The sample consists of Finnish firms that operate in manufacturing industry. The sampling frame of 1801 firms with more than five employees and an identifiable senior manager was drawn from Profinder B2B database. To compute the response rate, we subtracted from the full sample those participants whose e-mail address was invalid. This reduced the available sample to 1575. 185 firms filled in the questionnaire, yielding a response rate of 12%. No statistically significant differences were found for the study variables between the early and late respondents.

Measures

Scales for the present study consisted of both newly generated items and items that have been used previously in the literature. All measures were conducted with a five-point rating scale ("strongly agree" and "strongly disagree" as anchors).

Dependent variable. Firm performance was assessed as a formative composite of its market and innovation performances. In this, the factor scores for market performance and innovation performance from confirmatory factory analysis were summated to create a composite measure for firm performance. A three-item market performance scale was intended to capture the firm's performance in lowering its costs, increasing its profitability, and improving its existing products and services. Innovation performance was assessed with a three-item scale that captured the firm's perceived performance in creating new innovations, increasing the sales of new products and services, and developing new competences.

Independent variables. We adapted the measures for alliance capabilities from the alliance orientation scale developed by Kandemir et al. (2006). Each of alliance capabilities – coordination, scanning, and learning – was assessed using a three-item measure. Although there is no widely used measure of exploration and exploitation alliances, existing research provides a sound basis for developing one. In line with the function-centric perspective, we captured exploration alliances by asking senior managers to evaluate their firms' activity in collaboration with universities and research centers, innovation emphasis in their alliances, and the motivation to seek new opportunities through alliances. We then developed a four-item scale to reflect exploitation alliances. Our measure of exploitative alliances includes items that reflect firms' tendency to form alliances with subcontractors and involve suppliers in the new product and service development. Furthermore, two items captured firms' motivation to increase efficiency of using resources in general and complementary resources in particular.

ANALYSES AND RESULTS

Confirmatory Factor Analysis and Assessment of Reliability and Discriminant Validity

We conducted confirmatory factor analysis and structural equation modeling using LISREL 8.8. Confirmatory factor analysis was conducted to establish the discriminant validity among our perceptual variables. The overall fit of the six construct confirmatory factor model to the data was acceptable. The fit indices for the measurement model were as follows (N=185):

χ^2=185.65, df=105, p<.001, CFI=.96, IFI=.96, NFI=.93, and RMSEA=.065. All pairs of constructs met this criterion. The correlations of the study variables range from .22 to .66, with the mean being .35. We further examined Cronbach's alphas, composite reliabilities, and average variances extracted for the study variables. All scales attained alphas and composite reliabilities .70 or higher. Also, average variance extracted exceeded threshold of .50 in all cases. Discriminant validity is supported as the average variance extracted exceeds the squared correlation between all pairs of constructs.

Structural Model and Test of Hypotheses

Using maximum likelihood in LISREL 8.8 to perform structural equation modeling, we estimate the proposed structural model illustrated in Figure 1. The proposed structural model's CFI of .95, IFI of .95, NFI of .91, chi-square of 216.44 (p<.001), with 111 degrees of freedom, and RMSEA of .072 indicate an acceptable fit. The squared multiple correlations for the endogenous variables are all satisfactory: exploitation alliances = .20, exploration alliances = .23, and performance = .32. All of the hypotheses are supported. Alliance coordination have significant positive effect on exploitation alliances (β=.30, p<.05), supporting Hypothesis 1. Alliance scanning has significant positive effect on exploitation alliances (β=.21, p<.05) and on exploration alliances (β=.35, p<.05), supporting Hypotheses 2a and 2b. Alliance learning has a significant positive effect on exploration alliances (β=.21, p<.05), supporting Hypothesis 3. In general, these findings support the argument that alliance capabilities augment exploration and exploitation alliances. Furthermore, exploitation alliances has a significant positive effect on firm performance (β=.31, p<.05), supporting Hypothesis 4. Exploration alliances has a significant positive effect on firm performance (β=.41, p<.05), supporting Hypothesis 5.

DISCUSSION

This study demonstrates the role of alliance capabilities in augmenting firm performance through exploration and exploitation alliances. The finding that alliance coordination is an important driver of exploitative alliances is consistent with studies (e.g. Dyer and Nobeoka 2000) that emphasize the role of coordination mechanisms and formal management methods in exploitation alliances. This is sensible as coordination contributes to increased efficiency, which, in turn, is a key objective of and a modus operandi in exploitation alliances. Equally expected, this study revealed that alliance learning capability predicts firms' involvement in explorative alliances. This is congruent with authors (e.g. Powell et al. 1996) who indicate that exploration alliances are about learning by definition, and supports the contention of other scholars (e.g. Rothaermel and Deeds 2006) on that exploration alliances require stronger alliance management capabilities than exploitation alliances.

The findings reveal that alliance scanning capabilities predict firms' participation in exploration alliances. This is consistent with studies indicating that alliance scanning is beneficial for exploration alliances because it is likely to lead to an increased number of relationships, and thus, greater diversity of knowledge. More interestingly, the results show that alliance scanning also augments exploitation alliances. This finding is of particular significance because it contradicts with some authors who claim that exploitation alliances are by definition alliances with existing partners (see Lavie and Rosenkopf 2006). To that end, this study indicates that exploitation alliances are not just matured exploration alliances.

The current study also contributes to research on exploration and exploitation. As discussed, this paper highlights which alliance capabilities firms should develop and deploy when motivated to enhance their participation in exploration alliances, and which capabilities are important when involved in exploitation alliances. What is more, the results demonstrate the positive impact of both exploration and exploitation alliances on firm performance. Previous empirical evidence on these relationships has been scarce. In general, the findings of this study support the arguments in previous research on alliances stressing that, although downplayed in the literature, alliances are effective vehicles for firms' exploration and exploitation.

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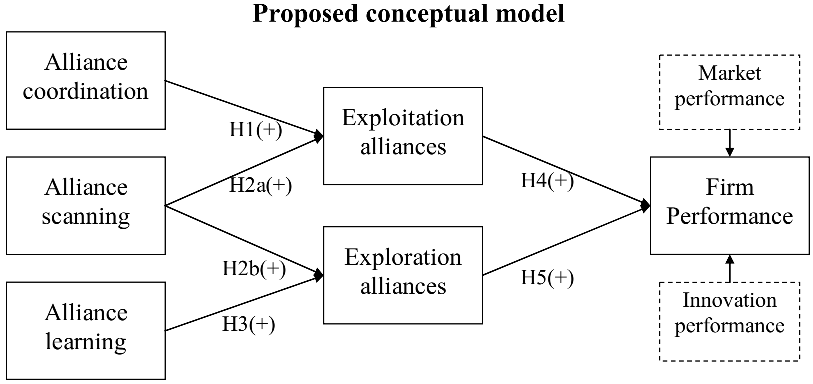
FIGURE 1
Proposed conceptual model



HOW COMPETITIVE ARE WE? AN ASSESSMENT OF KNOWLEDGE MANAGEMENT IN THE CARIBBEAN

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ABSTRACT

In today's knowledge-driven global society, more research is supporting the view that businesses which have a grasp on their knowledge assets via knowledge management (KM) are more capable of achieving sustained competitiveness. International agencies such as the World Bank have recognized KM as essential to business survival. As Caribbean economies seek greater internationalization, sustained competitive advantage, and economic empowerment via cooperatives such as CARICOM, efficient management of knowledge assets becomes more imperative. A plethora of research has identified KM practices that have proved profitable in the Western European and United States contexts. However, the Caribbean region has been largely overlooked. This research explores the environment and progress toward practicing KM efficiently in four (4) Caribbean islands and examines the relationship between the level of KM efficiencies and competitiveness. Observations are that greater KM efficiencies lead to higher performance and competitiveness. This research contributes to the body of literature on KM and its applicability for organizations of the Caribbean. Practitioners and researchers are provided a framework for more efficiently identifying, evaluating and implementing KM practices in the Caribbean context that can increase profitability and sustained competitive advantage globally.

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MODELING THE IMPACT OF SALESPERSON ATTITUDES, PERCEIVED NORMS, AND BEHAVIORAL INTENTIONS ON THE GROWTH TRAJECTORY OF NEW PRODUCTS

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ABSTRACT

New products are critical to a firm's ongoing vitality, although they are often costly and fraught with risk. Despite their importance, only a small percentage of new product initiatives succeed in the marketplace (Delre, Jager, Bijmolt, and Janssen 2007), reinforcing the need for research into factors that lead to successful new product commercialization. Arguably one of the most pivotal, and under-researched, contributors to the success of a new product launch is the sales force. Acting as boundary spanners, salespeople directly affect customers' product perceptions and facilitate customer's adoption of innovation (Atuahene-Gima 1997; Di Benedetto 1999; Schwepker and Good 2004; Weitz and Bradford 1999), particularly in business-to-business markets. It is important, then, to better understand the critical role that salespeople play in the launch of a new product. Since salespeople operate in a relatively autonomous environment in terms of time and effort allocation, our study focuses on the impact of salesperson's intentions regarding a new product launch, along with factors influencing those intentions.

A new product launch is not a static event, but rather a dynamic process that unfolds over time. We use longitudinal data from a company marketing tools to construction firms to examine cumulative sales, the number of days it takes a salesperson to reach his/her first sale, and the slope of the sales curve following a new product introduction. Specifically, we explore the impact of salesperson attitudes, perceived norms, and self-efficacy on selling intentions and the objective performance and growth trajectory of the new industrial product during its first 457 days in the market. As expected, the growth function of the new product sales during this period of time is a steep non-linear curve with an accelerating growth rate over time. Using the theory of planned behavior as a theoretical lens, we combine survey and objective performance data from 308 salespeople to demonstrate that salesperson attitudes and self-efficacy are significant predictors of performance at any given time following a new product launch, resulting in earlier takeoff points and faster growth rates. Both of these psychological determinants of success are shown to be mediated by a salesperson's intentions to sell the new product, although the mediation of self-efficacy's influence on performance is partial. Moderating mechanisms of salesperson's selling intentions are also examined and evidence shows that performance is highest when both selling intentions and self efficacy are at high levels. A somewhat surprising result is that salespeople's subjective norms toward selling the new product do not significantly impact selling intentions or new product performance. In summary, our results suggest that successful new product launches depend on salesperson intentions and that those intentions are best shaped via attitudinal rather than normative paths.

The multi-source, longitudinal dataset and growth-curve modeling approach greatly enhance our understanding of this dynamic phase in the life of a new product and the important role played by the sales force in a successful new product launch. At the same time, this study provides meaningful implications for sales managers. Given their coercive power over salespeople, sales managers are in a unique position to enhance salesperson selling intentions, particularly through subjective norms. Rather than building normative pressure to sell the new product, our research suggests that sales managers should treat the normative path as a backup and focus instead on strengthening salesperson selling intentions (and thus new product sales) by creating positive attitudes and heightened feelings of self-efficacy.

NEW PRODUCT CREATIVITY ORIENTATION: CONCEPTUALIZATION OF CONSUMER'S VIEW OF NEW PRODUCT CREATIVTY

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ABSTRACT

As a consequence of strong product competition, most firms must continuously create new products to minimize the pressure from imitations, as new ideas are a major source for economic growth. The academic literature has not reported consumers' perceptions on NPC. The author in this study has conceptualized consumer perceived NPC as a function of novelty, meaningfulness and communicableness, and addressed the importance of these dimensions to new product development.

INTRODUCTION

From the "systems view of creativity" (Csikszentmihalyi's 1988a; 1999; Weisberg 2006, p. 62), we know that creativity is generated and executed in three interrelated systems including person systems, social systems and cultural systems. This theory states that an individual obtains some information from a culture and transforms it. If the change of the information is thought to be valuable by the society, it will be incorporated into a domain of the society and thus provide a new starting point for the transformation of the following generations, which makes the transformation dynamic. The author further stated that "the actions of these three systems are necessary for creativity to occur."

At the same time, this assertion is supported by Amabile (1996a p.33). According to her, Creativity evaluation should be made by external people since self-judgments may disagree with observer's judgment.

Based on these theories, whether a new product is creative or not can be better evaluated by consumers than by internal NPD teams because consumers are more familiar with product use. In practice, new product creativity (NPC) is typically evaluated by agreements among NPD teams and NPD experts. Whether customers also consider these new products to be creative or not rarely enters into the discussion.

Customers are always the absolute final adopters and judgers of all new products as well as the embedded creativities. Sometimes new products and their creative attributes are not accepted by consumers and thus the value of new product creativity is not realized. A creative new product is the outcome of creative thinking. Only if the value and performance of new product creativity are accepted by consumers, will creative activities of new products become significant. Therefore, research on new product creativity from the customer perspective is imperative in the context of the new product development process.

RESEARCH OBJECTIVES

The primary objective of this research is to investigate and conceptualize the consumers' view of new product creativity at the product level. Also this research help to incorporate consumer perceived NPC into NPD strategy to better assist and satisfy consumers and increase new product profits.

CONCLUSION

Consumers' view of new product creativity (NPC) should consider all three elements including novelty, meaningfulness and communicableness. If any one of the three elements is lost, NPC is not an efficient creativity carrier in terms of consumers' perspectives. Only if novelty, meaningfulness and communicableness are co-presented in a new product, will NPC meet consumers' perceptions.

Reference Available on Request

INVESTIGATING THE MODERATION EFFECT OF OPINION LEADERSHIP ON LEADING-EDGE USERS' INNOVATIVENESS

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ABSTRACT

This paper argues that leading-edge users possessing high opinion leadership qualities (i.e. social influence, community active, innovation/ modification sharing) will adopt radical innovations before any other user group. In this research study, a first group of leading-edge users created eight radical Laptop product ideas validated by an expert panel. These innovations not present in the mainstream market place at the time of study were consequently proposed for adoption to a second group of users. Empirical testing of the hypotheses revealed that opinion leadership moderates leading-edge users' propensity to adopt innovative products. Of particular interest is the fact that leading-edge users with high opinion leadership qualities will switch brand in favor of the adoption of a radical innovation not present in the mainstream market place. The contribution of the present research demonstrates the utility of integrating a market orientation approach in both product development and market diffusion strategy. This integrated research approach is not only appropriate for the "mainstream" product development, but calls for the marketers to identify a new adopter category personified by the leading-edge users with high opinion leadership qualities and to consider them as a particular group of interest for future marketing research and practice.

References Available on Request.

PROMOTION VERSUS PREVENTION APPROACHES IN SAFE DRIVING CAMPAIGNS

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ABSTRACT

In 1988, California initiated the longest running aggressive driving media campaign, Smooth Operator, which has since been adopted and is still running in the District of Columbia, Maryland and Virginia. In 1998, nine US states introduced legislation that provided penalties for aggressive driving. According to a 2003 AAA Mid-Atlantic Transportation Poll, motorists in the Washington area rated aggressive driving as the number one threat to highway safety and nearly 8 out of 10 motorists considered aggressive drivers to be a greater danger than terrorists. Research in both social psychology and marketing studied the antecedents of aggressive driving with mixed results. This paper uses regulatory focus theory (Higgins 1997) to understand aggressive driving and identify the most effective messages targeted at preventing this behavior. Aggressive driving is defined as the operation of "a motor vehicle in a manner which endangers or is likely to endanger people or property" (Martinez, U.S. House of Representatives, 1997) and includes speeding, tailgating, failure to yield, etc. Driving is seen here as a goal-oriented behavior. When individuals prepare to drive to a certain destination, they tend to set and follow specific goals. They may develop driving plans about the time of departure and arrival and other necessary stops, which involve various stages of goal directed actions and require an effective self-regulatory system. For example, some drivers may achieve their end goal (arriving at the destination) by focusing on positive strategies such as speeding to catch the green light. Other drivers may achieve the same end goal by focusing on avoiding possible negative consequences of driving such as missing a highway exit or being involved in an accident.

According to regulatory focus theory (Higgins 1996, 1997), people strive to achieve their goals through two distinct self-regulatory systems - promotion and prevention - that oversee their actions. When people are more focused on their ideal self (*e.g.*, aspirations), they develop the *promotion* system and rely on approach strategies to move closer toward *positive* end states. On the other hand, people with a strong ought self (*e.g.*, responsibilities) develop the *prevention* system and rely on avoidance strategies to stay away from *negative* end states. Therefore, it is expected that an individual with a strong promotion predisposition may focus on the positive consequences of driving, while ignoring any negative consequences, which may lead to more aggressive driving behaviors. On the other hand, an individual with a strong prevention predisposition may focus on the negative consequences of driving, which may lead to safer driving. Study 1 measured the correlation between self-regulation traits and aggressive driving intentions. Undergraduate students (N=61) completed several surveys. Regulatory trait, aggressive driving intent and demographic characteristics were measured. The regression analyses showed that gender had a significant impact on aggressive driving intent. Male respondents were more likely to engage in aggressive driving than female respondents, replicating prior findings. Nevertheless, when self-regulatory trait was also introduced in the regression model, the effect of gender became non-significant and self-regulatory trait was the only significant predictor. Results show that promotion oriented individuals are more likely to drive aggressively, while the opposite is true for prevention oriented individuals.

Study 2 focused on determining the most effective messages in targeting these two types of drivers. Two types of messages were tested: (1) loss-framed messages that focus on the negative consequences of aggressive driving ("Speeding puts other lives on the road at risk"), and (2) gain-framed messages that highlight the positive consequences of avoiding aggressive driving ("Slowing down saves other lives on the road"). Regulatory focus theory (Higgins 1997, Higgins et al. 2001) posits that people with a promotion orientation are more likely to focus on ideals and, therefore, may find gain-framed messages more persuasive. On the other hand, people with a prevention orientation focus on responsibilities and obligations and, therefore, may perceive a loss-framed message as more persuasive. Undergraduate students (N=175) participated in a between-subjects experiment that manipulated regulatory orientation and message framing and measured their attitude toward the message. Results support the hypothesized interaction between regulatory orientation and message framing, $F(1, 170) = 4.716$, $p = 0.027$. Promotion oriented participants were more persuaded by the gain framed message than the loss-framed message. Message framing had no significant effect on the attitude of prevention oriented participants. In conclusion, these studies demonstrate that individuals who are more promotion oriented are also more likely to drive aggressively. Therefore, prevention campaigns should mainly target people who are promotion oriented and do that by using gain-framed messages, which have been demonstrated to work more effectively with these individuals.

References Available on Request.

DIFFERENCES IN REGULATORY FIT EFFECTS ON COGNITIONS AND BEHAVIOR WHEN MARKETING MESSAGES PERTAIN TO PERSONALLY RELEVANT ISSUES: THE ROLE OF PERSONAL RELEVANCE

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ABSTRACT

Drawing on Regulatory Focus Theory (Higgins 1987), this study explored the effects of regulatory fit on persuasion when marketing messages pertain either to personally relevant issues (e.g., physical activity) or to less personally relevant issues (e.g., affordable seniors' housing). Consistent with the work of Wang and Lee (2006), it was argued that regulatory fit would enhance the persuasiveness of marketing messages *only* when the message content was not personally relevant to the message recipient (i.e., a low-involvement condition). When message content was less personally relevant, regulatory fit was expected to act as a heuristic, signaling to the message recipient to pay attention to the material, thus enhancing persuasion. Conversely, it was expected that regulatory fit would not contribute to the persuasiveness of personally relevant messages. That is, personally relevant messages would be systematically processed, regardless of regulatory fit.

The hypotheses were tested in a 2 (individual focus: promotion/prevention) X 2 (message focus: promotion/prevention) X 2 (personal relevance: high/low) between-subjects, factorial design. Regulatory *fit* conditions were created by priming the regulatory focus of the participant (Higgins et al. 1994) and by instructing participants to watch and read a marketing message with a regulatory focus that was either congruent or non-congruent with that of the individual. The specially-developed video marketing messages addressed either a high- or low-personal-relevance issue. Persuasion was assessed with cognitive and behavioral measures. Individuals' intentions to implement specific behaviors served as a cognitive measure whereas the acceptance of a gift certificate that enabled participants to engage in the advocated activity served as a behavioral measure. The recollection of specific message content served as a measure of systematic information processing.

Unexpectedly, when persuasion was assessed with a cognitive measure, regulatory fit effects were evident in *both* the high- and low-personal-relevance conditions. Regulatory fit enhanced the participants' intentions regardless of the personal relevance of the message content. However, when persuasion was assessed with a behavioral measure, regulatory-fit effects were evident *only* in the high-personal-relevance condition. Thus, this study provides evidence that the conditions under which regulatory fit enhances cognitive responses to marketing messages differ from those under which regulatory fit enhances behavioral responses to messages. Regulatory fit may be sufficient to influence information processing in low involvement conditions. However, regulatory fit may not be sufficient to influence behavior in these conditions. Regulatory fit may be sufficient to influence behavior *only* when message content is personally relevant to the message recipient.

The results of this study lend support to the view that regulatory fit increases the motivation to systematically process information and that regulatory fit effects on cognitions emerge as a result of greater involvement (Aaker and Lee 2001; Evans and Petty 2003). The current findings show that regulatory fit enhanced recollection of message content only when message content pertained to a low-personal-relevance issue. In high-personal-relevance conditions, participants recalled message content equally well in the fit and non-fit conditions. This evidence suggests that, contrary to the views of Wang and Lee (2006), regulatory fit contributes to systematic processing of information in low involvement conditions, whereas, in high involvement conditions, information is processed systematically regardless of fit.

The evidence that regulatory fit influences cognitions and behavior under different conditions suggests that the processes underlying the relationship between regulatory fit and cognitions may be different than the processes underlying the relationship between regulatory fit and behavior. Whereas regulatory fit may influence cognitions by motivating effortful processing of information that would otherwise have been ignored, regulatory fit may influence behavior by stimulating emotions that cause an individual to take action on an issue that is considered to be personally relevant. Given the evidence that emotions serve as a stimulus for behavior (Passyn and Sujan 2006), it is possible that emotional processes, rather than cognitive processes, underlie the relationship between regulatory fit and behavior.

Further investigations of the differential effects of regulatory fit on cognitions and behavior, and of the processes underlying these differential effects, are warranted if we are to fully understand the factors that contribute to the effectiveness of marketing messages designed to change health behavior.

References Available on Request.

REGULATORY FOCUS AND ALTERNATE PROCESSING CONDITONS: ATTRIBUTE IMPORTANCE VERSUS ATTRIBUTE EASE OF IMAGINABILITY

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ABSTRACT

Promotion focus in individuals encourages the use of imagery heuristics as compared to prevention focus. Promotion focused (prevention focused) people had a higher evaluation and purchase intention of a product when they used imagery heuristics (attribute importance) in evaluation in comparison to prevention (promotion) focused people.

INTRODUCTION

Extant research in marketing has shown that under some conditions, evaluations of alternatives may be based on imagining scenes associated with the attributes of the alternatives rather than being based on rules. For example, a person may evaluate an apartment by dreaming of living in the apartment e.g. how he may lead a cozy evening in front of the fireplace along with his family. Findings from research on vivid information have found that use of imagery may alter the influence of attributes in the evaluation of alternatives (Kisielius and Sternthal 1984, 1986). The imagery approach of evaluation involves simulating the actual experience with an alternative and assessing the desirability of an alternative according to the affective response to the simulated experience (Doob 1972). This particular way of evaluation has been termed as imagery heuristics by Keller and McGill (1994) in the marketing literature. The potential bias associated with imagery heuristics is explained by the fact that more easily imagined attribute may assume a greater role when an individual uses fantasy than their importance warrants. Thus an individual using image based heuristics may make a choice based on his fantasy rather than basing decision on other important attributes e.g. security feature in the house.

In this piece of research we argue that regulatory focus may be an important motivation behind the usage of imagery heuristics versus attribute importance in evaluation and purchase intention. In particular, we propose that promotion focus in individuals will encourage the use of imagination/ fantasy and subsequently imaginable attributes (as compared to important attributes) will have relatively greater influence in their evaluation and purchase intention. Prevention focused people on the other hand will follow attribute importance as compared to imaginable attributes to form their evaluation and purchase intention. We present current evidence for our main hypotheses through a pretest and an experiment.

THEORY AND HYPOTHESES

Regulatory Focus and Imagery Heuristics

Regulatory focus theory assumes that self-regulation operates differently when serving fundamentally different needs, such as the distinct survival needs of nurturance and security (Higgins 1997). Regulatory focus theory proposes that nurturance related regulation involves a promotion focus – a regulatory state concerned with advancement, accomplishment and aspirations (i.e. a concern with the presence or absence of a positive outcome). In contrast, security related regulation involves a prevention focus – a regulatory state concerned with protection, safety and responsibility (i.e. a concern with absence or presence of negative outcome).

Researchers have investigated the effects of regulatory focus on attitudes and behavior of people toward the pursuit of their promotional goal of growth and advancement or preventional goal of safety and security (Aaker and Lee 2006). These distinct goals prompt people to selectively pay attention to and rely on information that helps them attain their goals. When people with a certain regulatory orientation adopt strategies and engage in activities that are consistent with their regulatory focus they experience heightened motivation and it-just-feels right situation (Aaker and Lee 2006). A review of the regulatory fit literature suggests that when activities or thought processes are undertaken by people that sustain their regulatory orientation, they experience the effect of fit. This value experienced from regulatory fit can transfer to a subsequent evaluation of an object (Higgins et al. 2003). In their study, Higgins and his colleagues (2003) found evidence for the fit effect. Participants gave the same coffee mug a higher price if they had chosen it with a strategy that fit their orientation (eager strategy/ promotion; vigilant strategy/prevention) than a strategy that did not fit. The underlying mechanism for the higher evaluation of the mug was transfer of value from fit which was found to be independent of positive mood, perceived effectiveness and perceived efficiency. Thus participants experienced the "feeling right" and in turn misattributed the source of feeling to a subsequent product evaluation. According to Higgins and his colleagues (2003), regulatory fit thus produces a sense of correctness and importance about what one is doing and is more than just a pleasant state.

In this research we argue that promotion and prevention focused people will use different means to evaluate product alternatives described in terms of imaginable versus important attributes. In line with fit theory, we argue that promotion focus in individuals will encourage the use of imagery in evaluation. Prevention focus on the other hand will encourage an analytical way of evaluation in individuals influenced by attribute importance. We now try to present our argument as to why this is the case. Promotion focus people are relatively more concerned with gains and are generally sensitive to errors of omission (Higgins 1997). As a result, they adopt an eager and a risky strategy to maximize gains. Research has shown that eagerness and risky behaviour in individuals promote the usage of heuristics in general (Friedman and Forster 2000). Research by Pham and Avnet (2004) confirms that in the context of an advertisement, promotion focused individuals were found to rely more on subjective affective responses rather than on the substance of the advertisement to base their decision. It thus seems that to the extent, imagery heuristics suggest the use of emotion as an input to the decision making, promotion focused people will be more motivated to use this particular heuristics to base their evaluation. Prevention focused individuals on the other hand have been found to be relatively more vigilant and risk averse (Pham and Avnet 2004). Prevention focus people are also more concerned with avoidance of losses and are generally sensitive to errors of commission (Higgins 1997). Further, vigilance and risk averse individuals theoretically should rely on information which can be readily justified (Shafir et al. 1993). Extant research further confirms that prevention and risk aversion tends to increase the reliance on analytical processing (Friedman and Forster 2000). In an advertisement context, Pham and Avnet (2004) again found that prevention focused people relied more on substance of the message as compared to the subjective affective responses to the advertisement. Hence, prevention focused people unlike their promotion focused counterparts should be relatively more influenced by the importance of product attributes rather than by the imaginability of product attributes.

The above line of argument leads to the following hypotheses:

Hypothesis 1a: Promotion focused people will have a higher evaluation when evaluating a product based on imaginable attributes in comparison to prevention focused people.

Hypothesis 1b: Prevention focused people will have a higher evaluation when evaluating a product based on attribute importance in comparison to promotion focused people.

Hypothesis 2a: Promotion focused people will have a higher purchase intention when evaluating a product based on imaginable attributes in comparison to prevention focused people.

Hypothesis 2b: Prevention focused people will have a higher purchase intention when evaluating a product based on attribute importance in comparison to promotion focused people.

STUDY

We try to present evidence for our basic hypotheses through a small pretest and an experiment. While the pretest was used to confirm the regulatory focus manipulation of Pham and Avnet (2004), the experiment was designed to provide specific evidence for our hypotheses. A 2 (Regulatory Focus: Promotion versus Prevention) x 2 (Apartment Type: Positive versus Negative Imagery) between subjects design was used. 69 undergraduate students (41 females) participated from a large Singapore University in lieu of course credit. All participants were randomly assigned to one of the four conditions.

The positive imagery condition describes an apartment with high values on the easily imagined (but less important) and low values on the difficult-to-imagine (but more important) attributes. Similarly, the negative imagery condition had low values on easily imagined attributes but high values on difficult to imagine attributes. The stimulus was borrowed from Keller and McGill (1994) study and is presented in Table 1. The expectation was that promotion focused people would be influenced to a greater extent by the more easily imagined attributes regardless of the relative importance of these attributes. Prevention focused people who are not expected to use imagery will follow attribute importance. Results of 2X2 ANOVA showed a significant interaction between regulatory focus and apartment type ($F(1, 65) = 10.151$, $p<0.01$). No other main effect was found to be significant. Planned contrasts showed that promotion focused subjects had a higher evaluation of the apartment in comparison to prevention focused people when they used imagery heuristics ($M= 3.75$ versus 3.13, $p<0.05$). Prevention focused subjects on the other hand had higher evaluation of the apartment when they based their evaluation on attribute importance in comparison to the promotion focused people ($M= 4.05$ versus 3.29, $p<0.05$). In addition, it was also found that prevention focused people had a higher evaluation when they used the attribute importance as basis for their evaluation in comparison to imagery heuristics (M= 4.05 versus 3.13, $p<0.01$). In sum, we found support found support for hypotheses 1a and 1b.

A 2X2 ANOVA was conducted to test the hypotheses regarding purchase intention. A significant interaction effect between regulatory focus and apartment type ($F(1, 65) = 5.103$, $p < 0.05$) was noticed when purchase intention was used as the dependent variable. No other main effect was found to be significant. Results of contrast analysis showed that promotion focused people had higher purchase intention for the apartment when they evaluated it on basis of imagery heuristics as compared to prevention focused people (M= 3.56 versus 2.63, $p<0.05$). Prevention focused people on the other hand showed higher purchase intention for the apartment when they based their evaluation on attribute importance in comparison to promotion focused people although the difference was not statistically significant (M = 3.58 versus 3.31, $p<0.05$). Prevention focused people however showed higher purchase intention for the apartment when they based their evaluation on attribute importance rather than imagery heuristics (M= 3.58 versus 2.63, $p<0.05$). Results supported hypotheses 2a.

GENERAL DISCUSSION

Researchers like Avnet and Higgins (2006) have advocated for more research in the area of regulatory fit as it is still in the nascent stage and is in the process of new and exciting discoveries. Our work shows that promotion and prevention focused people experience regulatory fit when they base their product evaluation on imagery heuristics versus important product attributes. Evidence from our current work shows that manipulation of different regulatory focus leads to differential preferences for product information. This in turn increases the scope of fit theory. We also contribute to the theory of imagery heuristics by showing that regulatory focus can be an important motivational antecedent to people’s usage of imagery heuristics thereby following recommendations of Keller and McGill (1994) that future research should determine the conditions that encourage use of imagery heuristics versus that favour more analytical procedure.

Our work has important implications for managers too. In terms of product positioning, a product can be positioned on the basis of easy to imagine (important) attributes to people in whom promotion (prevention) focus has been induced in order to drive favourable evaluations. Further, for product categories in which offerings are generally positive e.g. cars, consumers may like to fantasize about alternatives and pick the one that feels the best. Such fantasizing, as our research found can be in turn encouraged by a promotion focus in individuals. Induction of prevention focus on the other hand may cause consumers to be more careful and chose in an analytical fashion. Our work has implications for product advertisements too. For example, advertisements may be designed to encourage imagery versus analytical processing which in turn can be matched with a particular regulatory concern to drive favourable evaluation and purchase intentions in target customers.

LIST OF TABLES

TABLE 1

Stimulus used for Positive and Negative Imagery Apartment

Positive Imagery	Negative Imagery
Hallways: The apartment has hallways that are wide and brightly lit.	Hallways: The apartment has hallways that are narrow and dark.
Flooring: The hardwood flooring has been recently sanded and varnished with a shining finish.	Flooring: The hardwood flooring is in moderately good condition with some areas being worn and dull.
Security level: The overall security level is below average.	Security level: The overall security level is above average.
Condition of Appliances: The condition of the appliances is approximately 6 to 20 years old.	Condition of Appliances: The appliances in the apartment are new.

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CUSTOMERS AS PUBLICS: CONTEMPORARY SERVICE RESEARCH FROM A PUBLIC RELATIONS PERSPECTIVE

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INTRODUCTION

Marketing academicians have posited that theories from allied disciplines can be useful in furthering the development of service research. This paper begins an exploration of how public relations concepts can be integrated into the scholarly study of contemporary service. The view of customers as publics is consistent with the increasing focus of public relations scholars on developing conceptual and theoretical tools grounded in the relationship-building aspects of this discipline.

RESEARCH QUESTION AND METHODS

As an initial step in exploring the applicability of public relations concepts to the scholarly study of contemporary service, in-depth interviews were conducted to gain broad insights into the research question of how customers perceive their service experiences. Interviewees were Baby Boomers, those Americans now ranging in age from the mid-40's to the early 60s. Their consumer insights were particularly useful for several reasons, including the massive size and disproportionate spending power of this sociological cohort. Baby Boomers' robust wealth of service experiences range from the interpersonal encounters they witnessed during their formative childhood years to their adaptation to modern service technology.

FINDINGS AND DISCUSSION

The findings of this study suggested a need to reconcile service recipients' and service providers' attitudes, or orientations, toward each other and toward the service being provided. This reconciliation process was conceptualized as a model of coorientation. Coorientation was first described in psychology studies as an interdependent system of interaction in which two individuals, known as A and B, have their own individual orientations, as well as simultaneous orientations toward each other and toward an object of communication known as X. The model subsequently evolved as a theoretical context for empirical studies of groups involved in dyadic communication. The present study conceptualized service objectives in a manner similar to how public relations scholars have come to envision the difference between an orientational and a coorientational approach to setting public relations objectives. Traditional public relations is designed to present X in a manner that makes a public (A) come closer to an organization (B). Coorientation instead assesses simultaneous movement in the relationship between A and B regarding X.

A coorientation framework of A as service recipients, B as service providers, and X as the service provided was used to analyze insights that emerged from the service interviews. For example, technology in the form of automated telephone service, rather than the service provided by the technology, appeared in some instances to become X. Other findings resulted from an analysis of the demonstrated strength of the coorientation model in identifying and addressing conflicts within the A-B-X system, described in the interviews as instances of service dissatisfaction. In a coorientation model, to the extent that A and B each perceive separately that their perceptions of X are similar or dissimilar, each group will experience congruency or incongruence. To the extent that one group's perception of the other group's evaluation of X does or does not resemble the other group's true perceptions, there is accuracy or inaccuracy. The extent to which service recipients' evaluations of the service provided really are the same as service providers' evaluations of this same X is represented by agreement. Regardless of whether this agreement is reached, A and B can still achieve some level of understanding of what the situation is, even if they differ in how they evaluate this similarly-perceived situation.

FUTURE RESEARCH

This pilot study suggests that public relations concepts can be efficacious in building service themes and constructs. Public relations scholars have shown that coorientation provides a measurement model that allows for the empirical assessment of perceptions and behaviors in interactional relationships. The model offers numerous opportunities for additional service research. For example, scholarly debates include whether congruency, accuracy, and agreement are variables to be measured or manipulated based on communicative acts engaged in by A and B as related to X. Additional qualitative and empirical research should thus prove to be beneficial in integrating public relations into the study of contemporary service.

References Available on Request.

MODELING SOFT DRINK BUYERS' PREFERENCES FOR STIMULANT BEVERAGES: EMPIRICAL EVIDENCE FROM AN EMERGING MARKET

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ABSTRACT

Perhaps one of the most observable trends is the declining sales in carbonated drinks, especially in the saturated markets of the United States and the European Union. At the same time, the sales of fortified or functional drinks such as non-carbonated soft drinks, fruit based beverages, and sports/energy drinks have been increasing significantly. It may be argued that consumers' overall rising concern for the physical fitness and health might have contributed to the increased interest in such beverages as way to improve personal well being and performance (Weststrate, van Poppel, and Verschuren, 2002).

The growth of the fortified energy drinks market has created significant opportunities for the companies to supplement the slumping sales of carbonated drinks. Although it is well studied that some aspects of psychological performance can be enhanced by glucose or caffeine, it is not clear that the claims made by the energy drinks manufacturers regarding the benefits of these drinks can be scientifically supported. Consumers' choice of products depends on variety of product attributes and consequences it produces for the consumers. Understanding the nature of these factors provide valuable insights for marketers wishing to satisfy their consumers.

The objective of this study is to examine the importance of product attributes of the energy drinks in consumer choice using conjoint analysis. A conjoint based survey was administered to 126 Turkish consumers to find out how they made decisions regarding energy drink choices. Our results indicated that Turkish consumer valued *brand name, price* and *taste* as the most important attributes for their choices while the content of the drink such as *caffeine* and *carbohydrate levels* were not considered as important. However, consumers with high involvement levels indicated that *caffeine and carbonation content*, *packaging, purpose of use* as well as *brand name,* and *price* were significant predictors of the choice of an energy drink. Also, consistent with Hofstede (1991), individually oriented consumers were more likely to view energy drinks as a part of their life-style rather than collectively orientated consumers.

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A STUDY OF OUTSHOPPING DETERMINANTS: MEDIATING EFFECT OF SHOPPING ENJOYMENT

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ABSTRACT

Outshopping has been studied in the marketing literature for years. Outshoppers literally outshop for better quality and assortment of merchandise, higher quality of personal service, more pleasant shopping atmospherics, and more competitive prices. In this study, we propose that shopping enjoyment is not only directly related to outshopping, as are the above outshopping determinants, but mediate the relationships between those determinants and outshopping behavior. In addition, we explore how patriotism and terror would affect people's outshopping frequency. Managerial and research implications are offered.

References Available on Request

CUSTOMER VALUE PERCEPTIONS IN GLOBAL BUSINESS MARKETS: EXPLORING THE STRATEGIC POTENTIAL FOR STANDARDIZATION

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ABSTRACT

Using survey data from 800 managers across India, Singapore, Sweden, the United Kingdom, and the United States, this study advances the generalizability and strategic potential for understanding customer value perceptions in business markets. Value drivers reveal strong cross-national similarities which challenge recent studies and indicate potential for standardizing value propositions and crafting horizontal segments.

Scholars consider customer value to be a cornerstone of marketing strategy and a source for competitive advantage. Experts define customer value as the customer's perceived trade-off between benefits and sacrifices in relationships. From a strategic perspective, scholars propose that deeper insights into the sources of customer value creation can help firms advance superior value propositions. Business marketers share this curiosity yet, amidst rapidly globalizing markets, face the challenge of understanding customer value perceptions across diverse cultures. Specifically, managers feel armed with little evidence to craft global marketing programs that balance two opposing priorities: on one hand, firms are compelled to adapt value propositions to satisfy customers in culturally-diverse markets; on the other hand, they seek to standardize value propositions to operate more efficient business models. Unfortunately, customer value research has lagged behind the need for rigorous insights into these challenges. Our study addresses the following areas to generate insights for global marketing strategy.

First, empirical research examining value perceptions for business customers has progressed largely within the bounds of domestic, Western markets. Thus, scholars and practitioners lack the evidence to know if customer value is a culturally-transferrable construct and if it carries power for explaining relationship performance. Thus, we explored value creation with firms in 19 industries and across five countries. Survey data was obtained from 800 managers (pre-qualified by phone, 35% response) responsible for managing their firm's relationship with ICT providers. Tests indicated no concerns for potential confounding variables (country, firm, and relationship), non-response bias (oral responses from 137 non-respondents) and common method variance. Cross-national analyses of the effects of customer value on satisfaction (with high power, $\pi \geq 0.99$) revealed (a) invariant measures (configural, metric, and scalar), (b) good model fit (RMSEA= .049, CFI=.96), and (c) paths ranging from .63 to .81 ($p < .001$). These results add significant support for the cross-cultural generalizability of customer value and its status as a distinct construct that can substantially explain business relationship satisfaction.

Second, we measured four key drivers of value, including commonly tested factors of (1) offer quality and (2) personal interaction and two newly developed constructs; specifically, research emphasizes the dynamic nature of value, yet reveals insufficient conceptualization for adapting to ongoing customer change. Thus, we qualitatively developed measures for (3) responsiveness and (4) anticipation for customers' changing needs as key value drivers. Internal consistency (α =.97 and .93) and CFA demonstrated convergent/discriminant validity for new measures. Analyses using nested models with high statistical power for finding effect size differences ($\pi \geq .99$) and χ^2 difference tests revealed that 15 out of 20 paths (4 benefits across 5 countries) demonstrate strong effects that are not statistically different from respective paths in other countries. Offer quality was the same across four countries, personal interaction across three, customer value anticipation across five, and customer value responsiveness across three. Thus, although some effects are not similar, a pattern of greater similarity (75% of paths) than difference emerges. We also tested pairs of paths for maximally different cultures (e.g., India vs. Sweden) using Kogut and Singh's (1988) cultural distance index and find that 14 pairs of paths out of 16 (88%) are not significantly different. Two pairs of countries (Singapore and Sweden, U.S. and U.K.) demonstrate very similar effects, such that each pair could be considered a horizontal segment. Marketers often consider the U.S. and the U.K to be similar, but Singapore and Sweden have significantly different scores on 4 out of 5 of Hofstede's (1980) cultural dimensions. Thus, a conventional view based on cultural differences would not have predicted this, or exposed this horizontal segment as an opportunity.

Overall, strong results contradict a dominant view expressed in recent studies and indicate potential for firms to standardize certain value propositions and segment horizontally across diverse markets.

References Available on Request.

RE-ENGINEERING A REVERSE SUPPLY CHAIN FOR PRODUCT RETURNS SERVICES

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ABSTRACT

An important service management activity, particularly in a retail environment, is return services. This article discusses the strategic issues surrounding the effective management of product return services presents a case study to illustrate how a reverse supply chain and the logistics activities that support it were reengineered to enhance the effectiveness and profitability of the product returns process for a major direct retailer in the US.

INTRODUCTION

How do companies differentiate themselves when operating in industries where most, if not all firms offer high quality products and customer service at the time of sale? A potential solution to this dilemma is offered by Dennis and Kambil (2003), using what they term "service management," which provides both competitive differentiation and an opportunity to increase profits. Service management is "the sum of all customer interactions that follow a product's sale . . ." (Dennis and Kambil, 2003, p. 42).

One of the most important of these service management activities, particularly in a retail environment, is return services. In an effort to enhance service management activities and, thus, engage in what Flack and Evans (2001, p. 19) term "marketing on customer terms" to increasingly demanding customers, a growing number of retailers are liberalizing return policies and becoming more reliant on consignment inventory, activities which can result in a greater number of returned products. Because catalogue and online retailers typically face higher rates of return than traditional retailers, effective service management of their product returns is even more important (Daugherty, Autry and Ellinger, 2001). Not surprisingly, the existence, effectiveness, and efficiency of service management activities, such as return services, depend heavily on effective reverse logistics operations.

Since reverse logistics operations and the supply chains they support are significantly more complex than traditional manufacturing supply chains (Dennis and Kambil, 2003) an organization that succeeds in meeting the challenges presents a formidable advantage that is not easily duplicated by its competitors. Successfully accomplished service management activities, such as product return operations, positively impact customers' satisfaction and, consequently, customer loyalty and return sales (Cohen and Whang, 1997; Fitzsimmons and Fitzsimmons, 1998; Retzlaff-Roberts, 1998; Daugherty, Autry and Ellinger, 2001).

In the next section, we discuss the issues surrounding the value of product returns as service management activities. We also discuss the importance of the role of effective reverse logistics operations to the design and execution of successful and profitable reverse supply chains to support product return activities. In the last section we present a case study to illustrate how a reverse supply chain and the logistics activities that support it can be reengineered so that the effectiveness and profitability of a direct retailer's product returns process are enhanced.

PRODUCT RETURNS SERVICES

Product returns have been and remain an essential part of the retail landscape. Customers return products for a variety of reasons, e.g., they change their minds, the product shipped to them is defective; the product is damaged in transit; the wrong quantity or the wrong product is shipped; products under warranty; products that are the subject of manufacturers' recalls. Particularly in the case of direct retailers, e.g., catalogue and online retailers, where customers generally perceive more risk associated with product purchases (*Schoenbachler and Gordon, 2002),* a solid record of product return services can significantly enhance customer loyalty and increase the probability of repeat purchases (Daugherty, Autry and Ellinger, 2001).

The magnitude of the percentage of products returned depends upon the nature of the business and the organization's return policy, and can vary from as low as 2% to as high as 50% (Lambert and Stock, 1993). Generous return policies have made the structuring of the required reverse supply chains and the management of the reverse logistics that support product returns is particularly difficult because organizations do not know what products will be arriving when (Meyer, 1999).

REVERSE LOGISTICS

One of the more significant trends in supply chain management is the recognition of the strategic importance of reverse logistics operations, which can account for 5-6% of total logistics costs (Retzlaff-Roberts and Frolick, 1997; Handfield and Nichols, 1999; Daugherty, Autrey and Ellinger, 2001). Reverse logistics operations support a variety of activities ranging from what is termed "reen logistics, i.e., "efforts to reduce the environmental impact of the supply chain (Rogers and Tibben-Lembke, 2001, p. 130)," to activities that encompass product returns, repairs, and refurbishment.

Despite the fact that cost estimates for reverse logistics operations range from $37 - $921 billion annually, and growing, four in ten logistics managers consider reverse logistics operations to be a very low priority for their companies (Rogers and Tibben-Lembke, 2001). Most logistics systems are not well-equipped to manage the complex and varied processes of product movement in a reverse direction. In addition, the costs associated with reverse logistics may be as much as nine times higher than moving the same product in a forward channel. Complicating the problem of managing reverse logistics operations is the fact that very few, if any, standardized software solutions designed for reverse logistics operations exist (Meyer, 1999; Rogers and Tibben-Lembke, 2001).

Although reverse logistics operations in general can be quite difficult to manage, there are some particular challenges to managing reverse logistics operations for product returns. Not only does a retailer have to effectively manage the actual product return, which is a challenge in itself, but, once returned, the product must be disposed of in some way. The most common disposal method for returned products is return to the manufacturer, but some returned products are repackaged and resold, resold as is, destroyed, or sold at other retail outlets (e.g., off price retailers or manufacturers' outlets) (Daugherty, Autry and Ellinger, 2001).

Despite the fact that effectively managing the complex reverse logistics operations required to support what Dennis and Kambil (2001, p. 42) term "service to profit supply chains," requires considerable skill and integration, Dennis and Kambil stress the potential advantageous competitive positioning and market opportunities for firms whose supply chains handle these important activities effectively. Such supply chains are vital tools as companies seek to differentiate themselves from their competitors, increase customer loyalty, and boost profit margins.

Below, we present a case study of a project that reengineered reverse logistics operations for a major direct retailer in the US. The project was designed to assist the company as it considered an innovative approach to create a more convenient product return process and reduce the cycle time for customers to receive refunds and exchanges, when items are returned. In order to accomplish the reengineering effort, computer simulation models were developed and examined to compare the current process with a proposed new reverse logistics process under different operational scenarios. While case study methodology is not universally suitable in for every research context, it may provide valuable information and serve to incrementally advance theoretical and managerial knowledge, particularly in research environments that are emerging, or just beginning to be explored (Eisehnardt, 1989; Yin, 2003).

CASE STUDY OF A DIRECT RETAILER'S PRODUCT RETURNS PROCESS

The case study presented here involves a direct retailer located in the US. This retailer markets apparel and household goods with sales in excess of one billion US dollars annually. The forward supply chain and the attendant logistics processes are efficient and effective with most customer orders being shipped within 24 hours. During the holiday season well over 100,000 packages may be shipped daily. Customer satisfaction is a high priority.

For customers of direct retailers, one of the disadvantages of transactions is the inconvenience and time involved in returning an item. Many direct retailers try to mitigate this inconvenience by providing return forms and preaddressed labels with each order. Nevertheless, the typical return process for customers of direct retailers tends to be fraught with inconvenience and is often cited by customers of direct retailers as a major deterrent to initiating retail transactions (*Cho, Im and Hiltz, 2003).* Thus, the management of the retailer in our case study was eager to explore new opportunities to enhance customer satisfaction with the product returns process by (1) reducing the cycle time of customer receipt of the refund or exchange, and (2) increasing the convenience of sending a return.

Computer Simulation Modeling Methodology

Computer simulation modeling is known as an effective approach for process re-engineering, particularly when the level of complexity is high. It allows for accurate and effective study of alternative operational scenarios without costly and time-consuming interruption of the real physical process. In addition computer simulation models are capable of capturing the probabilistic nature of the processes under study, where simpler analytical methods fail. The complexity of the reverse logistics activities for this direct retailer's product return process was driven by the probabilistic nature of activities, events, and man-machine interactions within a variety of sub-processes. Thus, computer simulation modeling provided an appropriate methodology for re-engineering efforts in this case study. Arena 3.01 (1997) software was utilized to develop and analyze the re-engineering effort for the direct retailer's product return process.

The Direct Retailer's Current Product Returns Process

The direct retailer's current product returns process begins when a customer decides to return one or more products, requesting either an exchange or a refund. Returned packages are opened, the contents assessed, and the return documentation is transferred to the financial transaction process, where depending on the initial means of transaction, e.g., credit card, personal check, gift certificate, customers are reimbursed for the returned merchandise. Returned merchandise is sorted into product groups, where quality is assessed. First-quality items are repackaged for return to the distribution center. Lesser quality items are donated to charity or discarded.

The Direct Retailer's Proposed Product Returns Process

The proposed reengineering of the product returns supply chain for this direct retailer hinges on the fact that the shipping time is removed from the customer transaction time. The reengineered process proposes that customers telephone the direct retailer to indicate what they are returning and specify the details of the desired exchange or refund. A postage paid return label is provided with the initial order and the customer is charged a nominal fee. When a carrier (e.g., FedEx, UPS, USPS) receives the return package, the label is scanned and the information transmitted to the direct retailer. This allows the documentation containing information about the product return to be separated from the merchandise much earlier in the return process, so that the customer's financial transaction can be completed without waiting for the return package to be shipped.

When the package arrives at the returns center all that remains is to reconcile the transaction and complete the merchandise preparation. Since the scanable return label included in the initial order allows information on the returned product to be transmitted prior to the retailer actually receiving the package containing the returned product, the returns center can be restructured to combine package processing and merchandise preparation operations based on product lines. The information from the scanable return label allows increased efficiency of operating the returns center.

Comparison of Current and Proposed Product Returns Processes

In the context of both the current product returns process and the proposed product returns process, customer cycle time (CCT) is defined as the time from when a customer ships a package until receipt of the refund or exchange. The product cycle time (PCT) is the time from when a customer returns an item until it is shipped out from the returns center for resale or disposal. Under the proposed product returns process, the CCT time would clearly be decreased, which was the major motivation for the proposed change. The PCT was expected to remain approximately the same and was measured simply as a characteristic of the process. The required number of full time equivalents (FTE) for staffing the proposed process was unknown because many of the tasks are restructured by combining the package processing and merchandise preparation processes in the returns center. Fewer FTEs should be needed to staff the returns center because the use of scanable labels and customer calls should allow packages to be sorted and processed very efficiently.

To develop a basic understanding about the performance of the current product returns process, management of the direct retailer was interested in an exercise that included three simulation scenarios. The only difference between the three scenarios was the daily volume of packages arriving at the return facility. These three package volumes were, according to management, the three typical volumes historically processed at the center. These volumes represented a spectrum of a low volume, the typically expected volume, and a high volume of package returns. Accordingly, assume that A depicts the base, or low volume scenario, the volumes for scenarios B and C relative to A increase by 43% and 114%, respectively. At management's request, the focus of the simulation of the three package return volumes was on the differences among the average cycle times associated with customer reimbursement for four different customer purchase methods (1, 2, 3, 4) and the cycle times associated with reshelving of six general categories of products (1, 2, 3, 4, 5, 6) returned to the returns facility.[1]

Using the information about the current return process provided by the model experimentation and scenario analyses discussed above, a simulation model of the proposed new returns process was created. An essential part of the simulation model for the proposed product returns process was a determination of the number of FTEs required. Furthermore, in simulating the proposed new product returns process, the management of the direct retailer desired to base the model experimentation and scenario analyses on two different estimates of the percentage of customers who would call the returns center prior to their product returns. The first estimate was a conservative one and was believed to represent the percentage of customers who would call in advance of returning products when the new return policy was initially being introduced. The second estimate, 10% higher than the first one, was believed to be the long-term percentage of customers who, once they became advised and further educated about the new return process, would call in advance of returning products.

Using the two estimates of the percentage of customers who would call prior to returning products, simulation scenarios D and E were designed. In simulating both of these scenarios, we assumed the volumes of product return would be the same as in scenario B (described above in the analysis of the current product returns process), a two-month simulation period, and a five-day steady state period. In addition, for these two scenarios, management wished to focus only the top three product categories, since, as discussed above, constitute approximately 90% of returned products.

Comparison Results for Simulation Models of Current and Proposed Product Return Operations

Comparison of the current and proposed product returns processes involved an analysis of scenario D for the proposed product returns process with scenario B of the current product returns process. In comparing scenario D versus scenario B, we found that improvements in RAP customer reimbursement cycle times for the four customer purchase methods ranged from 19.91% to 35.39%. The customer reimbursement RAP cycle times for customer purchasing methods 1 through 4, when scenario E is compared to scenario B, vary from 24.75% to 44.52%. There is an increase in RAP for reshelving cycle times of from 3.31% to 10.05% for product categories 1 and 2 (in other words, the reshelving cycle times worsened), but an improvement of 4.87% to 5.31% for product category 3 (i.e., the reshelving cycle times decreased). A follow up simulation exercise showed that adding one additional processor to a bottleneck sub-process would improve the RAP product reshelf cycle time 10% when compared to scenario B. Based on this follow up simulation, management was convinced that the increase in cost for the additional processor resource was well justified when the significant benefit of reduced product reshelf cycle time was considered.

Results showed that reengineering of the returns center according to the proposed product returns process would indeed improve efficiency and productivity and would require approximately 65% of the current FTE staffing level for returns processing of packages and merchandise in the returns center. However, since the proposed product returns process creates the additional task of answering phone calls for returns, the net staff FTE levels would be approximately 85% to 90% of current levels. Staff that handles the financial transactions associated with product returns remains essentially unchanged under the proposed process.

Under the proposed product returns process, customer cycle times (CCT) were substantially reduced, since the initiation of customers' return processing begins prior to shipping the product back to the returns processing center. Customers who use a credit card can receive credit in only a few days. For other customers, who request a refund via check or product exchange, the CCT would involve an additional three to four days to complete these transactions. These reduced customer cycle times along with the convenience provided by the postage paid return label represent a significant increase in customer service levels.

SUMMARY AND CONCLUSIONS

This study presented an analysis of a set of reverse logistics activities to support a proposed new product returns process for a major direct retailer in the US. The objective of the project was to improve customer service quality and reduce operational costs. To capture the complexity and dynamism of the reverse logistics activities that support the products returns processes,

[1] The confidentiality agreement with the direct retailer prohibits us from providing specific details of the four customer purchase methods or the six product categories.

a computer simulation modeling technique was used. The simulation model allowed the comparison of multiple scenarios for both the organization's current product return process as well as a proposed new product returns process. Analysis of the simulation model facilitated the organization's decision making with respect to the design of its reverse supply chain for product returns, enabling it to reduce the time for customers to receive credit or products in exchange for product returns. In addition, the organization's operational resources in the form of returns processing center staffing requirements were able to be reduced.

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TRANSPARENCY OF SCM-ETHICS

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ABSTRACT

The objective is to describe a conceptual framework and empirical illustrations of the transparency of SCM-ethics in supply chains as a whole. The research is based upon two Scandinavian-based companies in the telecom and fashion clothing industries, namely: Sony Ericsson and H&M. These two companies are of interest due to their recent involvement in ethical dilemmas and ambiguities which arose on account of their links with questionable and inappropriate corporate actions and behaviour, not by the companies themselves, but by other companies within their supply chains. Companies present in the worldwide marketplace and society, such as Sony Ericsson and H&M, do not always appear to be dedicated to ethical concerns and commitments within their supply chains as a whole. They tend to create some convenient restrictions in their statements and promises of corporate social responsibility (e.g. codes of ethics). The transparency of SCM-ethics complements recent additions to ethics in SCM. It opens up a different aspect of the theory generation that may support further research of ethical aspects in supply chains. One contribution is the ethical consideration in corporate actions and behaviour across different levels in supply chains. Another is that the corporate social responsibility in terms of SCM-ethics should also comprise indirect business relationships. The transparency of SCM-ethics opens up challenging opportunities for further research of great value to the theory generation and best practices of SCM.

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DEVELOPING NEW SERVICES IN COMMONWEALTH COUNTRIES: A CROSS-NATIONAL COMPARISON

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ABSTRACT

The globalization of world markets not only presents new opportunities for many service firms but also prompts them into rethinking the way they have been developing new services for various markets. Especially cultural issue is the most important aspect of this rethinking regarding New Service Development (NSD). Yet few research studies have been done to investigate the issue of NSD across countries and geographical regions. To address this critique of the literature we conducted a comparative study of NSD process of financial service firms in two commonwealth nations, Australia and India. We conducted a quantitative survey to answer three research questions: What are the cross-cultural differences in NSD stages? What are cross-cultural differences in NSD strategies? And what changes do service firms make in their NSD practices while developing services in a foreign market? The sampling frame included financial service firms situated in four major cities of Melbourne, Sydney, Brisbane and Adelaide serving corporate customers by providing investment banking, trust management, cash management, global payment services; emerging market investment services; syndicated loans; commercial mortgage; money market accounts and equipment finance and leasing services. The Indian sampling frame consisted of large financial service firms situated in the four metro cities of India: Delhi, Bombay, Madras and Calcutta.. Due to budgetary constraints we randomly selected 300 firms in each country using a procedure adapted from the total design method to administer the survey. We took care to select the key informants through the telephone and email identification and pre-notification method. All the respondents had two key characteristics. First, they were experienced practicing managers in service development or a related position; second, they were closely involved in their respective NSD projects. These informants held titles including marketing managers, product managers, vice president, customer relations managers and new product managers. Informants' tenures with their firms varied between 7-11 years and on average the key informants had worked on 13 NSD projects in this period. The average revenue in the sample was A$995 million for the Australian firms (ranging from A$445 to A$2.1 billion) and US$5424 million for the Indian firms (ranging from US$120 million to US$1 billion).

The findings of this research validate our initial contention that NSD varies form culture to culture and thus there cannot be a "one size fits all" approach to NSD. For example, all the stages of the service innovation process are not equally important. Service managers should pay more attention to the initial stages of idea generation and idea screening. In particular, a firm that develops more innovative services might focus heavily on the stages of idea generation, idea screening, formation of cross-functional team and personnel training. The findings pertaining to the initial stages of development process implicate customer interaction in NSD. Our research shows that customers should be involved extensively in the idea generation and idea screening stages. Customers can help crystallize service concepts and critically evaluate the overall service delivery blueprint and final offerings. On the other hand, firms developing low innovative services may be better off putting more emphasis on the business analysis and commercialization stages of the NSD process. Indian firms tend to emphasize the business analysis stage by collecting more analytical information about their projects because they mostly develop low innovative services (i.e., mostly copy of the services that have been successful in other overseas markets). Generally firms in less developed countries are known to compete internationally on the basis of their labor-intensive technologies. Thus relying upon labor-intensive processes and services, Indian firms tend to develop me-too services rather than true innovations. There are clear opportunities for the Australian financial service firms to introduce new services in India that have already been successful in Australian market. However, they need to conduct the business analysis stage of the development process vigorously that would entail feasibility assessment of service development as well as a clear statement of customer acceptance, market trends and competitive situation. In addition, bureaucracy and government control in India play a key role in innovation that may lead to much longer NSD cycle time and eventually delay the commercialization of the innovation. For example, introduction of some service offerings in Indian market may require prior approval from the Reserve Bank of India (counterpart of Federal Reserve in the U.S). On the other hand, Indian service firms while exploring Australian market must emphasize the idea generation stage of the NSD process and involve customers in the idea generation and screening stages. Due to the cultural factors recruitment of customers for the involvement purpose is easier in Australia than India.

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THE MODERATING EFFECT OF SELF DIRECTED LEARNING (SDL) ENVIRONMENT ON THE RELATIONSHIP BETWEEN BOREDOM PRONENESS AND PERFORMANCE

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ABSTRACT

Boredom is the most important factor in school dropout and underachievement in learning environments (Farrell, Peguero et al. 1988). This study explores how the self-directed learning environment mitigates the relationship between boredom and performance. For organizations, executives and upper level managers wishing to optimize learning environments and performance outcomes of training programs, reducing boredom or the impact of boredom on performance is a good place to begin. Therefore, the purpose of this paper is to determine whether the learning environment can reduce the negative impacts of boredom on performance.

According to Kanevsky and Keighley (2003), there are five interdependent features that contribute to boredom in classroom, which are called the five C's: control, choice, challenge, complexity, and caring teacher. These five constructs have a negative relationship with boredom. We think that self-directed learning increases control and choice and can be flexible about the level of challenge and complexity; therefore this environment decreases the level of boredom and results in increases of performance.

Traditional forms of training are often lecture based, mandatory, structured top down where the trainee has no control over training, the materials are standardized and often training occurs in a classroom setting (Cron et. al 2005). Instead, SDL allows the learner to have control over the process (Speck 1996). SDL may be ideal in situations where trainees have members with varying levels of experience and preparation such as sales team training where standardized training may be redundant for the more knowledgeable members and too advanced for novices (Artis and Harris 2007; Boyer 2008). An environment that fosters SDL would be rich with mentors, coaching, opportunities to reflect and set goals, and learning contracts.

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