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Revolution in Marketing: Market Driving Changes

Proceedings of the 2006 Academy of Marketing Science (AMS) Annual Conference

Springer

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

Harlan E. Spotts *Editor*

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Market Driving Changes

Proceedings of the 2006 Academy of Marketing
Science (AMS) Annual Conference

San Antonio, Texas, USA

May 24-27, 2006

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Acknowledgements

The Academy of Marketing Science wishes to extend its sincere thanks to the many individuals and organizations who have contributed to the successful outcome of the Academy of Marketing Science Annual Meeting. A special thanks goes to the local organizing committee, which has done an outstanding job in managing an extremely large number of details and program logistics for a conference of this magnitude.

The management of a conference this big is simply not possible without the special cooperation and assistance of the program chairs, conference coordinators, and track chairs. Therefore, the most important acknowledgment goes to Greg Marshall and Judy Siguaw, Conference Co-Chairs. Further, the track chairs worked relentlessly to encourage submission of papers, managing the review process in a timely fashion, and in organizing the session details. They deserve a very special mention and they are also acknowledged in the proceedings.

A special thanks goes to Sally Sultan of the AMS Central Office at the University of Miami. Without her administrative support, this proceedings would not have been possible.

Finally, a major acknowledgment and many grateful thanks go to all those who submitted their work, the reviewers who assessed the manuscripts and sessions, and the session chairs and discussants who volunteered to take on the per session duties. With their help and support these individuals helped to make the 2006 Academy of Marketing Science Conference a success.

Harlan Spotts, Editor
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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.

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Table of Contents

Doctoral Colloquium—Consumer Behavior Issues, Part II

Branding in the B2B Marketplace

International Marketing Strategies

Value Creation & Customer/Service Provider Collaboration

Excellence in Marketing Education and Innovative Teaching —Special Session

The Internationalization of Marketing Education

Pricing, Products & Packaging

Organizational Learning and Market Orientation

Impact of Technology on Consumer Behavior

Online Marketing Communications

B2B Marketing in the New Electronic Environment

Excellence in Marketing Education and Innovative Teaching—Revising the Marketing Curriculum

Logistics Service—Strategic Implications

Understanding the International Retail Customer

Web Pricing and Product Sampling

Managing B2B Relationships

Consumption Under Uncertainty

Cross-national Comparisons of Consumers

Insights into Sales Management: Knowledge, Performance and Scale Development

Channels, Logistics and Industrial Marketing Issues

Service Satisfaction

Advertising in the 21st Century

Strategic Management in B2B Contexts

Capabilities and Competitive Advantage

CRM Issues

Marketing & Society

Strategic Marketing Issues

Key Issues for the Marketing Educator

Online Consumer Behavior

International Marketing Ethics and Nonprofit Issues

Online Advertising Effects

Improving the Application of Research Methods

International/Foreign Consumer Perspectives

CONSUMER PERCEPTIONS OF QUALITY, RISK, AND VALUE:
A CONCEPTUAL FRAMEWORK

Pelin Bicen, Texas Tech University, United States

ABSTRACT

Consumer purchase intention has attracted so much attention by marketing scientists and marketing managers because of its importance in consumer behavior. In marketing literature, two streams of research regarding value assessment and perceived risk have been trying to understand the process of consumer purchase intention. The first research stream of value assessment was initiated by Monroe's (1979) conceptualization of perceived value in which value is defined as a trade off between perceived quality and monetary sacrifice and also characterized as an antecedent of consumers' willingness to buy. After he introduced the model, his model has been extended by adding different quality cues which are the antecendents of quality and sacrifice (Doods et al. 1991). The second research stream of perceived risk is initiated by Bauer, claiming that the issue of risk taking is readily seen as an integral part of many familiar phenomena of consumer behavior (1967, p.30). In particular, Bearden and Shimp (1982) conceptualized a model in which different extrinsic product cues impact product value assessment through perceived risk. The two research streams were first integrated by Wood and Scheer (1996), who proposed that purchase intention is mediated by overall evaluation of the deal in which product benefit, product costs, and perceived risk are the antecedents. However, Sweeney, Soutar and Johnson (1999) proposed that perceived value is not directly influenced by perceived quality but rather perceived risk mediates the relationship between them. The authors used the financial and performance risks to define the overall perceived risk in their study. Agarwal and Teas (2001) extended their study by proposing that financial risk is the primary mediator of the relationship between monetary sacrifice and perceived value, whereas performance risk is the primary mediator of the relationship between perceived quality and perceived value. The authors used four extrinsic product cues in which brand name, store name, and country name impact the perceived quality, and price impacts both perceived quality and monetary sacrifice. This study extends the Agarwal and Teas's (2001) conceptual model in four ways. Firstly, in marketing literature there are a number of intrinsic and extrinsic product cues that impact the concepts of perceived quality and perceived risk such as manufacturer reputation, retailer reputation, packaging, and warranty. In this study, warranty will replace the country name while other extrinsic cues will remain the same. Secondly, in perceived risk-perceived value literature only financial risk and performance risk have been examined. In what is unique to this study, it is proposed that financial and performance risks are mediated by psychological risk. Thirdly, this study posits that monetary sacrifice and perceived quality have both direct effect and indirect effect through psychological risk on perceived value. Finally, this study posits the possibility that financial risk and performance risk do not completely mediate the relationship between monetary sacrifice, perceived quality, and psychological risk. Thus, there can be direct linkages between monetary sacrifice and psychological risk, and also between perceived quality and psychological risk. An experiment is proposed to test the hypotheses developed in the study. The study design will be a 3x2x2x2 factorial between subject experiment.

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THE PRICE IS RIGHT! OR IS IT?

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ABSTRACT

Consumers are bombarded with information about different products being offered at different 'sales' or 'special deals.' Many retailing firms use price as a major differentiating factor to set themselves apart from other merchandisers, but with the glut of differently priced products in the market, it may not help much if the consumers are unable to assimilate and recall the information.

This study examines the effect of numerous retailers offering similar products at different prices and the consumer's ability to recall and pick the best 'value' deal. It builds on previous research by Jacoby, Speller & Kohn(1974), Scammon(1974) and Malhotra(1982). All these studies accepted that there are finite limits to a person's attentional resources. Most researchers investigated the effects of information load on consumer decision making by product attributes and alternatives as measures of information. However, there has not been much work which looks at price as a measure of information. I hope to fill this gap with this paper. This study puts forward the hypothesis that different prices by different merchandising firms for the same product will eventually lead to an information overload leading to consumer confusion by adding to the finite amount of information that a consumer can process. After a certain point, the consumer is unable to recall which seller is offering the best value and the probability of his/her making a utility maximizing purchase decision follows a parabolic curve. That is, at first, increasing the choice set presents the consumer with more options and increases her likelihood of finding a better deal. But as the choice set expands to a level where it takes up more of attentional resources than the consumer is willing to allocate to the purchase decision, (s)he may tune off and stop absorbing further information to try to reduce the information overload.

This effect will be more prominent in the case of lower involvement products than in the case of higher involvement products. In case of the high involvement products, the consumer will be more likely to postpone the purchase decision than carrying out the purchase in a state of confusion. This is because high involvement products are typically expensive, reflect on one's self-image and/or have serious personal consequences. Since there is more at stake in case of higher involvement products, this study predicts that even though the confusion created by increasing number of sources involved in promotion for a product may be comparable for all types of purchases, consumers will be more likely to carry out the purchase even in their state of confusion in case of a lower involvement purchase than in case of the higher involvement purchase.

Another effect of the information overload will be reduced confidence from the purchase, since the consumer will be left wondering if his/her purchase was actually the value optimizing deal or if there is another retailer selling the desired product at a still lower price. Since confidence in the purchase decision reduces the perceived risk of the transaction, reduced confidence leads to a state of increased confusion and decreased satisfaction from the purchase.

These hypotheses draw from theory explaining confusion and consumer confusion. One of the sources of consumer confusion is overchoice. Mitchell and Papavassiliou proposed that some of the ways consumers deal with confusion is by doing nothing, postponing or abandoning the purchase. Therefore, if more information does not increase confidence levels and leads to an overload, eventually, confusion could set in which could be followed by a decision of 'no-buy' or 'purchase postponement' which is the reverse of what the marketing efforts of different firms aim for. This happens when the consumer's confidence falls below a minimally acceptable threshold and she decides that no choice is better than a wrong choice which delivers less than the value expected.

This is highly significant for managers and academicians alike since pricing has been considered an important differentiating factor between different merchandisers. This study attempts to determine if pricing may be losing its significance as a differentiator since the marketplace is overloaded with too many merchandisers offering products at too many varying prices. Even worse, by causing potential buyers to postpone or even abandon their purchase plans, multiple prices may be driving some consumers out of the marketplace. Therefore the implications of this study are clear: retailers need to consider other variables in the marketing mix too to make an impact instead of simply relying on a mantra of lowest price.

References available upon request

PARENTAL AND SIBLING IDENTIFICATION: A NEW THEORETICAL FRAMEWORK FOR THE EFFECTS OF BIRTH ORDER, SEX CONGRUENCY AND ETHNICITY ON PURCHASE INFLUENCE

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ABSTRACT

Previous literature operationalizes family as a household or comprehensive unit, with only part of its members being researched – primarily parents and children focusing on on the influence of parents on the socialization of the children and their consumption behavior (Childers and Rao 1992; John 1999; Moore-Shay and Lutz 1988; Moschis 1978; Moschis and Churchill 1978; Moschis 1987; Ward 1974), on the influence of the family environment on socialization (Moore-Shay and Berchmans 1996; Moschis 1987), on spousal decision making (Chenting, Edward, and Keying 2003; Davis and Rigaux 1974; Ford, LaTour, and Henthorne 1995; Seymour and Lessne 1984; Webster 2000; Wilkes 1975) and the influence of the child on the parents (Selwyn 2004).

A *family* consists of two or more people, one of whom is the householder, related by birth, marriage, or adoption and residing in the same housing unit. A *household* consists of all people who occupy a housing unit regardless of relationship. A household may consist of a person living alone or multiple unrelated individuals or families living together (Census.gov). The family unit is a socialization agent, along with peers, schools, organizations, advertising and mass media.

This paper has two objectives. First, to add to the existing consumer socialization literature by outlining new research propositions that disaggregate the family model into two units (parent-offspring and sibships), and evaluating their influence on each other's purchases. Second, the unique contribution of examining the moderating variables of sex congruency and birth order, to determine how they can affect the magnitude and direction of the influence in both units.

This paper also attempts to establish a theoretical framework that answers John's (1999) call for research regarding disaggregating the family unit by proposing a new family influence model that further breaks down the parental influence model, and seeks to extend the limited existing body of research on sibling influence on consumption behavior. Family influence models previously researched have neglected to include siblings as a source of influence on each other's purchases. This paper disaggregates the family into parents and siblings and proposes new avenues for research into sibling influence considering moderating variables. Further research and implications are discussed.

References available upon request

DESIRE FOR VISUAL AESTHETICS (DVA) IN THE STORE ENVIRONMENT: CONCEPT AND MEASUREMENT

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ABSTRACT

The paper describes the development, purification, and validation of a reliable self-report scale designed to measure the Desire for Visual Aesthetics (DVA) in the store environment. Despite the increasing amount of research on aesthetics, there is no guidance available to businesses to measure their customers' desire for visually aesthetic environments, or for environments with better or improved design. After all, an individual's aesthetic sensitivity is affected by his or her artistic judgment, which may differ from one person to the other. This research conceptualizes and develops a multi-item scale that measures an individual's level of desire for aesthetics in the store environment. Such a scale will have the potential to aid retailers to recognize possible improvement opportunities in store aesthetics and be able to position themselves according to the minds of the target market.

While superior designs help to distinguish from competitors, and gain recognition for some (Bloch, Brunel, and Arnold 2003), it is possible that superior visual aesthetics do the same for stores in their physical store environment. Bloch, Brunel, and Arnold (2003) state that aesthetics (visual) have a symbolic function on how a product is understood and evaluated, and as per Hollins and Pugh (1990), product appearance is the central channel for building the relationship between consumers and products. This research proposes that aesthetics can be applied to the store environment as well, suggesting that consumers might experience a higher level of satisfaction when they encounter a fine, or an agreeable atmosphere within a store.

Based on conceptual and empirical material obtained, which included focus groups, individual interviews, and 891 surveys, DVA emerged as a uni-dimensional, 9-item, construct comprised of elements from two domains: hedonistic and utilitarian. For the purpose of this research, the desire for visual aesthetics in the store environment is defined as a person's desire for all the necessary cues, such as layout, atmospherics, and design and display, that would please the senses, and may attract and retain customers, as well as motivate them to increase the length of time they spend in the store.

One of the most important managerial implications of this study is that store aesthetics could influence the decision of the customers with regards to the store choice. The research also provides evidence for reliability and validity. The scale could be used by academicians and practitioners alike, and could replace single items to measure the concept. Future research could investigate the possibility of developing a model using this scale and the intention to purchase for a particular store with aesthetics as a predictor variable. It could possibly be used in cross-national research, and longitudinal research could be undertaken to evaluate if the people's liking for store aesthetics is undergoing a change.

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DO OTHER CUSTOMERS MATTER? EXAMINING THE IMPACT OF OTHER CUSTOMERS IN RETAIL/SERVICE SETTINGS

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ABSTRACT

Service encounters take place in the presence of other customers in numerous service settings (Martin and Panter 1989). It has been claimed that in most retail and service settings, the volume of customer-to-customer interactions greatly outnumbers that between customers and employees (Martin and Clark 1996). Despite the importance of other customers, the influence of other customers has largely been overlooked by both practitioners and academics (Martin and Pranter 1989).

The major purpose of this article is to examine the impact of other customers upon one's service experience. Three basic research questions are specifically examined in this article: 1) When do other customers matter? 2) What types of interactions do customers engage in with other customers? 3) Why do customers engage in interactions with one another?

In this article, relevant literature related to customer-to-customer interactions in retail/service settings is reviewed. Findings from two studies involving both Critical Incident Technique (CIT) and qualitative interviews addressing the specific research questions are presented and discussed. Finally, the paper concludes by suggesting future research directions.

The finding suggests that the importance of other customers' impact vary across different retail/service settings. Using CIT, 9 groups of different type of customer-to-customer incidents in retail/service settings are classified. It was also found that customers engage in customer-to-customer interactions based different types of motivations including functional, social and psychological motivations.

Overall, current literature on customer-to-customer interactions in retail/service settings still remains exploratory in nature and there appears to be a lack of theory that explains the process of customer-to-customer interactions and how and why other customers influence one's service experiences. However, this is also a promising area deserving much more research attention in the future.

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WHO IS TO BLAME? THE EFFECTS OF STORE IMAGE AND PRODUCT BRANDING ON THE ASSIGNMENT OF RESPONSIBILITY FOR FAILURES INVOLVING MULTIPLE FIRMS

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ABSTRACT

The current work examines who consumers hold responsible when multi-loci failures occur- failure situations in which multiple firms contribute to the failure. Much of the literature that examines consumer responses to product and service failures has traditionally focused exclusively on situations that are caused by a single firm or employee (Bitner 1990; Folkes 1984; Folkes, Koletsky, and Graham 1987; Oliver and DeSarbo 1988). There are many failure situations in which multiple firms jointly contribute to or potentially contribute to the failure. Indeed, the growing trend in outsourcing production, distribution, and various sales activities has made error-free delivery of products and services quite challenging for organizations (Bennedsen and Schultz 2005; Hamm 2004). In two studies, we establish that both retailers and producers are blamed for failures occurring in the food industry. In a scenario-based survey, we manipulate store image and product branding to examine whether these constructs buffer retailer and producer responsibility, respectively. Store image has little impact in a multi-loci failure. Interestingly, counter to the standard understanding of brand equity, product branding draws blame to the producing firm. Perceptions of responsibility had direct effects on "exit" and "voice" after controlling for satisfaction. Implications for future failures research, retail policy, and brand equity are also discussed.

RELIGIOUS AND CULTURAL ANIMOSITY MODEL EXTENSION: IMPLICATIONS FOR PURCHASE INTENTIONS

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ABSTRACT

Although issues of cultural and religious differences are complicated, assessing the influence of cultural and religious animosity have on purchase intentions is even more complex and is often neglected in the consumer behavior literature (Klein, Ettenson and Morris 1998). The purpose of this study is to twofold: 1. to extend the animosity model developed by Klein, Ettenson and Morris (1998) by adding cultural and religious animosity constructs. 2. to provide a measurement tool and an understanding of how cultural and religious differences impact consumer intention to purchase regardless of beliefs regarding the quality of the product.

INTRODUCTION

One of the main areas neglected in consumer research is the impact of religious differences and cultural stereotypes on foreign purchase intention and foreign product quality evaluation. Huntington (1993) argues that differences in history, language, culture, tradition and, most importantly, religion will be the driving forces for conflicts. History is full of examples of wars that have been fought based on religious and cultural differences. If religious and cultural differences can lead to armed conflict and atrocities, it is reasonable that religious and/or cultural animosity toward a nation or culture might also affect consumers' willingness to buy products produced by companies identified with the source of this animosity. Although there has been a substantial amount of research with respect to the country of origin effect (COO) and ethnocentricity, arguably these phenomena are different than those proposed here, a contention substantiated by the results uncovered by Klein and her colleagues (1998). The purpose of this study is twofold: 1. to extend the animosity model developed by Klein, Ettenson and Morris (1998) by adding cultural and religious animosity constructs 2. to provide a measurement tool and an improved understanding of how cultural and religious differences impact consumer intentions to purchase products regardless of their product quality evaluations or ethnocentricity. There is a growing need for such measures as more corporations seek a global market, bringing them face-to-face with potential animosity from consumers in that marketplace.

RELIGIOUS AND CULTURAL ANIMOSITY

Klein and her colleagues (1998) argue that animosity is a country-specific construct based on beliefs regarding the collective actions of that particular country either in the past or today. These beliefs inform consumer attitudes about the appropriateness of products from that country. Their findings show that consumer animosity toward the military and/ or economic actions of a country lead consumers to reject products identified with that country despite their evaluations of the product itself. Ethnocentrism, which is a belief that buying all foreign products is inappropriate, also leads consumers to reject products regardless of product quality. These constructs are independent, in prior empirical trials (Klein et al. 1998). Thus, an individual unwilling to purchase products from one foreign country based on war or economic animosity might be perfectly willing to buy products from another foreign country. Another distinction between ethnocentrism and animosity is the perception of product quality. Netemeyer, Durvasula, and Lichtenstein (1991) found a negative correlation between ethnocentrism and product judgment. However, in the case of animosity, it is conceivable that consumers who bear animosity toward a culture may still be objective about judging the quality of their products.

There are also crucial differences between war and economic animosity constructs developed by Klein, and her colleagues (1998) and our religious and cultural animosity constructs. First, these types of animosities are different from one another in terms of what they represent. Huntington (1993) argues that culture and religion define who we are. He argues that a person for example, could be a half Chinese and a half Japanese but a person could not be a half Muslim and a half Christian. We can safely argue that people may find it easier to compromise on issues that are based on economics or wars and find it harder to do the same when it comes to culture and religion. Based on this we argue that cultural and religious animosity may be deeper and longer lasting compared to war or economic animosity. Second, the war construct is based on past or present wars between countries or nations while cultural and religious animosity constructs are based on present religious and cultural differences discords.

Finally, it can be argued that the impact of cultural and religious animosity can be more prevalent among citizens compared to war or economic animosity. For example, according to CBS news, millions of people in Iraq did not resist the U.S. occupation and it can be safely assumed that if this war was viewed to be a religious war, these people would have probably acted differently. Based on this argument we believe cultural and religious animosity may be more shared by people of one nation than war or economic animosity. We also argue that animosity and ethnocentrism are fundamentally different.

THE CULTURAL AND RELIGIOUS ANIMOSITY MODEL

Klein and her colleagues (1998) proposed the construct of animosity between nations and their finding support its impact on foreign product purchase. Klein's model, which developed scales to measure war and economic animosity (defined as remnants of antipathy related to previous or ongoing military, political or economic events), demonstrated the negative impact of these constructs on Chinese purchase intentions related to products from the source of this animosity, Japan. Nijssen and Douglas (1999) tested the animosity model in The Netherlands and found support for the theory. They also found that those who are willing to travel to foreign countries to have a positive attitude toward foreign products. Shin (2001) tested the animosity model in Korea and found support for it as well. Although the model has been supported we argue that animosity toward another country or culture emanates from several potential sources in addition to those identified by Klein, et al (1998) and Figure 1 attempts to model these factors. Specifically, extant literature identifies the potential of religious and cultural animosity to impact purchase intentions.

Carroll (2001) argues that more people have been killed in the name of Jesus Christ than any other name in the history of the world. There is little doubt that the terrorist attacks of September 11, 2001 were due to religious animosity, at least in part. Throughout history, religion has played a critical role in many aspects of life including whether countries traded with each other or declared war against each other. Although empirical documentation of the impact of religious animosity on consumers' purchase intention is lacking, anecdotal evidence suggests that there is an impact of religious animosity on consumers' purchase intention. For example, some Muslim religious leaders make it a religious and a moral obligation for the faithful to boycott foreign products from certain countries at certain times. Muslim leaders have called for a boycott on French products in protest over France's move to ban Islamic headscarves from schools (Aljazeera News 2004). It seems plausible to suspect that this religious animosity plays a role in their willingness to buy foreign products, thus we propose:

H1: Religious animosity will have a negative impact on consumers' willingness to buy products representative of rejected religious values.

Netemeyer, Durvasula, and Lichtenstein (1991) found that customers who believe it is wrong to buy foreign goods tend to perceive foreign goods to be of lower quality. However as argued above the situation of animosity is different. It seems plausible to think that consumers who harbor religious or cultural animosity may still be able to view products from the hated country objectively. Thus we propose:

H2: Religious animosity will have no effect on product judgments.

Cultural animosity has also played a role in world affairs and in consumer behavior. Grantham (1998) argues that it is easy to trace French animosity toward America back a century and a half and this animosity played an instrumental part in placing quotas on American films in France. Similarly, American consumers boycotted French products (wine, etc.) during the American/Iraqi war because the French government would not support the American invasion of Iraq (CBS News 2003). Meanwhile, Saudi schoolchildren are taught intolerance and contempt for the West, Christians and Jews in their textbooks (Harris 2003). It seems plausible that cultural animosity will have a negative impact on foreign product purchase intention. In regard to product judgment, we use the previous argument where we suspect that cultural animosity will not impact product judgment. Thus we propose:

H 3: Cultural animosity will have a direct negative impact on willingness to buy.
H4: Cultural animosity will have no effect on product judgments.

It seems logical to think that there is an overlap between religion and culture. We believe religion has an impact on culture and cultural practices. For example, Kabasakal and Bodur (2002) argue that the Koran (the holy book of Islam) indicates inequalities in power distribution and Islam clearly advocates that people accept the authority of people in leadership

positions and followers should not be critical of decision and applications of their superiors but obey them without any question. It is clear that this religious teaching has influenced the culture and values of the Arab world. Thus we propose:

H5: There is a positive correlation between religious and cultural animosity.

Finally, we argue that our religious and cultural animosity constructs and Klein et al war and economic animosity constructs will be correlated. This is based on the logic that many wars were fought because of religion and culture as we argued above. In many situations war becomes the outcome or the demonstration of these religious and cultural animosities. It seems plausible to assume that religious and cultural difference may answer the question: why there is an animosity between nations? While war may answer the question: what do nations do as a result of these religious and cultural differences? On this premise we suspect that cultural and religious animosity will be correlated with war and economic animosity. Thus we propose:

H6: Religious animosity and war animosity will highly correlate.
H7: Religious animosity and economic animosity will be positively correlated.
H8: Cultural animosity and war animosity will be positively correlated.
H9: Cultural animosity and economic animosity will be positively correlated.

METHOD

Given the lack of theoretical guidance regarding what items should be included in the constructs of religious and cultural animosity, a qualitative study was conducted. Due to the sensitivity of the issue of religion and culture, a depth interview methodology was employed. A standard question guide including some probing questions was developed. Interviews were analyzed to identify themes that would provide the researchers presumptive scale items (Glaser and Strauss 1967).

A stratified sample procedure was used to select informants (Davis 1997; Patton 2000). Our goal was to obtain a sample that would include representation from all major religions (Christianity, Islam, Judaism, Hinduism and Buddhism) and cultures (North America, Middle East, Far East, Africa, and Latin America). Informants were chosen from a group of international students at a major US university with an international focus. Informants consisted of two Indians (Hindu), two Latin Americans (Christian), two Middle Easterners (Muslim), two Chinese (Buddhist), one African (Muslim), one Bangladesh (Muslim), one Caucasian American (Christian) and one Middle Easterner (Christian). Both genders were represented (5 females and 7 males) and a range of ages (16-52).

The analysis of the interviews provided some interesting findings. Unsurprisingly, most informants felt their religion and culture was superior to others. The reasons given for religious superiority were 'the age of the religion, its truth content, and its consistency. Sources of cultural superiority were the age of the culture and major cultural elements, such as. Most participants felt that making fun of one's culture or sarcastically questioning values found in one's culture may cause anger and animosity toward the source of these comments. Some participants stated that being stereotyped was a source of distress and a cause for resentment and animosity. When participants were asked to define cultural and religious animosity, participants used the following key words: anger, disrespect, intolerance and hatred. Finally, Participants stated that cultural and religious animosities affect nations negatively by leading to conflicts. Below we discuss how the information obtained from interviews was used to develop the questionnaire. The qualitative data collected was analyzed using thematic coding to identify a total of 29 items (17 religious animosity and 12 cultural animosity items).

The 29 items, along with demographics and a religion item comprised the survey that was administered to a sample of 113 graduate and undergraduate students at the same US University (see Table 1). All items (except for the religious item) were measured using a 5-point Likert type scale with strongly agree and strongly disagree as anchor points. Questionnaires were distributed during class and later collected to ensure anonymity and reduce response bias by preventing respondents from being influenced by others to respond in a certain way thinking that one response is preferred to the other (Nunnally and Bernstein 1994, p. 391). Cronbach's alpha, Factor Analysis, and item-to-total correlation were used to assess validity and reliability of the constructs (Churchill, 1979).

Unless otherwise stated, all analysis was conducted using SPSS 11.0. Factor analysis employed Maximum Likelihood extraction with an Oblique rotation (Gorsuch, 1997a). To test the dimensionality of the items, Exploratory Factor Analysis (EFA) was conducted. As shown in Table 2, an eight factor solution was obtained that explained 41% of the variance. Five

items of the original 29 items loaded on factor one with factor loadings greater than the .3 cutoff suggested by Nunnally and Bernstein (1994). Five items loaded on a second factor using the same criterion. The first factor contains items reflecting religious animosity and the second, cultural animosity. Religious animosity and cultural animosity constructs demonstrated acceptable reliability based on Cronbach's alphas (.71 and .86 respectively).

Hypotheses Testing

A test of the animosity model was performed using Structural Equation Modeling (SEM) implemented by Amos (4). As Table 3 demonstrates, a good fit between the data and theoretical model. H_1 postulated that religious animosity will have a negative impact on willingness to buy products representative of different religious values. The resulting path coefficient between these constructs supported H1. H2 stated that religious animosity will have no effect on product judgments. A strong positive relationship between animosity and product judgment was found thus hypothesis 2 was not supported. This result is similar to what (Netemeyer, Durvasula, and Lichtenstein 1991) found in regard to consumer ethnocentrism and product judgment. H3 postulated that cultural animosity will have a direct negative impact on willingness to buy. H3 was strongly supported by a coefficient path of -.73 between cultural animosity and willingness to buy. Subsequently, religious and animosity subscales were combined to form one variable that we called animosity, which also demonstrated a strong negative effect on willingness to buy, offering further support to the previous hypotheses. H4 postulated that cultural animosity will have no impact on product judgment. H4 was not supported. Similar to the case of religious animosity, we found a strong relationship between cultural animosity and product judgment. The path coefficient also revealed a strong correlation at .81 between religious and cultural animosity supporting H5. H6 stated that religious animosity and war animosity will highly correlate. There was a strong correlation between religious animosity and war animosity at .88 supporting H6. H7 postulated that religious animosity and economic animosity will be positively correlated. A significant correlation of .336 was found between these two constructs supporting H7. A significant positive correlation of .451 between cultural and war animosity was obtained supporting H8. Finally a significant correlation of .36 between cultural and economic animosity was found supporting H9.

CONCLUSION

This paper presents evidence of the existence of cultural and religious animosity between individuals from different cultural and religious backgrounds. The terrorist attacks of September 11, 2001 are the most recent reminders of these animosities. Some researchers (see Huntington, 1993) suggest that cultural and religious animosities are likely to increase in the future due to increase in civilization-consciousness. The purpose of this paper was to extend Klein et al. (1998) animosity model by adding two more constructs (religious and cultural animosity) and to create a scale that would allow us to measure religious and cultural animosity. We collected data for different populations to develop and purify the scales. Discriminant validity showed that cultural and religious animosity scales are distinct and measure different kinds of animosity, which are related to Klein's et al. war and economic scales. The data colleted present empirical evidence that cultural and religious animosity have a negative impact on willingness to purchase foreign products. This result is similar to the effect of war and economic animosity on purchase intention found in Klein et al. study. This study provides support for Klein et al (1998) theory of animosity and extends the theory to now include religious and cultural animosity and their impact on purchase intention. The data also provide evidence that religious and cultural animosity have a negative effect on product judgments which was also found in prior studies regarding consumer ethnocentrism. This is an important finding because it suggests that consumers' might be blinded regarding the quality of foreign products due to cultural and religious animosity that they may have toward the producing country. Although animosity and consumer ethnocentrism are two different things, it can be argued that this study provides support for the product judgment theory because in both cases consumers are blinded by love of one's country, religion or culture. This study also suggests that consumer ethnocentrism is related negatively to product judgments.

Table 1

Sample Demographics (Sample #1 and #2)

Variable	Sample # 1 (Percentage)	Sample # 2 (Percentage)
Age		
18-25	79	40
26-30	11	25
31-40	5.5	15
41-50	2.5	10
51-above	2	10
Gender		
Male	35	40
Female	65	60
Education		
Less than High School	0	3

Table 2

Factor Analysis Results

Religious Animosity Construct

Item	Factor Loading
I will never forgive the Muslims for September 11.	.384
I think Islam is a good religion.	.404
I feel angry toward Muslims.	.744
The events of September the 11 have caused me to feel angry toward Muslims and Islam.	.901

Reliability = .72

_____

Cultural Animosity Construct

Item	Factor Loading
I think if we get rid of Muslims, this world will be a much safer place.	.451
I think Arabs encourage the killing of other people.	.781
I think it is stupid that women cover their faces in Muslim countries.	.402
I think the Arab culture encourages terrorism.	.757
I think the Arabs are responsible for the terrorism that is currently taking place.	.643
The Arab culture is stupid.	.477

Reliability = .83

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SUPERSTITIOUS BELIEFS IN CONSUMER EVALUATION OF BRAND LOGOS

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ABSTRACT

In today's unpredictable market environment, superstition may be deployed by a consumer in controlling and predicting particular market conditions with uncertain information. Particularly, when consumers encounter a brand logo without experiencing a company's service or consuming its products, superstitious beliefs may serve to fill the void of the unknown to evaluate the brand logo and judge the services or products. Our purpose is to examine the role of various superstitious beliefs in the way consumers process information and link their beliefs to brand logos.

We proposed six variables affecting superstitious evaluation of brand logos, in order to measure the unconscious memories and beliefs in consumers' interpretation of brand logo meanings not accounted by experiencing a company's services or consuming its products. These variables include belief in fate, belief in fortune-tellers, belief in magic and fictional figures, belief in urban legends, belief in lucky charms, and belief in superstitious rituals.

Our survey instrument was based on previously tested scales, including both positive and negative aspects of superstitious beliefs. Factor analysis results confirmed that superstitious beliefs include both aspects.

Multiple regression analysis was used to investigate the relationship between consumers' superstitious evaluation of brand logos and six independent variables (superstitious beliefs). Results indicated that consumers' belief in fate has a negative effect on their superstition toward brand logo, while consumers' belief in fortune-tellers, belief in magic and fictional figures, belief in lucky charms, and belief in superstitious rituals have positive effects on their superstition toward brand logo.

Our study indicates that highly fatalistic individuals are less likely to rely on environmental clues, such as brand logos, to explain their consumer-related benefits because they tend to believe that fate determines their fortune. Our study also revealed that brand logos associated with good luck and fortune might increase brand equity.

The understanding of the effects of superstition in consumer evaluation of brand logos offers an unexplored perspective from the traditional and scientific-based consumer behavior research concerning evaluation and decision process.

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China's Changing Culture: Rural and Urban Consumers' Favorite Things

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Abstract

Following the upheavals of the revolutionary era**,** the People's Republic of China's consumer culture is somewhat over twenty years old. In this research, we aim at discovering and thus better understand what Chinese consumers value most, among their possessions. In turn, this finding should help us better understand the contemporary Chinese culture.

All data were collected through at-home, in-depth personal interviews, following established guidelines outlined by Lincoln and Guba (1985), and Wallendorf and Belk (1989). A snowball sampling (Doran 1997) resulted in the participation of 20 rural and 20 urban households.

Participants' demographic profile ended up matching well the national profile in terms of income, and the gender and age make-up of the rural and urban samples were not significantly different.

Four categories emerged to comprehensively represent all the favorite products identified by the participants: entertainment, functional, hedonic, and mementos. In addition, a numerically significant number of participants could neither think of a favorite product nor possess one. As developed in the paper, conventional typologies, such as Hostede (1980) and Triandis' (1995) collectivism-individualism do not account well for the results observed in this study. Rather, we turn towards Lu's research (1998) and suggestion that using instruments developed by Western cultures suffer from methodological defects when applied to Chinese behaviors. This research then defines the Yi, a Confucian value related to benevolence, morality, righteousness, and the Li, a Mohist/Legalist value related to utilitarianism and profit, and suggests that the two better help understand the findings and support observations.

THE NEUROSCIENCE OF CONSUMER BEHAVIORAL DECISION MAKING

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ABSTRACT

Decision making is a consequential and ineradicable part of human behavior. We all make decisions everyday that influence our health, well-being, finances, and future prospects among other things. Researchers have become increasingly interested in why we make the decisions we do, especially when in many cases these decisions do not make rational sense or benefit us in the long run. While neoclassical economics has traditionally looked at how people *should* behave, other disciplines, such as psychology and cognitive science, have tried to answer the question of *why* people act the way they do (Camerer et al. 2003).

A new discipline, referred to by some as neuroeconomics, has sought to meld theory and methodology from diverse areas such as economics, psychology, neuroscience, cognitive science, cognitive neuroscience, mathematics, statistics, behavioral finance and decision theory in order to create a model of human behavior that not only explains but also predicts how people make decisions (Glimcher and Rustichini 2004). While there is an extensive history of neuroscience, only recently has this discipline been applied to answer questions about decision making, choice, preference, risk and happiness. This paper reviews some of the key developments in cognitive neuroscience and neuroeconomic research as it relates to consumer behavioral decision making. Cognitive psychology, and more recently cognitive neuroscience, has introduced new tools that allow researchers to capture and measure data from brain activity related to a specific function and activity. This new type of data has created new directions of research that combine neuroscience, psychology, and decision theory to better understand the complexities of human decision making.

FAN OR FANATIC: A MEASURE OF CONSUMER DEVOTION

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ABSTRACT

In contemporary culture consumers increasingly exhibit public displays of loyalty and passion towards various brands and activities. Today consumers line up overnight for a Harry Potter book, wear clothing to represent their loyalty to Star Trek, travel across country to pay homage to Elvis, or collect related items. Consumer devotion goes beyond loyalty in that consumers find various ways to express their devotion in ways that affects their behavior. Andy Griffith fans may own every episode on tape and attend monthly fan club meetings, other fans may also make the annual pilgrimage to his home town in North Carolina, whereas more extreme fans may dress up to impersonate one of the show's characters. The range of expression of a consumer's devotion varies with the depth of their commitment. However, we have yet to fully understand and measure the level of devotion in order to predict to what extremes this dedication will affect their behavior. Both academic literature and popular press have written about many of these consumer groups. Researchers have suggested that participation and involvement in various activities and brands are caused by psychological motivations and lead to various levels of behavior ranging from casual fans to dysfunctional fanatics. However, a measure of the level of devotion and how it predicts behavior has been untapped. This study explores the reasons why consumers become devoted and how it impacts their behavior. Based on an iterative process of qualitative and quantitative methods, a scale is developed that captures a consumer's passion and commitment towards a brand or experience. A multi-item consumer devotion scale is developed to capture the concept of this intense consumer passion which is termed consumer devotion – the state of commitment and dedication towards a brand or experience. This construct should be useful in the field of marketing as consumer behavior is ever changing and consumers are becoming more intensely devoted across many categories. The findings indicate that consumer devotion is a unidimensional construct and is related to consequences such as possession attachment and increased expertise. The results suggest that consumer devotion is a step in furthering understanding of consumptive behavior, and further research is warranted to validate the scale.

CONSUMER-BASED BRAND TRUST SCALES: VALIDATION AND ASSESSMENT

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ABSTRACT

The purpose of this study is to evaluate three overall brand trust scales used in the marketing literature. One scale satisfied unidimensionality, reliability, and validity criteria. Two scales were not unidimensional and failed to discriminate from an underlying trust dimension. Competing explanations and study limitations are discussed.

INTRODUCTION

Trust has emerged as a key construct in the marketing literature (Singh and Sirdeshmukh 2000). While trust has proliferated in the B2B domain (Geyskens, Steenkamp, and Kumar 1998), more recently trust has emerged as a defining construct in the B2C domain, particularly with regard to consumer trust in brands (Delgado-Ballester 2004). Despite the significance of trust in building and maintaining customer relationships, few studies have specified and validated consumer-based measures of the trust construct (for exception, see Gurviez and Korchia 2002; Hess 1995). A consensus measure of brand trust does not exist, which may create key problems for consumer-based trust research: If measures cannot be compared across empirical studies, theory testing and development may be hindered. The purpose of this paper is to provide a psychometric evaluation of consumer-based brand trust scales currently used in the marketing literature.

BRAND TRUST SCALES

Overall brand trust scales used in the marketing literature were identified through an extensive search conducted in Spring 2004. The goal was to identify published consumer-based measures relating to trust in branded products or services. Rather than identifying specific dimensions of trust, the search was restricted to consumers' overall global assessments. Consistent with recommendations for scale construction (Spector 1992), only scales containing four or more items were considered.

Three consumer-based brand trust scales were identified that met the criteria of an overall global assessment utilizing four or more items (Chaudhuri and Holbrook 2001; Lau and Lee 1999; and Sirdeshmukh, Singh, and Sabol 2002). The researchers' measures of overall brand trust share two common elements. First, each scale was adapted from the B2B literature rather than developed for a B2C application. Second, based on the published reports it does not appear that the scales were independently validated on a consumer sample. (See Table 1.) Therefore, evaluating the scales may aid theory development and empirical testing of brand trust in the B2C domain.

METHOD

Participants in this study were 231 student consumers at a large southeastern university. Subjects were recruited to participate in "market research regarding a UK company considering entering the US market" with the author posing as an executive representing the company. Students received course credit in exchange for participation, and subjects were debriefed following data collection.

Prior to administration of a questionnaire, subjects were exposed to fictional *Wall Street Journal* (WSJ) articles describing the market entry of a branded, cellular service provider. The WSJ articles contained information about the company's network performance and customer satisfaction ratings. Subjects read one of two versions which manipulated trustworthiness of the brand. A fictitious brand was chosen to reduce the confounding effects of prior experience and brand familiarity on trust measures. Cellular service was chosen due to the relevance of the category to student consumers.

In addition to the items from the three overall brand trust scales, the questionnaire contained additional items. Items for two dimensions of consumer-based trust – reliability (Delgado-Ballester, Munuera-Aleman, and Yague-Guillen 2003) and benevolence (Garbarino and Lee 2003) – were included to assess whether the overall scales tapped established dimensions of the trust construct. Items for personal involvement (Mittal 1995) and for company expertise (Newell and Goldsmith 2001) were included in the questionnaire for discriminant and convergent validity tests.

ANALYSIS

A three-step sequential approach was followed to analyze the overall brand trust scales' psychometric properties. First, the scales were tested for unidimensionality, the scales were pruned if necessary, and model fit was assessed. Then, reliability was evaluated. Finally, several validity checks were performed. Since published scales were used and a structure for the scales was hypothesized, the measurement testing approach is confirmatory.

Unidimensionality

Some constructs can be specific and narrow while others can broad and global. Regardless, constructs must be homogeneous, and homogeneity is tested with unidimensionality analysis (Spector 1992). While it is generally agreed that some method must be used to assess dimensionality, procedures are not well-known and are infrequently used (Ping 2004).

To assess the dimensionality of the overall brand trust scales, the approach adopted was to evaluate each scale's items in a single factor measurement model (Ping 2004). Unidimensional constructs should have significant loadings, standardized loadings greater than 0.50, and a ratio of standard error to loading greater than 10.0 (Gerbing and Anderson 1988; Shook, Ketchen, Hult, and Kacmar 2004). In addition, the shared residual variance of individual items, with values less than the absolute value of 2.58, is considered evidence of unidimensionality (Bryne 1998). The process is iterative, with items pruned as necessary to meet the unidimensionality criteria. Then, with these criteria established, model fit is assessed. In a confirmatory context, unidimensionality of a scale would be suggested by a single factor measurement model that fits the data when constructs are specified as unidimensional (i.e., the scale's items are connected to a single latent construct).

One overall brand trust scale (Sirdeshmukh, Singh, and Sabol 2002) passed the unidimensionality criteria without eliminating items. For two scales (Chaudhuri and Holbrook 2001; Lau and Lee 1999), one item was eliminated in each scale to meet the unidimensionality criteria. However, none of the overall brand trust scales met model fit criteria, which would be suggested by CFI of 0.95 or greater and RMR less than 0.09 (Hu and Bentler 1999). (See Table 2.)

Reliability

To test reliability and validity, covariance structure modeling was used. The confirmatory factor model tests all constructs, where each item is restricted to load on its corresponding construct and all constructs are allowed to correlate (Bryne 1998). Three measurement models were prepared, each containing one of the three overall brand trust scales with four additional measures: a reliability dimension (Delgado-Ballester, Munuera-Aleman, and Yague-Guillen 2003), a benevolence dimension (Garbarino and Lee 2003), a corporate expertise construct (Newell and Goldsmith 2001), and the personal involvement scale (Mittal 1995).

Reliability is the degree to which a set of indicators is consistent with its measurement (Hair, Anderson, Tatham, and Black 1998). For computing the reliability of items measured with error, a frequently used measure is construct reliability (Fornell and Larcker 1981). While there is no firm rule, many authors suggest an acceptable level of reliability at 0.80 or more (Nunnally and Bernstein 1994). Each of the overall brand trust scales exhibited strong construct reliability, ranging from 0.80 to 0.93. In addition to construct reliability, average variance extracted (AVE) can be used as a reliability criterion. AVE assesses the amount of variance captured by the construct in relation to the amount of variance due to random error. Fornell and Larcker (1981) suggest that a construct's measure should extract at least fifty percent of the variance. AVE of each of the overall brand trust scales exceeded 0.50, ranging from 0.58 to 0.76. (See Table 2.)

Validity

Validity is the ability of a construct's indicators to measure the construct accurately (Hair et al. 1998). However, interpreting what the scales represent is difficult because validation occurs "within a system of hypothesized relations between the construct of interest and other constructs. Tests for validity involve simultaneous tests of the hypotheses about constructs and hypotheses about scales" (Spector 1992, p. 46). While there are several types of validity, the overall brand trust scales were tested for convergent, discriminant, concurrent, and known-groups validity.

Convergent validity – the degree to which items converge on a theoretical construct – is assessed in a confirmatory context. Adequate convergent validity is frequently hinted at by reliabilities of 0.80 or higher and demonstrated by an AVE above

0.50 (Ping 2004). A measure's convergent validity is then qualitatively assessed considering this minimal set of criteria. The three overall brand trust scales pass the test of convergent validity. (See Table 2.)

Discriminant validity is the degree to which measures of different constructs are distinct (Bryant 2000). The Fornell and Larcker (1981) test of discriminant validity is established by comparing shared variance between pairs of constructs to average variance extracted. The three overall brand trust scales passed the test of discriminant validity with the other four constructs in the measurement model with two exceptions. Two overall brand trust scales – Chaudhuri and Holbrook (2001) and Lau and Lee (1999) – did not pass the discriminant validity test with the reliability dimension of consumer trust (Delgado-Ballester, Munuera-Aleman, and Yague-Guillen 2003). This may suggest that the two scales tap an underlying dimension and may question the use of these scales as broad, global assessments of consumer-based brand trust. (See Table 2.)

Concurrent validity is tested by relating the scales of interest and to a criterion (Spector 1992). It is hypothesized that the overall brand trust scales will positively correlate with perceived corporate expertise (Newell and Goldsmith 2001), with statistically significant relationships taken as support for validity. Corporate credibility was found to be strongly and significantly related to the three overall brand trust scales ($0.46 < r < 0.64$, $p < 0.01$), establishing concurrent validity for all three scales. (See Table 2.)

Known-groups validity is established if groups of respondents score differently on the scale of interest as hypothesized (Spector 1992). Known-groups validity of the overall brand trust scales was assessed by investigating whether the scales' mean scores would distinguish between subjects in the high and low trust conditions. ANOVA was performed to test for a difference in the means of the experimental groups for each overall brand trust scale. Tests were significant at the 0.01 level, establishing known-groups validity for all three scales. (See Table 2.)

Summary

The goal of this study was to identify and evaluate consumer-based overall brand trust scales. One scale – Sirdeshmukh, Singh, and Sabol (2001) – satisfied the criteria of unidimensionality, reliability, and validity. (See Table 3.) The overall scales of Chaudhuri and Holbrook (2001) and Lau and Lee (1999) passed unidimensionality after an item was pruned. However, two scales failed to discriminate from an underlying dimension of consumer-based trust. On face inspection of scale items, consumer beliefs about reliability, safety, and honesty are important facets of trust operationalized by the two scales. As such, it is reasonable that the scales did not pass discriminant validity with the underlying reliability dimension given the experimental context in which the scales were tested.

CONCLUSIONS

While definitional considerations have received some attention in the brand trust literature, this study is the first known attempt to assess the psychometric properties of currently used consumer-based brand trust scales. While reliabilities of the three scales were high, the results suggest that two of the scales were not unidimensional and did not discriminant from a dimension of trust. This finding might be interpreted as suggesting caution in using these two scales as measures of overall brand trust. However, the two scales that did not pass unidimensionality contain reverse items, and reverse items previously have been demonstrated to hinder unidimensionality (Herche and Engelland 1996). In addition, method effects may account for the strong performance of the Sirdeshmukh, Singh, and Sabol (2002) scale because it was the only scale utilizing ten points in a semantic differential format in the questionnaire.

This study is not without limitations. The study used student consumers, a fictitious brand, and an experimental context. While prior experience and brand familiarity were eliminated as potential confounding explanations, further validation may shed light on the degree to which these factors might account for consumers' perception of brand trust.

For researchers who test theories, there are implications. If overall brand trust scales tap into dimensions of trust, rather than representing global assessments, then theory-testing and theory-building could be impacted. This suggests a need for further development of the construct, coupled with empirical testing. It may be that overall brand trust is factorially complex, with many dimensions being tapped by a single construct. Alternatively, it may be that a second-order factorial model better represents a consumer-based trust construct. Nevertheless, the findings suggest that researchers should carefully examine scales for content and face validity, in addition to examining scales for unidimensionality. It is certainly possible that different (and perhaps better) constructs could exist for consumer-based measures of brand trust.

Table 1 – Overall Brand Trust Scales Used in Previous Research

Study	Chaudhuri and Holbrook (2001)	Lau and Lee (1999)	Sirdeshmukh, Singh, and Sabol (2002)
Measure	Brand trust	Brand trust	Service provider trust
Consumer Domain	Researcher-selected branded products	Respondent-selected branded product	Respondent-selected branded retail store or airline
Number of Items	4	5	4
Contains Reverse Items	Yes	Yes	No
Scaling	7-point likert agreement	7-point likert agreement	10-point semantic differential
Source of Items	Adapted from B2B	Adapted from B2B	Adapted from B2B
Reported Reliability	0.81	0.93	0.96
Independent Sample	No	No	No

Table 2 – Overall Brand Trust Measurement Models

Study	Chaudhuri and Holbrook (2001)	Lau and Lee (1999)	Sirdeshmukh, Singh, and Sabol (2002)
Unidimensionality			
Met Criteria	No	No	Yes
Pruned	Yes	Yes	No
Model Fit	No	No	No
Reliability			
Construct Reliability	0.80	0.88	0.93
AVE	0.58	0.65	0.76
Discriminant Validity			
Convergent	Yes	Yes	Yes
Discriminant	No (Reliability dimension)	No (Reliability dimension)	Yes
Concurrent	Yes	Yes	Yes
Known-Groups	Yes	Yes	Yes

Table 3 – Overall Brand Trust Scale Performance

Study	Chaudhuri and Holbrook (2001)	Lau and Lee (1999)	Sirdeshmukh, Singh, and Sabol (2002)
Unidimensionality	2	2	1
Reliability	3	2	1
Validity	2	2	1

Note: Performance among scales ranked 1 (high) to 3 (low). Ties indicated with equal rank.

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END-OF-LIFE CARE: THE NEED FOR A CULTURAL TRANSITION

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ABSTRACT

The world is changing, especially for those who are dying. On the one hand, traditional and institutional approaches to End-of-Life Care (EOLC) are undergoing major modifications as 75 million boomers confronting the issue demand changes in various denominators: cultural, political, and economical (Rybarski 2004). On the other hand, the self-interested unwillingness among medical and funeral stakeholders restrains the shift towards an alternative EOLC paradigm (Wreth et al. 2002). This clash of worldviews and interests has important implications for the society and individual consumers. As an initial step toward addressing such implications, this study seeks to understand consumers' knowledge, attitudes, and behavior as relating to EOLC. The three dimensions of knowledge, attitude, and behavior are not mutually exclusive; in fact, each dimension gives valuable insights into other perspective. Any information derived from one perspective should inform and be informed by the other two.

Using an ethnographic method, we conducted and analyzed over 50 interviews. The interviews were semi-structured and semi-directed. Fifteen anthropology graduate students conducted the interviews and provided assistance and insights in the transcription, coding, and analysis of the data. There were two convenience samples: (1) community at large including professional adults and (2) medical community both located in a major city in Southwest U.S. While conducting the research, one of the most famous cases involving end-of-life decisions came to a climax. Several times every day, there were news bulletins on television, the Internet and radio about Terri Schiavo, a woman who had been in a persistent vegetative state for 15 years while her husband and her parents fought over her fate. We decided to include several questions about the Schiavo case in our interviews to ascertain its impact on informants' EOLC awareness and opinions.

In summary, the informants associated palliative-care providers more with terminally ill people and EOLC more with the traditional medical system. Comfort and quality care are the two most prominent components of EOLC. Institutions such as hospice still have a long way to go before they enjoy sufficient public awareness (Rizzo 2005). It seems that consumers receive information about EOLC options and issues basically through the traditional medical system and from the Internet. The majority of the informants were right in contemplating that Medicare would pay at least for a good portion of the costs associated with EOLC (see Rybarski 2004). Physical and psychological comfort and emotional and spiritual support emerged as the primary needs of the dying consumers and their caretakers. Surprisingly, a significant number of the informants did not know what needs the terminally ill consumers and their caretakers might have. Whereas there are mixed attitudes towards the traditional medical system, the informants possessed mostly positive attitude towards palliative-care providers in general and hospice employees in particular. An important barrier on the consumers' way to secure and legalize their EOLC wishes is the widespread reluctance or fear of talking about one's own or one's family members' death. As far as behavior, (1) very few informants actually had some type of EOLC legal instrument prepared and (2) personal experience is a powerful force motivating consumers to take contingent actions.

This research has three recommendations for decision-makers who are striving to promote consumers' knowledge about, and attitude towards, EOLC services. First, there exists a general lack of knowledge regarding EOLC services. Consumers, to make better, educated EOLC decisions, are in immediate need of education. Second, there exists a general discomfort in speaking of one's own death. This discomfort leads to a decreased sense of immediacy regarding EOLC decision. Developmental programs are needed to help elevate the public's understanding and appreciation of death and the dying process. Third, there is a gap between knowledge about legal instruments and actually making the efforts to obtain these instruments. This gap is due to the lack of a sense of immediacy regarding EOLC decisions. Decision-makers should pay special attention to this point and devise mechanisms that create a sense of urgency in regard to one's EOLC decisions.

The medical community has the opportunity to improve its EOLC-related standards and practices (Whitten et al. 2003). It needs to create a commitment infrastructure to motivate all types of medical professionals to elevate their knowledge of the EOLC-related issues. Knowledge of EOLC was found to influence service-providers' attitudes and behaviors. The aforementioned commitment is hoped, then, to ultimately place a constructive impact on medical community's practices. The following are some specific recommendations towards this end.

References available upon request

CONCEPTUALIZING FRANCHISEE PERCEIVED RELATIONSHIP VALUE: IMPLICATIONS FOR BEHAVIORAL AND PERFORMANCE OUTCOMES

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ABSTRACT

Collaborative relationships in franchised markets are of rising importance to franchisors and franchisees alike. Franchisees have to determine whether to invest in a franchise relationship, to sustain and cultivate a valued relationship, or to dissociate from a low-worth relationship. Franchisors, in turn are coping with increased global expansion and increasing conflict in the franchise relationship, and therefore seek to minimize tension while maximizing profitability in the relationship. The assessment of value formation in franchisor-franchisee relationships is still in its formative stage, and a judicious understanding of how franchisors create and deliver value in the franchise relationship is needed. Therefore, the present research develops a conceptualization of franchisee perceived relationship value, which is conceptualized as a trade-off between perceived benefits and perceived costs, whereby the influence of a franchisor's relationship proneness on the franchisee's perceived relationship quality is moderated by relational norms. Testable research propositions of the related constructs are presented for empirical testing, and implications for both franchisors and franchisees are discussed.

WHY DO LEADING BRAND MANUFACTURERS SUPPLY PRIVATE LABELS?

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ABSTRACT

Private labels are gaining increasing importance in many industries. If some years ago they seemed to be confined to consumer packaged goods (CPG) sold through some large retailers, nowadays they command large and growing market shares in such diverse industries as investment funds, fixed-income securities, software, electronics, contact lenses, wine, pharmaceuticals, books and others. While there are obvious benefits for retailers to embrace private labels, the standard explanations for manufacturers' involvement (idle capacity, buffer against follower brands, retailer's conditions) do not explain it completely.

We try to explain the phenomenon of leading brand manufacturers supplying private labels using a model of vertical differentiation. It shows that, depending on the quality positioning chosen by the retailer, both manufacturers find situations where they are better off by not supplying the store brand and allowing the other manufacturer to produce the private label, and situations where they prefer to produce the private label, against Dunne and Narasimhan's (1999) contention that the threat of entry by another manufacturer is a sufficient condition for a branded good manufacturer to supply private labels.

We use a model of vertical differentiation inspired by Moorthy (1988) that departs from the existing analytical literature on private labels in two main aspects. On the demand side, we use an explicit consumer utility function where the main determinant of choice is the relative price-quality ratio for each brand. Unlike other authors (Narasimhan and Wilcox 1998; Scott Morton and Zettelmeyer 2001), we do not require the national brands to be preferred to the private brand under equal prices, thus offering a more realistic depiction of a market where premium private labels abound and are often preferred to national brands. On the supply side, while other authors use a third party who is not a strategic player as the supplier of the private label (Narasimhan and Wilcox 1998; Raju, Sethuraman and Dhar 1995; Scott Morton and Zettelmeyer 2001), or assume that one of the manufacturers necessarily manufactures only the private label (Cotterill, Putsis and Dhar 2000), we require the private label to be manufactured by one of the national brand manufacturers behaving strategically. This is in line with our purpose to study the supply of private labels by national brand manufacturers, but it can also accommodate the manufacture by an independent third party or a specialist, since the manufacturers in our model can choose to produce only the store brand, and the decision to become a private label specialist is endogenous. In fact, one of the results of our model is that when a retailer chooses to introduce a private label at a quality level between that of the existing brands in the market, and chooses the low-quality manufacturer to make the store brand, the low-quality manufacturer drops its own brand and becomes a private label manufacturing specialist. Also, we consider only differences in quality (vertical differentiation), but we do not model horizontal differentiation. Since the retailer appears both as a distributor and as a competitor, vertical strategic interaction and horizontal strategic interaction effects result (Sudhir 2001).

We show that, once the retailer has decided to introduce the private label, and depending on the quality positioning chosen by the retailer, both manufacturers find situations where they are better off by not supplying the store brand and allowing the other manufacturer to produce the private label, but also situations where they prefer to produce the private label. As a result, our model contributes to explaining why private label supply is becoming so pervasive among all kinds of manufacturers. Also, we show that retailers will choose the high-quality manufacturer for its premium store brand, and the low-quality manufacturer otherwise, and this decision is not based on the set of skills possessed by each manufacturing company.

References available upon request

A DYADIC STUDY OF THE DETERMINANTS OF EXPORTER-IMPORTER RELATIONSHIP PERFORMANCE

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ABSTRACT

The determinants of exporter-importer relationship performance are tested with data from 125 pairs of Australian-Thai exporter-importer relationships. Drawing on earlier work in domestic distribution channels, and several inter-organizational relationship theories; namely transaction cost analysis, resource dependence theory, and relationship marketing, this article develops and tests a dyadic model that hypothesizes links between relational variables and export performance.

Relationship performance is modeled as a function of each party's commitment (two types: calculative and affective) towards the other partner. This commitment is driven by a reciprocal cycle of each partner's perception of the other's commitment, relationship specific investments and dependence. This cycle of commitment is in turn influenced by each partner's trust (three types: contractual, competence and goodwill) in the other, with different types of trust linked to different types of commitment. Trust and commitment are then hypothesized as being related to both interpersonal factors (such as effective communication, cultural sensitivity and likability of partner) and firm factors (reputation and competencies of partner).

While most studies in an international context use perceptions and/or reported behavior from one side of the partnership (i.e., either importer or exporter), the unit of analysis in this study was the dyad – i.e., the exporter-importer *partnership*. This is one of the few reported studies that have examined both sides of the export-import dyad simultaneously. Our reasoning is simple – to truly assess what makes the partnership succeed or fail it is necessary to seek the views of both partners. Phase 1 comprised personal, in-depth interviews with eleven Australian exporters and their corresponding import partners in Thailand. Phase 2 involved developing and administering a self-completion questionnaire in both Australia and Thailand. The sampling frame for the cross-sectional study comprised the Australian Trade Commission database of exporters to Thailand. The database yielded 500 companies. The final sample comprised responses from 125 Australian exporters and their corresponding import partners in Thailand. Our cross-cultural empirical design followed Berry's (1989) schema which combines in the one study the emic and the etic approach to measurement. We began the research in the home culture (Australia) and then applied the constructs to the second culture, Thailand (imposed etic).

Scales were sourced from the literature, and in some cases modified for the context and based on the results of qualitative interviews. For scale validation, first we conducted exploratory factor analysis to assess the underlying factor structure of the items. Next, we conducted confirmatory factor analysis so as to assess the validity of the measures. The fit indices indicate that the models fit the data extremely well. Standardized loadings for all items for each construct were significant at $p < 0.01$, thus supporting the dimensionality of the constructs. Furthermore, the average variance explained, composite reliability measures and model fits are almost identical for both samples (Australia and Thai) thus providing further evidence that the factor structure is invariant across the samples. Next, as evidence of convergent validity, the factor loadings for each group of variables were all significant (all t values greater than 5), construct reliabilities were large (ranging from .77 to .95), and the Average Variance Extracted (AVE) indicated that in each case the variance captured by the construct was greater than the variance due to measurement error (AVE's ranging between .60 and .83). Finally, as a measure of discriminant validity, the AVE for each construct is higher than the squared correlation between that construct and any other construct.

We estimated the hypothesized structural model using LISREL VIII. Similar to the approach used by Gruen , Summers and Acito (2000), we made the analysis of the hypothesized model in the following steps. First, the baseline model was divided in four sub models for both Australian and Thai sample. Second, hypothesized relationship between two types of commitment and E-I relationship performance was tested in a separate model. Third, hypothesized reciprocal effects of commitment were tested. Finally, we examined the determinants of commitment in a separate model. The findings support the overall model, highlighting the importance of relational variables to exporter-importer relationship performance.

The primary contributions of the article are four-fold: (1) it examines business relationships in an international setting, and between firms from Western and Eastern cultures; (2) the dyadic design enables reciprocal effects between variables from each side of the dyad to be tested, not previously done in an international setting; (3) it introduces new relational variables that specifically relate to the international setting (such as cultural sensitivity); and (4) it explicitly links relational variables to export performance.

References available upon request

GLOBAL CONSUMER MARKET SEGMENTATION STRATEGY DECISIONS AND MANAGERIAL ASSESSMENT OF PERFORMANCE

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ABSTRACT

The decision to segment international markets should be based upon the ability of that strategy to contribute to firm performance. This paper presents a synthesis framework of international market segmentation strategy decision-making and a study examining specific relationships between segmentation decisions and managerial assessment of performance.

INTRODUCTION

International market segmentation is widely accepted as an effective strategy for enhancing marketing performance. While anecdotal information is common, little empirical work has been published that examines the performance implications of actually implementing a segmentation strategy in global markets. Establishing the link between segmentation decisions and effective strategy performance is important in order to weigh the benefits of segmentation against the cost.

The contribution of this research is to present a framework of international market segmentation strategy decision-making derived from the literature and to support the framework empirically. The study utilized a sample of North American based firms engaged in marketing to consumers internationally in order to empirically demonstrate a link between global market segmentation strategy decisions and management's assessment of the success of international segmentation strategy.

Theoretical Development

The development of international segmentation strategy has been alternately conceptualized as a linear process or as a portfolio of interrelated decisions (Wind and Douglas 1981). However, in each conceptualization at least two distinct decisions for defining international market segments are implicitly assumed. Wind and Douglas (1972) described the first decision as "macro" segmentation in which countries are classified and targeted based upon national market characteristics. The second decision is to analyze and sub-divide each qualifying target country by customer characteristics to form market segments (Wind and Douglas 1972).

Kale and Sudharshan (1987) also assumed the existence of multiple decisions. The first decision they presented was referred to as "country screening"-- selecting countries that qualify as potential markets for the firm. The second decision they presented was termed "microsegmentation" where consumers are classified based upon product predisposition and consumption patterns. Once segments are identified, they suggested that firms look for "strategically equivalent" segments across a range of countries that may be served with a common marketing mix. Kale and Sudharshan (1987), like Wind and Douglas (1972), assumed a linear or hierarchical order to the decision steps.

Ter Hofstede, Steenkamp and Wedel (1999) empirically verified that a segmentation model can integrate both country factors and consumer characteristics to better form segments that share consumption patterns versus traditional models employing country factors alone. However, the study stopped short of addressing the nature of segmentation decision-making or the contribution of segmentation decision criteria to performance.

A review of the extant literature (e.g., Helsen, Jedidi and DeSarbo 1993; Jain 1993; Jaffe 1974; Kale 1995; Kale and Sudharshan 1987; Wind and Douglas 1972) suggests that country selection based upon the attractiveness of the country or countries is appropriate as the first step in the synthesis framework utilized in this study. Consequently, the first hypothesis examines the relationship between country attractiveness and segmentation strategy performance.

H_1: The degree to which a firm utilizes specific country attractiveness factors in its international segmentation decision-making is positively related to the degree of successful performance of the firm's segmentation strategy.

Likewise, within-country consumer selection is being adopted as the second step in the synthesis framework based upon the literature (Huszagh, Fox & Day 1986; Samli & Hill 1998; Smit & Neijens 2000; Verhage, Dahringer and Cundiff 1989). The distinction between country selection factors and consumer characteristics may seem arbitrary since country factors might

actually be related to the characteristics of consumers within the country. The operational distinction is that while country factors might be common to all consumers within the country, within-country segment bases allow distinctions among consumers within a country. For example, the general level of educational attainment across the society might be a factor used to identify target countries, and the individual consumer's level of education might be a demographic base for sub-dividing the market into market segments. The second hypothesis examines the relationship between country attractiveness and segmentation strategy performance.

H_2: The degree to which a firm utilizes specific within-country segment bases in its international segmentation decision-making is positively related to the degree of successful performance of the firm's segmentation strategy.

The third decision in the synthesis framework is to determine the scale of segment management. A number of authors have taken up the issue of how segments might be managed and have suggested that the scale of segment management may be country specific, based upon clusters of countries with similar characteristics, or based upon a global "intermarket" customer segment which transcends national boundaries (Daniels 1987; Hassan and Katsanis 1991; Helsen, Jedidi and DeSarbo 1993; Nachum 1994). A firm's international marketing may consist of a mix of strategies with each strategy based upon an appropriate product/customer combination (Douglas and Wind 1987). The third hypothesis examines the relationship between country attractiveness and segmentation strategy performance.

H_3: The degree to which a firm utilizes specific scale of segment management in its international segmentation decision-making is positively related to the degree of successful performance of the firm's segmentation strategy.

The synthesis framework is readily operational which allows for examining the veracity of the decision steps and the important question of their contribution to performance. However, the key connection between international segmentation and performance is the degree to which the firm meets its own objectives for creating valuable relationships with consumers -- not just financial performance but performance in serving the firm's customers. Recent studies seeking to draw a specific link between the scale of segment management and performance have reached conflicting results (Özsomer and Prussia 2000). Studies have found that standardization of products to global or regional market segments is positively related to performance (Kotabe and Omura 1989, Johansson and Yip 1994) while others failed to find any relationship between performance and scale of segmentation (Samiee and Roth 1992). Cavusgil and Zou (1994) found that the segment management scale sometimes contributes to performance for very inexperienced and very experienced firms but not universally. The link between scale of segmentation and performance remains unresolved (Özsomer and Prussia 2000, 27).

RESEARCH DESIGN

The study utilized a convenience sample of segmentation decision makers in firms marketing to consumers internationally. The study used a key informant methodology where respondents were independently screened as to their qualification to respond. Key informants are not selected to be statistically representative but are chosen because they possess unique knowledge on the topic of interest (Kumar, Stern and Anderson 1993). Utilizing key informants in strategy research is appropriate where the likelihood of randomly locating respondents with in-depth knowledge is low (Seidler 1974).

The data gathering process consisted of initial mail or e-mail contact asking for participation in the study followed by delivery of the survey instrument. As an incentive to participate, the respondents were offered the opportunity to receive a summary report of the study's findings. In addition, a charitable contribution for each completed questionnaire was made to the respondent's choice of three charitable organizations.

ANALYSIS AND RESULTS

Having successfully identified factors for both country attractiveness and within-country segment bases, indices of those factors are used as independent variables to address hypotheses 1 and 2 and individual 'degree of utilization of scale of segment management' served as the independent variables to test hypothesis 3. Averaging the values of the underlying items that loaded upon a factor creates a factor index. For example, the within-country segment bases items gender, age, lifestyle, disposable income, and social class were averaged to create a factor index for the factor 'demographics.' The regression model presented was constructed using factor indices; however, when the model was run using factor scores in place of factor indices the same practical results were reached.

The regression model utilized 'success of the firm's segmentation strategy' performance measure as the dependent variable and the following independent variables: country demographics; economic development; legal, political and economic stability; technology development; demographics; market potential; culture; socio-economic level; loyalty; product acceptance; manage each country as a separate market; manage markets on a multi-local basis; and, manage markets on a single world-wide basis. The control variables were included in the regression model to assess their impact upon the relationships between the principle variables in the analysis. None of the control variables yielded significant results in the current model so they were not included in the model for analysis. The F-test for the model is significant at p=0.088 and R^2 is 0.338. The power for the model is 0.971.

The t-tests for the independent variables did not demonstrate a statistically significant relationship between any of the derived factor indices representing 'degree of utilization of country attractiveness factors' and 'success of the firm's segmentation strategy' performance measure. Therefore, H_1 is not supported.

Among the within-country factors, the t-tests indicate that there is a statistically significant relationship between 'market potential' (factor 2) and performance (p = 0.109). There is a statistically significant relationship between 'culture' (factor 3) and performance (p = 0.051). In addition, there is a statistically significant relationship between 'socio-economic level' (factor 4) and performance (p = 0.099). Finding more than one within-country segment bases to be significantly related to performance, it is possible to interpret their differential impact. The factor 'market potential' accounts for 13.37% of the variance explained in the model, 'culture' accounts for 24.04%, and socio-economic level accounts for 14.00%. Based upon these findings, H_2 is supported.

Among the three levels of segment management, the t-tests demonstrate that one of the scale of segment management variables is significantly related to performance. 'Manage each country as a separate market' is significant at p = 0.075. Because there was only a single scale of segment management variable found to be significant, there was no opportunity to examine the betas to differentiate their impact upon performance. 'Manage each country as a separate market' accounts for 14.75% of the variation identified in the regression model. Based upon the findings, H_3 is supported.

DISCUSSION OF FINDINGS

This research study examined the influence of global segmentation variables on segmentation strategy performance. The data supports the hypothesized synthesis framework as reflecting actual practice. In the current study, 93.5% of the key informants report using country attractiveness, 100% of the key informants report using assessment of within-country segment bases, and 93.5% report using scale of segment management as a decision point in their organization's international segmentation strategy decisions.

Support for Country Attractiveness Factors

No significant relationship was found between any element of country attractiveness and segmentation strategy performance. There are four potential explanations for the lack of a significant relationship between country attractiveness as a decision element in international segmentation strategy and segmentation strategy performance. One possible explanation is that the relationship does exist but is beyond the ability of the current research design or sample to detect. The second possible explanation is that trade liberalization and standardization of world markets have caused consumers' needs to grow more homogenized such that choice of country is no longer critical to performance in international marketing. However, this explanation seems to run counter to the literature that asserts firms will only invest time in a segmentation decision to the extent that it matters and will add value. The third possible explanation is that all of the firms represented in the current study are making effective country selection decisions and therefore leaving little variability in performance. However, 43% of respondents reported on projects that were not successful. Therefore, not all of the country selection decisions were effective. The fourth and most likely explanation for the lack of a significant relationship between country attractiveness as a decision element in international segmentation and segmentation strategy performance is that the decision is being made based upon non-marketing or at least non-segmentation considerations.

Support for Within-Country Segment Bases

The second hypothesis examines whether specific within-country segment bases are positively related to the performance of the firm's segmentation strategy. The factor analysis resulted in six factors of which *market potential, culture,* and *socio-economic level* proved to be significantly related to segmentation strategy performance. Although *market potential, culture,*

and *socio-economic level* all contribute to performance, *culture* clearly has a greater impact. *Market potential, culture,* and *socio-economic level* account for 13.37%, 24.04%, and 14.0% of the explained variation in performance relative to the other predictors. Additional factors identified but not significantly related to segmentation strategy performance included: *demographics, loyalty*, and *product acceptance*.

The implications of this finding are threefold. First, there is strong evidence that a firm can increase performance in the markets it serves by utilizing within-country segmentation bases as a decision element in its international segmentation strategy. Focusing managerial attention on the performance impacting elements of within-country segment bases will allow the firm to target appropriate consumer segments and limit resources expended on less appropriate consumer segments. Second, firms wishing to understand the variable nature of market performance in international consumer marketing might look to these findings regarding within-country segment bases to serve as a cross-industry benchmark for adjusting their use of within-country segmentation techniques to best analyze and eventually maximize market performance in a host country. Third, understanding the performance of utilizing within-country segment bases in segmentation strategy development will allow the firm to make more effective decisions regarding which segments to serve within a host country based upon its own performance objectives. Not all firms will be equally effective at serving all segments within a host country.

Support for Scale of Segment Management

The third hypothesis examines whether the utilization of specific scale of segment management (e.g., multi-local, regional, and intermarket/global) will be positively related to the performance of the firm's segmentation strategy and whether scale of segment management will differentially impact performance. No relationship was identified between two of the scales of segment management (*manage each country on a multi-country regional basis* and *manage markets on a single world-wide basis*) and segmentation strategy performance. However, the data supports this hypothesis by identifying a direct significant relationship between utilizing the item *manage each country as a separate market* and segmentation strategy performance. This item accounts for 14.75% of the variation explained.

The implications of this finding are twofold. First, the finding supports a large and growing body of literature which argues that local control of segment management allows for greater attention to the particular needs of within-country consumers and is therefore more effective than regional or global marketing (Kotabe and Omura 1989, Johansson and Yip 1994, Cavusgil and Zou 1994). This finding may help resolve the issue of linking scale of segment management to performance where prior studies have found conflicting results (Özsomer and Prussia 2000). Second, the data clearly suggests that there is a relationship between a multi-local scale of segment management and successful segmentation strategy performance.

These findings should not be interrupted as a definitive statement that multi-local control is necessarily a better strategy for all firms in all circumstances. The findings indicate that using multi-local control does positively impact segmentation strategy performance; however, the firm will need to balance effective segmentation against the cost of maintaining duplicate management systems in each country. The opportunity to have more effective segmentation strategy performance must be weighed against other priorities to determine whether the gains in segmentation strategy performance are cost-effective.

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NEW DYNAMICS IN THE GLOBAL SUPPLY CHAIN: DISCOVERING IMPORT INTERMEDIARIES

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ABSTRACT

This paper presents a new dynamic in the global supply chain—the import intermediary (IM). The primary objective is to obtain a deeper and real-life understanding of these firms' market environment, development, and functions. The results indicate that import intermediaries play an important role in filling the gap between the "old" and "new" market environment.

INTRODUCTION

Many industries have experienced tremendous geographical shifts in recent years, and the effects have been enormous (Dicken 2003). In addition to changes in importer/exporter status, the relocation of manufacturing, and the resulting restructuring of industries, these shifts have led to the appearance of a new kind of firm—the import intermediary (Appelbaum and Christerson 1997). Past interest in intermediary studies has focused primarily on export intermediaries, as exporting is a critical channel for foreign market entry and sales expansion (Balabanis 2000; Peng and York 2001). However, little research has been conducted on import intermediaries, despite the large industry impact and economic contribution that these firms are making.

In response to the dearth of research on import intermediaries, this study seeks to obtain a deeper understanding of import intermediaries' perceptions of the characteristics of their market environment, development, and functions as the foundation to future research efforts, using the apparel industry as an example. Given the study's exploratory nature, qualitative in-depth interviews based on interpretive analysis (philosophical hermeneutics) were used as they are excellent approaches when building a theory or model of a particular reality in the beginning stage of the research cycle (Wengraf 2001).

This paper first presents a brief industry background and then an explanation of intermediary types that have emerged. Next, the contribution of interpretive (hermeneutic) analysis in general and in particular to developing a greater understanding of the unexplored research area of import intermediaries is discussed. Data analysis and interpretation follow under three broad topical questions as perceived by import intermediaries: (1) the characteristics of the "new" market environment; (2) IMs' development; and (3) IMs' functions. Finally, the paper concludes with a discussion of the study results, implications, study limitations, and future research opportunities.

INDUSTRY BACKGROUND

Today, world apparel trade accounts for 226 billion dollars, and the volume of world apparel trade has increased from 2.2 billion dollars to 233 billion dollars from 1963 to 2003, with a great portion of the increase in developing countries (Appelbaum and Christerson 1997; WTO 2004). From 1980 to 2003, China's portion of world apparel exports grew from 4 percent to 23 percent (26.6 percent, if Hong Kong's domestic exports are included), while the United States' apparel imports from the world increased from 16.4 percent to 30.2 percent (WTO 2004). Innovations in information technology such as electronic communication or electronic point-of-sale inventory systems have provided retailers with a great deal of flexibility in responding to rapid market changes and have enabled suppliers to expand their manufacturing activities virtually anywhere, ultimately, turning the apparel industry into the most geographically dispersed of all industries (Dicken 2003).

Taplin and Winterton (2004) describe the response to such shifts in the European clothing industry as 'restructuring and reconfiguration,' and Jones and Hayes (2004) argue the apparel industry in developed economies has transitioned to 'more traditionally male-oriented jobs' including product development, market research, design, buying, importing, sourcing, advertising, and promotion. In particular, Scheffer and Duineveld (2004) emphasize that wholesaling and retailing have become much more important activities within the apparel industry as clothing companies have been forced from a production orientation to a design orientation.

The U.S. Census Bureau publishes the statistics of the wholesale trade (NAICS 42) every five years. Based on these figures, the U.S. apparel wholesale trade (NAICS 4243) grew at an annual rate of 7.76 percent from 11 billion dollars in 1972 to 78 billion dollars in 1997, which can be extrapolated to approximately 123 billion dollars or 1.18 percent of GDP in 2002 (U. S.

Census Bureau). Compared to the apparel manufacturing sector (NAICS 315), which accounted for 45 billion to 70 billion dollars annually from 1972 to 2002, the apparel wholesale trade is now twice as large as the apparel manufacturing industry in the United States. This apparel wholesale sector is believed to consist largely of import-related intermediary firms, given that the conservatively estimated value of import share for U.S. apparel shipments in 2003 was approximately 69.2 percent (U.S. Census Bureau). Some estimates have been as high as 90 percent, and the growth of these import intermediaries is generally expected to continue due to the persistent shift in foreign manufacturing activities.

In the broadest context, intermediaries are any entities in between manufacturers and clients/customers such as brokers, agents, wholesalers, or dealers that buy and resell goods. As the topic of international business developed, intermediary study tended to focus on export intermediaries (Balabanis 2000; Peng and York 2001). Given today's market environment where the majority of the wholesale trade in many industries is import-related rather than export-related in the United States, it is imperative to recognize and understand the role of import intermediaries and the apparel industry provides an excellent context to achieve the goals of this study. For the purpose of this research, import intermediaries are wholesale merchants defined as specialized service firms linking domestic customers (e.g., other wholesalers or retailers) and foreign manufacturers that otherwise might find it difficult to connect in a global supply chain.

METHODOLOGY

Because little research of any type has been conducted on import intermediary firms, building a deeper understanding of these firms demands investigating them from the point of view of their personnel in order to gain the insight that can provide the basis to inform future research efforts. To capture the lived experiences of the expert informants, the research questions were addressed through long, in-depth, yet lightly-structured interviews, based on interpretive analysis (philosophical hermeneutics). These techniques provide the "greater breadth of data" desired and needed in exploratory studies and "depth realities" that could be far different from surface appearances without violating the participant's privacy (Fontana and Frey 2000, p. 652; McCracken 1988; Wengraf 2001, p.6). A demographic questionnaire was also administered to the informants to supply a deeper understanding of each expert informant's experience in the apparel industry and the nature of the company in which he or she currently works.

Informants in this study were purposively sampled to provide a cross-section of corporate executives active in U.S. apparel import intermediary companies as this sampling technique supports researchers in generating or testing theories in an exploratory research context (Mason 1996). The informants who agreed to share their expertise held such positions as president, founder, owner, CEO, vice president, or industry consultant and were identified for their ability to recount details of their own experiences and their immersion in the transition of the U.S. apparel industry (Mason 1996). The expert informants were selected in four ways: (1) via the research team's personal contacts; (2) through first-hand knowledge (by the research team) of several corporate executives; (3) through a business directory, *the Buyers' Blue Book 2005*: A*pparel, accessory, and textile directory of New York*, generally regarded as the ultimate guide to apparel wholesale showrooms in New York City; and (4) via personal visits to apparel showrooms located in major 'apparel' buildings in New York City.

Totally, 13 expert informants participated in the study interviews, and the interviews were conducted during the first two weeks of June in 2005. While 13 informants may seem a relatively small number, a review of the transcribed interviews during the interview process showed repeating, or recycling, of the emergent ideas mentioned by informants earlier in the interview process (Mason 1996). This indicates saturation of information and suggests that further interviews would have been unlikely to produce additional new information. Additionally, based on previous exploratory studies of firm issues using similar methods, 12 to 20 interviews are believed to be sufficient to attain the level of saturation necessary to address the exploratory research questions posed (Souchon and Diamantopoulos 1997).

Interviews varied from 20 to 60 minutes in length, depending upon the participant's time availability. Two expert informants could provide no more than half an hour for their interviews due to the fast-changing nature of the apparel industry. The remaining expert informants agreed to provide between 40 and 60 minutes, with most interviews taking place in the informants' showrooms or offices. In some cases, interviews were conducted in the informants' home or in a hotel lobby where fewer interruptions were likely to occur. The interviews were audiotaped and then transcribed by the research team.

To analyze the transcribed text data in this study, three cycles of interpretive procedure, a movement from the particular to the general (or from the part to the whole), were conducted: (1) an intratext cycle; (2) an intertext cycle; and (3) interactive movements between the intratextual and intertextual interpretive cycles (McCracken 1988; Thompson 1997). As a result, 10 broad theme categories that included 24 unique themes surfaced across the interview texts. Within this hermeneutic

framework, interpretation occurred over time, leading ultimately to a holistic interpretation that resulted in a fusion of horizons between the researchers' frame of reference and the texts being interpreted (Thompson 1997). This fourth and final interpretive process led to a holistic understanding of the relationships among the broad theme categories and the individual themes for each broad topical question.

INTERPRETATION

The "New" Market Environment

The macro-environment in which firms operate impacts them and their consumers greatly through macro matters, affecting firms' decision making and ultimately their performance (Kotler 2003). An impression of the macroenvironment experienced by "new" import intermediaries provides the context for the outcomes of the transition and uncovering the depth reality below the surface of the industry. The study informants portrayed the post-transformation of the market environment that apparel import intermediaries are facing today as: (1) the looming power of domestic retailers—either a 'no-choice' or a 'no-more-orders' situation; and (2) the deadly competition of the global supply market—'only [a] one-time chance.'

In the midst of these domestic and international pressures, the study informants conveyed a great deal of confusion about their own self-identity. Firm identity is considered a strategic resource to build credibility and support from the firm's various stakeholders and to gain competitive advantage in the business environment (Melewar 2003). Given the fact that import intermediary firms are the outcome of the industry transition, firm identity is believed to be particularly important for these newcomers. Yet, identity is uncertain among the study informants, ultimately leading to ambivalent views of the future of the industry. The study informants shared: (1) a confused view of the firm classification as import intermediaries; and (2) ambivalent feelings of hopelessness and hopefulness for their future.

The Development of Import Intermediaries

Two primary paths of development for import intermediaries surfaced as a result of the four-step hermeneutic data analysis: (1) transformation; and (2) birth. The first path, transformation, was pursued as domestic manufacturers shifted their manufacturing processes to foreign countries looking for cheaper labor. The second path, birth of new firms, was initiated by groups of opportunity-seeking individuals who saw niche opportunities and leveraged unique sets of resources to create new firms. Both patterns of development of import intermediaries represent strategic responses i.e., 'new battle plans' by firms to threats or opportunities in a global economy.

Transformation. Three expert informants described a transformation pattern of development. The most apparent commonality among these three informants was their long experience in working for domestic apparel manufacturing firms, an average of 33 years in the apparel industry. These informants shared the glory years of domestic apparel manufacturing, as well as the inexorable threats and crises, volatile resistance, disappearance, and/or transformation of apparel companies. Although these expert informants shared similar transformations in their companies and are still active in the industry, they presented three distinctively different themes relative to their views of their firms' transformations: (1) longings for the glorious past and an extreme bitterness about today; (2) resistance to reclassification of their firms' operation type; and (3) acceptance of the changes and hope for new opportunities.

Birth. Of the rest of the informants, 10 of 13 described a birth path for his or her firm's development. The average total years in the industry for this group of informants was approximately 20 years—13 years less on average than the transformation path group—and all of the birth-path firms were established during roughly the same period from the late 1980's to the mid 1990's. Three unique themes describing the building blocks of these new firms came forward: (1) an entrepreneurial outlook; (2) relevant business experience rich in market/technical knowledge and personal relationships; and (3) financial resources sufficient to enable effective response to market opportunities—domestic financial partners, foreign financial partners, or self-financing.

The Functions of Import Intermediaries

The study's expert informants commonly shared the view of their firms' function as a 'liaison' between domestic clients and foreign manufacturers. After interview data analysis, however, four distinctive sets of activities emerged as related to the 'liaison' role between domestic clients and foreign manufacturers: (1) design as interpreting trends; (2) marketing as scanning

market information; (3) sourcing as knowing about and creating supplier partnerships; and (4) service as 'making life easier for the client.'

Design. One of the original fashion researchers, Blumer (1969) argues fashion is created by a process of selections, thus the success of fashion designers is heavily dependent on the extent of mass adoption of their designs. Although a common perception about fashion is that it often focuses on a few high-end designer clothing brands, most import intermediary firms in the apparel industry seemed to engage in designing activities in terms of 'trend-interpretation' rather than 'trend-setting or trend-leading' in order to increase the degree of mass adoption.

Marketing. The study informants commonly stated that marketing activities were particularly vital for import intermediary firms, because they helped to find unique opportunities and reduce the external/environmental risks for both domestic clients and foreign manufacturers. These benefits were expressed as a critical factor in maintaining the status of middlemen between buyers and sellers, especially in an uncertain market environment. Three essential themes involving market information gathering emerged describing the marketing activities performed by the study informants: (1) scanning/analyzing the market environment by 'being out there'; (2) becoming the 'go-to-people' for both of their partners; and (3) exercising people skills to acquire the most practical/profitable information from reliable people as quickly as possible, utilizing the fewest resources.

Sourcing. Sourcing activities was expressed as a new area taken on by import intermediaries as the manufacturing industry became globalized. The study informants agreed that sourcing was one of the most challenging assignments facing them due to its complexity and foreignness. Three themes surfaced describing sourcing activities based on the import intermediary informants: (1) managing the four dimensions of sourcing—product, quality, price, and time; (2) knowing 'who to go to' in terms of the supplier selection; and (3) maintaining true partnerships with foreign manufacturers. In particular, the right quality and right time appeared to be especially important for apparel import intermediaries due to the difficulty of finding quality resources in a dense foreign supplier market and the problem of 'perishable' fashion due to fast-moving apparel trends.

Service. Service activities seemed to be a much more subtle—or less specifically articulated—factor. Yet, the expert informants appeared to perceive service activities as playing an important role in differentiating import intermediaries from their competitors. Most study informants proudly shared secrets of their unique service to clients. Nonetheless, the ultimate goal of their service came across as 'creating an easier life for their clients.' Two different approaches to inimitable service arose across the study informants: (1) the passive approach characterized by 'not causing any problem'; and (2) the more active approach of 'being there for you.'

DISCUSSION AND IMPLICATIONS

Until recently, most scholars and policy-makers have focused on the role of manufacturing as the starting point for industry analysis. Furthermore, academic research on international marketing has most often looked at exporters, due to their critical role in market growth. Many industries such as apparel, electronics, automotive, and other light manufacturing in developed economies, however, have been transformed into retail-driven processes based on strong consumerism with a resulting explosion of import intermediaries. This study fills a gap in our knowledge about these new intermediary firms.

This research has contributed in a number of important ways: (1) it has clarified the nature of part of the recent transformations in many industries using the apparel industry as an example; (2) it has provided insight into a "new" kind of firm, the import intermediary; (3) it has offered a perspective that can help import intermediaries establish their own sense of identity in the "new" market environment; (4) it has expressed an 'intimate,' real-life understanding of these firms' views of the new market environment, their development, and their functions via the actual voices of the import intermediaries themselves; and, finally, (5) it has used qualitative research interview techniques not often applied to industry studies.

It should be noted that the strength of qualitative research also leads to some inherent limitations as well. By the nature of qualitative research, this research does not aim to generalize any fact of its findings on import intermediaries or to represent the whole community of import intermediaries. The findings of this research, however, are still an important baseline for future research on import intermediaries in a global economy. For example, more baseline industry studies are recommended to assess a comprehensive view of a variety of industries including both their wholesaling and manufacturing sectors. It is also recommended that future researchers consider similar industry patterns in other developed economies.

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VALUE CREATION WITHIN A SERVICE DOMINANT LOGIC FOR MARKETING

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ABSTRACT

In line with other authors we believe that marketing is currently in a process of a profound paradigm shift. A lively discussion about a Service Dominant Logic (SDL) for Marketing has been launched by an article from Vargo/Lusch (2004) in the Journal of Marketing, which generated considerable attention. Since then several authors have contributed to the advancement of this discussion. However, agreeing with Ballantyne/Varey (2005) there still seems a lot of work to be done to have an in depth understanding of a SDL and all its different areas before a shift in marketing becomes realistic.

In our view the shift from a Goods-based old DL towards a SDL is a shift from acquiring customers towards maintaining customers (Dodge and Fullerton 1997) to finally collaborating with customers (Sawhney 2002; similar Lusch et al. 2005). It is associated with the way of value creation: we frequently move away from value creation basing on exchange of property (Vargo and Lusch 2004). It appears to us that many contributions in service marketing or directly regarding the service dominant logic take over different perspectives, but basically point in the same direction: Value is not solely created by transmittal of property and ownership, but through offerings based on other value creating options (e.g. Lovelock and Wright 2001; Lovelock/Gummesson 2004, Vargo/Lusch 2004, Lusch/Brown/Brunswick 1992, Ballantyne/Varey 2005, Prahalad/Ramaswamy 2004). Among other aspects such value creation implies a shifting role of customers and requires collaboration with them.

We call such value creation "Collaborative Value Creation" and build a cohesive framework including five different roles of the customer within value creation: 1) customers can be co-designers and provide information about preferences concerning the offering, 2) customers can be sole-producers and overtake independent activities within the service delivery process 3) customers can take over the role as joint-producer and contributes by joint activities to the service delivery process, 4) customers can be co-leaders and transfer leadership information concerning the service delivery process and last 5) customers can be property-disposer and contribute by providing their property like the car to be repaired to the process of service delivery. Overall customer can be more or less collaborators and cover all above mentioned role in various intensities.

Based on the roles of this framework we are able to show important implications for marketing regarding standardization versus individualization of the core offering, externalization versus internalization of activities, low or high interactivity and mutual dependence within the process, standardization versus individualization of the collaborative value creation process, low or high transformational offerings as well as the degree of autonomous decision making versus collaborative decision making.

Overall, we show the coherence of the different contributions regarding a SDL towards a collaborative value creation and aim to contribute to literature by adding a framework for such value creation.

References available upon request

LEADERSHIP BY CUSTOMERS?
IMPLICATIONS OF CUSTOMER INVOLVEMENT FOR LEADERSHIP IN SERVICE COMPANIES

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ABSTRACT

This paper brings together what is usually strictly separated in research: leadership and customers. Until now leadership research has concentrated particularly on internal organizational processes, whereas customers were analyzed preferably in the context of marketing and service management. New conditions e.g. Internet have changed customers' attitude and behavior patterns resulting in a modification of roles between the company and its customers. This has a major impact on the core relationship between customers, employees and the company. But, what are the effects on leadership? The objective of the paper is to discuss the impact of an increasing customer involvement on leadership and corresponding consequences for research and practice. Hereby leadership is defined as the influence on others through socially accepted behavior, in such a way that through this influence others are directly or indirectly geared toward goal oriented behavior.

The literature pays particular attention to the service characteristic of customer involvement that is fundamental both in practical relevance and in its significance in a service company's success. The spectrum of customer involvement ranges from a passive customer participation, such as physical presence, to a very high degree of customer integration, where customers partially or even predominantly take on the provision of a service themselves. Within this research area a number of important approaches have been developed: Customer as partial employee, human resource, source of competence and as innovator as well as customer as member of Open Source communities. Research shows that the range of roles and functions of customers as key company stakeholders has changed dramatically in the last few years. The recent development of customer involvement demonstrates also the urgent necessity of a shift towards customer-oriented service generation. Customer involvement should not only create positive results for companies but primarily create value for customers and satisfy customers' requirements. As a result, the interaction between customers and companies becomes a crucial challenge in order to recognize und fulfill customers needs. Given the fact that customers are increasingly taking over powerful roles and that companies centering business activities on customer needs, a new leadership and company culture is necessary.

Until now little attention has been given to the impact and influence of customers or customer groups on leadership. Very few leadership approaches allow even the inclusion of customers. The only study that examines specifically the possible customer leadership functions was done 20 years ago by David Bowen (1983) and can be regarded as an extension of the substitute for leadership theory which goes back to Kerr and Jermier (1978). Bowen concludes that customers can be an important source of influence in service organizations that requires attention in the design of service organizations and in the future work on leadership and its substitutes. The analysis of recent customer involvement development supports this view and illustrates that customers not only can exert influence on employees directly and indirectly, but also on leadership and organization indirectly. According to three central leadership functions in organizations - behavior selection, stabilization and modification - functions that customers can assume has been elaborated. For example, today customers have almost the same access to information as the companies and they have the possibility to exchange and organize themselves worldwide with other customers. In many areas, customers are now in the situation to precisely express what is wanted or what is explicitly unwanted e.g. regarding expected skills and behavior of employees. Another example: The more intense the interaction between employees and customers and the more rigorous the customer involvement in the service production, the greater the impact of positive customer feedback and customer satisfaction will be on the behaviors of employees. If those are engaged in long-term relationships, e.g. in case of banks or insurance, employees will adapt their own behavior aligning it with that of the customer to assure the desired customer response.

In conclusion, the analysis reveals that the "shift of power" away from the company towards the customer increases the importance of customers for leadership. If leadership research wants to take up this challenge, it has to rethink its concepts towards an inclusion of the customer as a relevant reference and extension of leadership. While the customer influence on the behavior of employees has evidently risen, a significant question remains what functions towards the customer can leaders assume. In addition, various issues such as the potential for leadership conflicts between customers, employees and management as well as the optimal combination of indirect/direct leadership and potential substitutes for leadership, open an entirely new field of research.

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AN EVOLVEMENT MODEL OF CUSTOMER-SERVICE PROVIDER RELATIONSHIPS

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ABSTRACT

Recent years have witnessed an increasing interest in relationship marketing (Bagozzi 1995; Berry 1995; Morgan and Hunt 1994; Price and Arnold 1995; Sheth and Parvatiyar 1995). Developing strong relationships with customers is especially important in services due to the intangible, ephemeral and often interpersonal nature of the service delivery process (Bendapudi and Berry 1997). Despite the growing interest, relationships are mostly viewed from the firm's perspective and little is known from the customers' perspective (Bendapudi and Berry 1997; Founier 1998; Reynolds and Beatty 1999; Sheth and Parvatiyar 1995).

Moreover, much of previous research on customer-service provider relationships has taken a static view and an ad-hoc approach. A number of studies have examined customers' motivations for engaging in relationships with service providers, factors characterizing and contributing to strong , quality relationships, as well as consequences of such relationships (e.g. Bendapudi and Berry 1997; Gwinner et al. 1998; Reynolds and Beatty 1999). However, little research has examined the dynamic and evolving process of relationship development and maintenance between the customers and service providers. Furthermore, although service relationships are said to be built on service encounters (Bitner 1995; Czepiel 1990), the link between encounter performance and relationship building has not been examined in previous research (Czepiel 1990).

The major objective of this article is to develop a conceptual framework capturing the dynamic process of customer-service provider relationship evolvement from the customers' perspective. In this article the extant literature is examined, limitations and gaps are identified, and propositions related to the relationship evolvement model, which highlights the relationship building process, from initial encounters to quality relationships, as well as moderating factors of such process are discussed. The paper concludes by suggesting future research directions.

There are a number of important contributions of the current article. First, it focuses the dynamic nature of relationship development by linking service encounter performance and service relationships from the customers' perspective. Second, it introduces the concept of "relationship threshold", which involves the formation of initial trust and initial comfort of the customers during initial service encounters, and focuses its importance in relationship development. Third, it's an integrative model focusing on not only the relationship building process but also the moderating factors pertaining to individual, situation, and firm related variables.

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MOVING EDUCATIONAL THEORY TO PRACTICE:
EXPERIENTIAL LEARNING FOR PART-TIME MBA PROGRAMS

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ABSTRACT

MBA programs have been under intense scrutiny for over a decade **(**Mintzberg, 2004). Educational relevancy through the case method, practical application in a simulated environment, and the use of various forms of experiential learning including service learning have been the focus in the process of improving the quality of the educational experience. (Dipadova-Stocks, 2005) Although the full-time MBA student may or may not have prior work experience in which to draw insights, the ability to require real corporate projects during usual working hours is not as great a conundrum as that posed by part-time MBA students with full-time professional positions. .

This session explores three very different models for experiential learning offered to part-time MBA's including distant learners: (1) the first experiential learning model presented in this session is the Learning Alliance Program utilized in the MBA Program at the University of North Carolina Wilmington (UNCW). This unique program aligns an MBA team with a local/regional organizational client to undertake a series of class and major projects over a fifteen month period. The "learning alliance" also includes a Small Business Technology & Development Center (SBT&DC) counselor and MBA faculty advisors who work to facilitate and enhance the learning experience, (2) the second model presented is also from UNCW.   During the second year of study, after acquiring business fundamentals, all students are required to conduct a practicum – a project strategic to an organization that is completed over nine months. The practicum offers a unique opportunity to apply the integrated classroom knowledge experience by solving complicated strategic projects for an organization. Students find their projects based primarily on three motivations: they want upward mobility within their own organizations, they want an opportunity to move outside of their own industry into another, or the project serves an individual career change strategy, and (3) Mississippi redesigned their experiential learning model to ensure that their part-time students had the opportunity to meet our key learning goals of sorting through ambiguity, integrating and applying course knowledge, creating and evaluating alternative solutions, and crafting an effective written and oral presentation. In this presentation, I'll explain some ways that we adapted our consulting project format to fit the needs of these students, focusing on our use of technology to foster communication and feedback. I'll also give examples of some of the projects that students have been involved with to demonstrate that our objectives are clearly being met

 Session participants will follow the challenges and pitfalls of managing large-scale industry projects of a long-term duration for small, medium and large firms throughout the United States (Lopez and Lee, 2005). The value proposition derived between client and student team, and the associated implications for the business school are considered. Relationship building, student to company, company to business school, and student to business school establish a triangle that can be emulated in universities of all sizes and missions.

The session leaders provide candid insights into student issues and faculty issues. The fragile alliance between business and campuses is scrutinized as to how long-term relationships can be built, maintained, and improved by using students that are available in limited time capacity (hours available for projects) and short program duration.

In addition to the operational considerations and detailed administration of projects used in experiential learning for part-time students is the more strategic direction that such projects and the institution may be prey to. The session leaders will guide the audience through the strategic implications for the business school as it attempts to provide an excellent education for part-time students with decreasing resource. Of utmost concern is the student's ability to practice immediately materials used in the classroom. Unlike fulltime place bound students, the choreography of the experience demands special attention. Maintaining appropriate expectations for the client, while balancing student needs is an art form. In addition, the sustainable reputation of the business school is a critical factor in determining the importance of experiential consulting projects and the risk return tradeoffs to the institution.
Marketing faculty and administrators will find this session highly useful in guiding experiential projects. Innovative methods for building and sustaining client/student relationships as learned in the trenches will be shared. Maintaining faculty commitment to long-term projects without clearly defined roadmaps is addressed.
References available upon request

TEACHING MARKETING IN A DEVELOPING NATION: A REFLECTIVE VIEW*

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ABSTRACT

Increasing globalization and recognition of the importance of 'knowledge economy' as a catalyst for growth have created an unprecedented demand for trained workforces in Bangladesh resulting in an increasing emphasis on business education in the country. But the task of teaching in a less developed country is not easy. In this article, the author reports his personal experiences as a visiting marketing educator in Bangladesh.

INTRODUCTION

The last two decades have witnessed a rapid transformation of the world's business brought about by the process of globalization; a large number of Third World countries, advanced as well as less developed, almost in sync, begun their move to market economies by opening their borders to global marketers (Miller 1998). In their eagerness to globalize and attract inward direct investment, developing nations have taken steps to develop or improve their infrastructural facilities. The establishment of foreign owned operations in these countries increases the demand for business trained manpower. This has created a significant demand for modern business skills and knowledge (Webb et al. 1999). Further, the tacit recognition that a knowledge based economy, which is conventionally measured by the skill based composition of a nation's workforce, is a catalyst for the success of globalization, has accentuated the need for trained manpower in these nations. There is a growing belief that to gain **a** competitive advantage, these companies need to put in place various processes of innovation that combine market and technological know-how with the creative talents of a workforce conversant with the principles and practices of the market economy. They must quickly learn modern business techniques; master skills and develop innovative models that help them gain sustainable competitive advantage.

It has been argued that continued economic transformation will increase the need for marketing experts (Miller 1998). However, since there is a general "lack of indigenous marketing experts" (Tuncalp 1988:54), these countries require a regular supply of international marketing educators for their universities (Kerr 1996). Indeed, these days it has become a common practice for many universities in the newly globalize countries to invite marketing educators from universities in the USA, the UK and Australia. The fast maturing global education market is also likely to contribute towards an increasing demand for international educators. While the annual average growth rate for higher education students in North America has slowed down during the last two decades (Kemp 1990; Mazzarol and Hosie 1996), countries such as China, Malaysia, Singapore, Thailand, and Vietnam have been involved in establishing branch campuses of reputed universities of the West in their respective countries (Mazzarol et al. 2003). Such forward integration strategies will definitely require new teaching staff.

TEACHING MARKETING IN THIRD WORLD COUNTRIES

Since the early 1980s, a good number of marketing academics from universities in the West have taught in developing countries. Their first hand perspective of marketing in these different settings as well as their insights into the new generation of businesses leaders of the host country (Milner 1993; Scott 2001) have eventually resulted in an emerging literature on teaching experiences in developing nations. For example, Amine (1983) and Tuncalp (1988) studied marketing management in Morocco and Saudi Arabia, respectively; Kerr (1996) considered marketing education in Russia; and Thompson (2000) investigated the appropriateness of teaching cases in China. They seem to have found the task of teaching marketing in these different environments quite demanding (Amine 1983; Tuncalp 1988). Mismatch between the context of learning interpreted by students' past education and experience and the predominantly Western knowledge content used by the overseas instructors (Nevett, Nimran, and Viboonsanti 1993; Waller 1993) makes development of an effective curriculum difficult (Lawson, White, and Dimitriades 1998). For example, Kerr (1996) noted that prior training in the Soviet education system and a lack of experience with free-market economic decision making adversely affected the ability of Russian students to understand and implement Western marketing techniques. Saudi Arabian students tended to view Western marketing concepts as the antithesis of traditional Arab business practices (Tuncalp 1988). Similarly, Waller (1993) and Zhang (1999) noted that Asian students experience difficulties in understanding Western marketing concepts, due to their learning styles, medium of instruction, relationships with the teachers, strong family influence, and societal attitudes toward failure.

A couple of years ago, the author was invited to teach a basic marketing course in the Bachelors and Masters in Business Administration programs (MBA and BBA) of a premier, private sector university in Bangladesh for one semester. This article is based on his experiences that he gained as a marketing educator in Bangladesh in that assignment.

HOST UNIVERSITY BACKGROUND

The university that the author taught in is rated as one of the most prestigious of the 53 private universities in the country. The university follows an American system including curricula and credits obtained at this university are accepted in several Western universities. The core faculty of the university teaches about three quarters of the courses offered; the remaining courses are taught by part-time academics from the country's public sector universities and visiting professors from overseas. However, it only attracts students who fail to find a place in the University of Dhaka, the most prestigious public sector university in Bangladesh. It also attracts students from other Asian and African countries. Despite its very high tuition fees affordable only by students from affluent families, admission in the university is highly competitive.

GENERAL PROBLEMS OF TEACHING IN BANGLADESH

Although knowledge is a resource, its creation and dissemination is much more complicated than the production and distribution of tangible resources. This is particularly true for business and management knowledge as the process involves several networked entities of diverse nature. Often situated in very different contexts, this knowledge is required to help find solutions to specific problems, needs, and circumstances and to share them with scholars, practitioners, learners, media and others for mutual benefits. Aided and enabled by technology, knowledge moves quickly within these networks – across companies, institutions and geographical boundaries. Today, knowledge is becoming more complex and context-specific, and the span and heterogeneity of knowledge forms is increasing [http://advancingknowledge.com/]. Hence, before the problems of teaching marketing in particular are discussed, it is necessary to highlight the generic issues in Bangladesh's tertiary education, including problems with physical facilities necessary for effective teaching; support facilities to enhance learning; lack of skilled teachers; traditional learning culture; and finally a turbulent political environment.

The Generic Issues in Bangladesh's Tertiary Education

Inadequate Physical facilities: This is a major problem facing most of the tertiary institutions of learning in Bangladesh. Like most of the other private sector universities in the country, the host university also did not have a campus of its own. It was housed in a couple of rented, high-rise office blocks. Most of the rooms were unsuitable for use as class rooms. Bad acoustics negated effective interpersonal communication. The furniture was inappropriate. Very few rooms had white boards and overhead projectors were in short supply. However, erratic power supply often made the use of overhead projectors impossible. Use of computers in the class room was not possible. This was a big problem for most of the visiting professors who are so used to computer based teaching. Frequent power outages and absence of alternative sources of power supply often forced students to negotiate long flights of stairs to attend their lectures held in class rooms in high rise buildings. On such occasions, students often lost 15 minutes of class time in moving from one lecture to another!

Lack of Support facilities: Most of the books in the university library were outdated and the supply of reference books was extremely limited. The library did not subscribe to any reputable marketing journals. Online resources or databases were not available and students' Internet access was limited. The university-industry linkage was virtually absent. Corporate annual reports and occasional reports in the local print media were the only supplementary sources of information available.
The supply of books and academic journals is a major problem for Bangladeshi universities. For most disciplines, books authored by local academics and researchers are almost non-existent. Books are mostly imported from India, the USA and the UK. While Indian adaptations of US textbooks are relatively affordable, imported US or British books are not. The handful of local scholarly journals was of poor standard and did seldom carry any research article in them.

Lack of skilled teachers: There is a general shortage of qualified university teachers in Bangladesh. According to the National Policy Review Forum Report of 2003, "Private universities with a limited number of full time faculty members depend heavily on part-time teachers drawn primarily from public universities …" (p.11). This is particularly true for reputed teachers of business subjects who can teach in multiple private universities in addition to their principal appointment. A major reason for not having good academics is the abysmally low level of salaries of the public university teachers. Total emolument (salary and fringe benefits) of a full professor is less than US$6000 per annum! (Pay Commission Report, 2005). Given a social system in which the bread winner is expected to take care of a large extended family and an ever increasing price spiral, public university academics have to accept part-time assignments just to survive. A good lecturer may be

spending all his/her time in lecturing; there is no time or incentive for conducting research or even developing a textbook suitable for the Bangladesh context. (Siddique 2005). Some teachers also get involved in consulting activities - often outside their field of expertise - with the Non- Government Organizations (NGO) (NGOs for Social Science Research 2005).

A faulty recruitment system is a second reason for not having skilled teachers. Quite often university teachers are recruited on the basis of candidate's political affiliation rather than academic qualifications, experience or expertise (Siddique 2005). Many of the new recruits, who are sent abroad for higher studies do not return to Bangladesh; those who do return, often leave as they fail to survive in the highly politicized environment of Bangladesh academia (Zoheb 2005).

Traditional learning culture: In Bangladesh, there is an overwhelming emphasis on rote learning, as opposed to the development of critical thinking skills. Higher education is basically a paper chase and students are more engrossed in passing the examination and obtaining a degree certificate rather than in learning. They tend to believe in a very simple theory: *commit to memory, vomit in the examination hall, and omit nothing.* Students, who ask questions in the class, are viewed as 'troublemakers', 'impolite', or 'dull'. Hand-holding and spoon feeding are the norm. Lecturers distribute the same set of 'notes' to their students year after year without any change. Before the examination, most lecturers provide their students with a set of ten to twelve essay type questions as 'suggestions' of which five or six are asked in the final examination. Those who are good at memorizing, tend to do well in the examination.

The enforcement of rules and academic discipline poses an additional problem. Non-attendance in lectures, cheating in examinations, general misdemeanor and plagiarism is quite common. However, penalizing students for these or other offences may not be easy. Often there is pressure from administrators, student activists or even politicians to condone the offence. Requests for changing a failing exam grades to a passing grade are not uncommon either.

Turbulent political environment and student participation in national politics: Historically, students in Bangladesh have always been highly politicized. Until the early 1960s, student politics was centered on student welfare and ideological issues. However, the situation changed in the later years, particularly in post-independence Bangladesh, as students got involved in national politics as members of student fronts of the major political parties. Inter- and intra-party feuds between various student fronts lead to violent clashes which resulted in significant loss of academic (National Policy Review Forum Report of 2003). Universities failed to complete their academic programs in time (Siddique 2005); sessions got lengthened creating what is commonly known as "session jam". While public sector universities have generally been unable to do anything and suffered session jams, private universities tried to conduct make-up classes at nights and weekends – often hampered by the power outage. During my one-semester with the university, I had to organize about 15 make-up classes!

PROBLEMS OF TEACHING MARKETING IN BANGLADESH

The basic problem of teaching marketing in Bangladesh can be discussed under three main headings: (i) traditional view of marketing; (ii) lack of appropriate curricula; and finally (iii) course materials and their delivery. Some references to each of these have been made in the previous section in general terms.

Traditional view of marketing

While lack of exposure to marketing activities and a free market environment was a major factor affecting the students' overall perception of marketing, it was exacerbated by a combination of two historically held negative images of marketing; marketing is the vocation of uneducated people and is a tool to help profiteering. Traditionally, Bangladesh society tends to hold government bureaucrats, engineers and physicians in a much higher esteem than commerce or business educated people including marketers. These negative perceptions tended to dampen students' motivation to learn. I found it quite challenging to highlight positive aspects of marketing and convince my classes that marketing provides benefits for their society.

Lack of an Appropriate Marketing Curriculum

Perhaps the most important problem in teaching marketing in Bangladesh is the absence of an appropriate marketing curriculum. "Marketing" seems to have a very different meaning and narrower perspective to students in Bangladesh than their cohorts in the developed nations. Given that Bangladesh is a poor country where sellers rule the market, defining marketing as "the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives"(AMA 1987) or as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others" (Kotler 1994) does not seem to resonate with students. (Incidentally, I have had similar experiences with overseas students from PRC, Taiwan, Indonesia, the Middle East and other developing countries studying at the University of

New South Wales.) While the exposure to marketing has shaped the mindset of the Western students to the realities of "market orientation", for the Bangladeshi students, marketing seemed to centre on retailing or other types of selling. I found it difficult to explain the general philosophy underlying marketing. When I told them that selling is just one aspect of marketing and not the total thing, they seemed to be completely lost and wondered what the 'other' aspects could be.

Students in Bangladesh generally shy away from participating in class discussions. However, when coaxed, it was clear that most of them were rather skeptical about the meaning of 'marketing concept' or the 'identification and satisfaction of customer needs and wants'. In an impoverished economy where the per capita income in terms of purchase power parity (PPP) is less than $2000 (CIA 2004), students failed to see the implications of these two concepts. Also, they were unable to associate professional activities such as research, new product development, pricing or strategy formulation with marketing.

Marketing Mix: Product. Explaining the marketing mix elements – i.e., the 4Ps - also posed a challenge. The problem started with the first P -'product'. Students failed to see the distinction between a product and a brand. The prevalent student view was that a good product does not need branding; students found it very difficult to understand the essence of branding. Concepts such as new product development (NPD), adoption and diffusion, or product life cycle also seemed purely academic. The awareness of producing quality products is simply absent. Also, there is a vast network of producers and marketers of counterfeit products. Both operations are clandestine in nature and are unlikely to recruit university graduates.

Price. In an economy of scarcity, Western principles of 'pricing' do not work. In Bangladesh, there are vast income disparities between the rich and the poor. Almost half of the population lives below poverty line (World Bank 2005). Inequitable distribution of assets, a corrupt government, subjugated legal system, an inefficient economic system and a social disequilibrium do not necessarily fit well with pricing principles described in marketing text books. These anomalies tend to favor a handful of super rich people with power and political clout – often to the detriment of the tenets of the free economy. Free market interpretation of competition is largely absent in Bangladesh. A large number of utility services such as power, water and gas supply, telecommunications, airlines, rail transport and shipping are government owned and controlled monopolies, while many private organizations owned by the rich and the powerful, function as state protected oligopolies. Market demand and supply principles do not operate and the price elasticity of demand is significantly distorted. As such, any explanation of market pricing theory looses its relevance - students fail to see how customers influence price setting.

Place. Interestingly, distribution happened to be the only area where I had relatively less difficulty. Although logistics alternatives were rather limited and transportation system had its inadequacies, students were able to follow the Western type rationale for having a suitable distribution channel and channel partners. However, channels in Bangladesh tended to comprise many levels; not necessarily to increase the efficiency of distribution. The manufacturer was simply forced by people in power to add additional middlemen – often to the detriment of the producer's profit as well as the channel dynamics (Razzaque and Ai Ghee, 2003). Also, there are some unique types of intermediaries such as 'stockists' (a small trader working as a small scale wholesaler specializing in stocking a particular item).

The retail scene is also very different. Retailing is extremely fragmented; the needs of different social are catered to by distinctly different categories of retail outlets. In Bangladesh, the meanings of 'supermarkets' or 'departmental stores' are different from those in the West. Franchising is restricted to a handful of fast food outlets and 'chain stores' are in an embryonic stage. Wholesaling seems to be a thriving area in Bangladesh. I realized that I could not make channels decision in Bangladesh on the same criteria that I discuss in my Sydney based university.

Promotion. In the Bangladesh context, promotion appears to have just two components, advertisement and personal selling; other promotional tools normally highlighted in Western class rooms have very limited application there. Differences in infrastructural facilities, tradition and cultural norms are so marked that the principles of promotion as understood in the West do not sit well in the Bangladesh context. The types of promotion with which these students are familiar are very different. For example, promoting a product using an amplifier mounted on a 'rickshaw' or through a road-side mini-circus is very common in Bangladesh and they work! How do I explain the efficiency (or lack of it) of such techniques?

Delivery of Course Materials

Delivery of course materials is yet another problem area in teaching marketing in Bangladesh. Students' familiarity with and preference for rote learning tend to make them resistant to instructional methods aimed at instilling critical thinking skills in them. They kept asking for 'notes', 'solutions to exercises' 'exam suggestions' and 'model answers' to discussion questions to master marketing through memorization. The problems of course delivery were aggravated by their poor knowledge of English, the medium of instruction in the university. Most students came from Bengali medium schools and had difficulties

with English. Use of case studies, an internationally accepted component of marketing education (Kaynak et al.1990; Thompson 2000), was not easy, mainly because of non-availability of relevant cases. Also, as mentioned earlier, support facilities also presented a major challenge in delivering course materials.

IF I WERE TO TEACH IN BANGLADESH AGAIN

My experience as a marketing educator in Bangladesh has enabled me to gain a first hand knowledge of a very different kind of marketing and forced me to revisit the idea of universality of marketing theories and knowledge. This has helped me understand my shortcomings as a marketing academic in a non-Western context and taught me not to take things for granted. I have learned the importance of contextualizing marketing while teaching it, make much fewer assumptions than I did before and focus more on learning outcomes. Contextualizing the teaching materials is not easy, but not impossible. During my tenure there, I developed a few short marketing cases based on local companies; students found them useful and interesting.

Intellectually students in the developing nations are not necessarily inferior to their Western cohorts and a well-adapted marketing curriculum can be of tremendous help to them and their country. I firmly believe that marketing education is appropriate to students in Bangladesh or similar developing economies, as the principles and practices of marketing can be adapted to different levels of economic development (Kaynak et al.1990; Milner 1993; Nevett, Nimran, and Viboonsanti 1993; Tuncalp 1988). Hence, I believe that the prerequisite for teaching marketing in Bangladesh or in any developing nation is to adapt the content to the environment in which students function. It is essential to adapt instructional techniques and create marketing lessons germane to this environment (Clarke and Flaherty 2002) by making them relevant, applicable, and meaningful. Local colleagues teaching marketing and networking with local industry can help in this respect. Also, students' should be involved in the delivery process. They should be encouraged to give their views on course delivery. Such feedback often indicates ways for improving the delivery of marketing education (Mahan and Stachowski 1989).

Despite students' difficulties with the concept of branding, I believe that the importance of understanding branding must be highlighted, since it is crucial to successfully compete against global brands at home and in overseas markets. Scarcity of assets and resources, corruption and restricted competition characterize the Bangladesh economy more as a quasi-monopoly or oligopoly. Hence, perfect competition should not be the premise of teaching pricing strategies. It would be prudent to fuse local practices into the price structure of products. For example, bribery – a widespread practice in Bangladesh – should be an input to the pricing decision. Similarly, teaching advertising should be related to the realities of the local setting, while also explaining the necessity of innovating and using other promotional tools that their culture, tradition and socio-economic system can support in a changing business environment. When it comes to the teaching of distribution and marketing channels, local marketplace, infrastructure constraints, socio-cultural norms, distribution alternatives and legal imperatives must be researched and incorporated into course content. Contextualization would help students understand why marketing is more important to them in a globalize economy and how adoption of the marketing concept can improve their trade more than anyone.

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GLOBALIZATION AND U.S. UNIVERSITIES: WHAT REALITIES ARE MOST RELEVANT TO THE SUCCESSFUL INTERNATIONALIZATION OF THEIR INSTITUTIONS?

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ABSTRACT

This paper presents qualitative findings focusing on the themes, issues and insights that are most relevant to the successful internationalization of U.S. institutions of higher education. A synthesis of the views of over 100 U.S. universities reveals two noteworthy themes and eight "realities" concerning internationalization of institutions of higher education.

INTRODUCTION

The argument that U.S. jobs are going overseas because of low wages has often been put forth. There is a degree of truth in this as the average manufacturing-production wage in the U.S was $21.33 per hour in 2003 compared to $5.41 in Hong Kong and $2.38 in Mexico, and lower yet in places like India and Vietnam (*World Bank Data and Statistics* 2005). However, according to a Federal Reserve Bank of Chicago study (Strauss 2004), U.S. manufacturers (and service providers) are really more concerned with the education levels of workers rather than wages (which represent in reality only a small percentage of their total costs). And while low wage countries, on average, do not approach the education level of the U.S. (which in 2004 had an average 12.1 years of education, compared with 9.4 years in Hong Kong, 7.2 years in Mexico and 6.4 years in China – again, see *World Bank Data and Statistics* 2005), the question posed by many observers is – will the U.S. continue to maintain a higher knowledge base that is critical to competing in today's globalized environment (Newman, Couturier and Scurry 2005)? Or will it become polarized, with those who are prepared to take advantage of the interconnected world at one end, and those who are not at the other?

Federal Reserve Chairman Alan Greenspan noted in 2004 that a growing "pay gap" is emerging in the U.S. that reflects the "skill premium" commanded by relatively higher educated, better trained workers and managers. Greenspan emphasized that the U.S. is rapidly approaching a situation where the skills necessary for today's global, technologically based world may not come primarily from the U.S., and this represents an educational issue that needs addressing quickly and broadly (Greenspan 2004). In essence, if we don't set our long-term sights on building a high-skills, globally competitive work force, America will continue to see its competitiveness erode.

Friedman (2005) has echoed these thoughts, stating "[a] significant group of offshore baby boomers, made up of young people in India, China and Eastern Europe are barreling down the global competitive highway." These young people are eager for the high value-added jobs that come with knowledge based education. They have no intention of being in a race to the bottom of the economic food chain (where low wages, few opportunities and a sense of hopelessness exist); they are racing to the top. Young overseas entrepreneurs are not content to build U.S. designed products or provide low-wage service to enhance first-world offerings. They want their share of the rich end of global value chains, and they aspire to design, engineer and market the next wave of innovations and reap the benefits there-in. Global competition is fierce and promises to get even more so. To survive and thrive in the future, education at all levels will be pivotal, and education at the higher levels is not exempt.

So what are U.S. institutions of higher education doing in order to create an environment that will give their students (and by association their communities) the ability to compete in the interconnected and highly competitive environment of the 21st century? Do the leaders of such institutions profess any common body of thought or insight with respect to this issue and what dimensions of higher education are viewed as most critical to meeting the challenge of globalization?

The Research Project

A year-long study was undertaken to investigate and to understand what leaders of U.S. universities are thinking in terms of successfully internationalizing their institutions. In total, 110 U.S. institutions of higher education were benchmarked during the research. These institutions were drawn from a listing of top institutions in terms of internationalization based on the Institute of International Education's *2004 Open Doors* statistics. The majority tended to be state-supported, research-focused universities dealing in one way or another with the realities of globalization. In total, 77% of the institutions

examined are Doctoral Research Extensive, 15% are Doctoral Research Intensive, and 101 of the 110 institutions are publicly funded.

In addition to this benchmarking, institutional perspectives on internationalization were gained from (1) reviewing relevant secondary documents/reports, scholarly articles and conference proceedings and (2) interviewing presidents, vice-presidents, directors and others who guide the international educational at the U.S. universities examined (a complete list of universities studied and literature references related to this study is available upon request).

Two questions guided the overall approach to the research:

● What are the common drivers of the development of successful international cultures and related educational programs at other universities?
● What unique insights might be gained from them?

UNDERLYING THEMES

Two noteworthy themes emerged from the research undertaken. The first was that "globalization"— the phenomenal, rapid speed integration of cultural, political, business and intellectual elements in today's world — has permanently influenced the role that institutions of higher education should play in their respective communities. At the heart of this theme is a belief expressed by most who participated in the study that universities have an even greater responsibility, relative to the past, to enlighten and prepare not just their students, but their larger community as a whole, for the challenges and opportunities brought on by globalization.

Closely related to this, the second theme was that institutions of higher education are *the* major supplier of the intellectual capital that their communities (and the country as a whole) need now (and will need, even more, in the future) to thrive and prosper in this era of global communications, global technologies, global production and global markets. A common view among those interviewed was that knowledge workers and world-wide value chain development are two essential ingredients to sustained competitiveness and improved living standards. And both depend on the pool of "thinkers" that are being educated at the highest levels, both within universities themselves and within the communities that surround universities. Interviews with key informants and leaders from the universities examined pointed to higher education, more often than business or other types of organizations, as the key catalyst to attracting and developing such "thinkers."

INSIGHTS FROM U.S. INSTITUTIONS OF HIGHER EDUCATION

The following provides a synthesis of the ideas and views (the issues) derived from all sources utilized in this study. In total, eight commonly held realities that permeated the majority, if not all, universities inspected were gleaned. The first focuses on the biggest reality that faces contemporary higher education.

The Internationalization of Campus and Community is Both An Opportunity and a Challenge That Must Be Dealt With Today.

"Globalization and internationalization are now central issues for higher education worldwide...American higher education has a long way to go to come to grips with the internationalization imperatives of the new millennium" (Altbach 2002, p. 31).

For the most part, results from this research indicated that university leaders understand and embrace this point and feel an urgency to deal with it. They are looking for solutions to the challenges and insights into the opportunities that are driven by globalization.

The effects of globalization (i.e., greater competition, relentless pressures to innovate, new worldwide markets and production options, growing concerns over cultural and environmental degradation, off-shoring of jobs, and so on) have resulted in the belief that the creation of a "knowledge society," one that constantly brings new ideas, technology, products and services to the table of human need, is a critical ingredient for survival and prosperity now and in the future. This has resulted in even greater demands on universities to develop deep rooted entrepreneurial cultures that are international in scope such that the creation, transfer and use of knowledge is ongoing and evolving (e.g., Vaira 2004). Likewise, the growing competition among universities and other entities that now develop, distribute and market education are compelling academic leaders to seek unique ways to differentiate their programs from others' programs.

To meet these challenges, institutions of higher education are seeking ways to further connect their faculty, students and outside communities in a strategic infrastructure wherein ideas flow, new initiatives blossom, flexibility abounds and global reputations expand. Knowledge development and the commercialization of that knowledge in the international context are seen as the primary work of 21st century universities. However, the manifestations of that work can be unique to every university facing this challenge.

Vision Matters

"An institution's buildings and its infrastructure are only part of the package. Great organizations need to let the world know they have a purpose, that they have a vision of what they are, what they can obtain and what they seek to become." – G. Richard Wagoner, Jr., President & CEO, General Motors Corporation (Keynote address – Duke University *Conference on Global Challenges and U.S. Higher Education*, January 24, 2003).

University leaders interviewed tended to express a common vision that institutions of higher education have two central responsibilities in society today: (1) to enlighten and prepare, not just their students, but their respective communities as a whole for the challenges and opportunities brought on by globalization, and (2) to be a major supplier of the intellectual capital that communities need to survive and prosper in the era of globalization.

Indeed, it was a vision or philosophy transmitted from the highest levels of university leadership concerning the necessity and value of internationalization that guided and motivated most of the excellent programs and initiatives that were examined in this investigation. Without solid top level visionary underpinnings, most exercises in internationalization would be "like step children at best - allowed at the table, but never given equal status with others, and thus, never really influential in terms of campus culture or focus" (Alice Bier, Ph.D. - Executive Director, Center for International Studies, Tulane University, Interviewed – January 2004).

Effective University Leaders Do Not Demand an Embrace of the International Arena at Their Institution – They Lead by Example and Establish Broad Policies and Priorities Aimed at Developing a Global Culture

"...administration could play an important balancing role in promoting 'experimentation,' 'collective judgment,' and 'dissent' by means of 'enhanced leadership,' 'focused attention,' or 'shared values' rather than being at loggerheads" (Bartell 2003, p. 53).

This research revealed that the most promising and influential international initiatives, while meshing with broad university values (i.e., top quality scholarship, excellent teaching, high moral standards, a student oriented environment), are aimed at establishing campus and community global orientations. Likewise, getting any initiative off the ground required a campus-wide buy-in, beginning with deans and associate deans at specifics schools, directors of centers, individual faculty members, students and the broader community leadership as well.

For almost all universities that demonstrated strong international programs, there were clearly delineated policies that established priorities concerning international initiatives. They defined how efforts related to such initiatives will be supported and how success in such will be measured and rewarded. These clearly stated policies and priorities resulted in a myriad of noteworthy international programs and initiatives including exceptional visiting scholar support; unique degree and non-degree certification options; distinctive overseas study agendas; exclusive international internships, innovative student scholarships and part-time job opportunities in the international arena; outstanding cross-disciplinary grant proposals from faculty and promising overseas partnerships that meshed with a given university's opportunities and strengths.

Exemplary International Programs and Initiatives Succeed or Fail Based on the Dedication and Capability of Their Faculty Champions

"Universities build great international programs, like any of their programs, around great faculty" (Dr. Russell Robins, Executive Director, Tulane University Overseas Executive MBA Program).

Throughout this research, the role of faculty was emphasized as being critical to any initiative or program success. While any program (be it internationally focused or otherwise) has to have a dedicated and competent support staff, a solid vision behind what it hopes to accomplish, and backing from the president and other key leaders, it is a motivated faculty, more so

than any other component, that will determine the ultimate level of any program's quality and level of success. Interviewees advocated that universities must first create a team of dedicated faculty, then let them take responsibility for initiatives, and then reward such faculty for superior effort and results.

Our findings also indicate that faculty "ownership" of programs is critical and that good faculty can come from different places, including one's own campus, overseas institutions, alliances of multiple institutions, or the cross-town community college. Faculty need to clearly understand and contribute to the vision of any given program. And it is through a reward structure that includes both monetary and other incentives that faculty perceive they are appreciated and know what they do is important.

Students Are Central to the Success of the Whole of any University's Attempt to Globalize Their Campus and Culture, and Students are the Primary Reason Why a University Should Embrace Internationalization.

"Any treatment of globalization must at least implicitly acknowledge that excellent pedagogy can not completely take the place of student motivation" (Fugate 2001, p. 70).

If current and future students are to fully assume positions of leadership and responsibility in specific organizations and in society as a whole, and if they are to be equipped to fully compete and effectively produce in their careers and jobs, then they must be prepared to deal with the global environment that confronts them today and will continue to challenge them in the future. Both domestic and international students must be woven into any institution's "international fabric" if a genuinely globalized on-campus and community-wide environment is to be achieved.

In numerous reports examined during this research, institutions credited with having the most outstanding international programs were those that cultivated an underlying philosophy of providing an international environment and international experience for all their students (e.g., Mestenhauser and Ellingboe 1998). This required a concerted focus on both international students studying on campus and domestic students studying abroad. It also required dedicated efforts by faculty and administrators to create innovative on-campus courses, programs and events of learning that allowed both international and domestic students to interact with one another and to think outside their regional or national "boxes." In turn, all of this required strategic alliances with outside communities that envelop a university and bring a "real world" dimension to the initiatives and programs undertaken on behalf of students. The more successful institutions tended to view themselves as an education service provider with the larger community being their customer, and the student being their "raw material" that was being shaped, molded and guided in order to eventually achieve excellence in the global arena. Most understood that making their students receptive to this view depended on what they offered in the way of globally relevant education and experience opportunities and how they catered to and provided services related to global education.

No Institution is an Island - Partnerships and Alliances are Critical Components of International Educational Development and a Global Focus.

"The focus of the university should not be location, location, location, but relation, relation, relation" (Dr. William Bosher, Dean, School of Education, Virginia Commonwealth University).

The value of university partnerships (be they developed by the university as a whole, or contained within various colleges, schools, departments or programs) with local, regional, national and international communities is well understood by progressive institutions of higher education. They can make a university more than it is, singularly, as they can add great value to the achievement of a university's mission and goals (e.g., Fugate and Jefferson 2001). Partnerships or alliances can take on many forms including those with other institutions of education (within the U.S. and overseas), within a framework of a consortium of universities (again, within the U.S. and overseas), with a university and its alumni (both U.S. based and international), and with a university and various for-profit, not-for-profit, governmental, non-governmental, and other types of organizations. The list of possibilities is truly only limited by a university's vision and corresponding goals.

The goals of university-community alliances can also vary widely, including enhancing the content and array of educational offerings, recruiting new students and faculty, and raising funds or developing streams of revenues to support mutual aspirations such as building a shared global reputation as a progressive and engaged community. To truly have a successful array of alliances, a university must articulate its vision of what internationalization means and what it will bring to the community and then demonstrate its desire to evolve internationally and its ability to do so through established policies.

The Organization Behind a University's International Efforts Appears to Work Best When it is Both Centralized and Decentralized.

"Information flow forms the basis of a campus and community-wide international culture. Good ideas can come from the top, the bottom or the side" (Dr. John Heyl, Executive Director of International Programs at Old Dominion University).

Perhaps the most prominent commonality among the institutions examined, particularly those that exhibited progressive and innovative approaches to their international programs, initiatives and alliances, was the organizational structure that guided their efforts. Both centralized and decentralized dimensions were apparent. On one hand, the majority of institutions had a centralized "one-stop" office for administering, advising, coordinating, implementing, and maintaining all international activities. On the other hand, it was also apparent that while information on almost all international programs could be found in the centralized international office, most international undertakings were successful when they were championed by a specific school, department, center or other decentralized branch of an institution. In general, successful or innovative programs tended to have an authority or group with focused expertise (administrators, faculty members, directors of centers, or a combination of such) that devised, promoted, managed, maintained and continually sought to improve a given program. Such champions tended to passionately promote the key attributes and value of their program, and actively campaign for its support.

Branding of the University in the International Arena is a Responsibility That All Must Understand and Share.

"...the most important recent development in the world of higher education has been the creation of a super-league of global universities that are now engaged in a battle for intellectual talent and academic prestige" (*Economist*, p. 20).

One all-encompassing point that was derived from this research centered on the notion of branding a university in the international arena. Most of the university leaders interviewed viewed their institutions as a brand, whose reputation (good and bad) is built primarily by the people that make up its entire or extended community, including creative faculty, loyal students, proud alumni, committed community partners, and visionary administrators. Such people tend to be guided by the principle that a university's global reputation is only as strong as the sum of the relationships it has with its extended communities. These relationships are typically considered equal in value to a university's infrastructure or its ultimate product, namely education itself. The more successful universities, particularly within the realm of international education (those that extend beyond their immediate surrounding, both intellectually and geographically, to compete wholeheartedly in today's competitive global environment), tended to be the ones that proactively harness the emotional as well as intellectual connections with all members of their extended community. They articulate mutually beneficial causes, communicate important outcomes and promise meaningful experiences that are worthy of one's energies, time and allegiance.

In other words, within great universities, success is not just about the education (the product), or the buildings (the infrastructure) it is about the people. And that is why impressive institutions of higher education enlist the support of their entire extended communities in building their global reputation. Once a university's value proposition (as represented by its brand) is clear in the minds and hearts of the community, its members often become evangelists, steadfastly supporting the institution's mission.

DEVELOPING A STRATEGY FOR THE FUTURE

Throughout the research conducted for this paper a common message was apparent, that being institutions of higher education need to further expand and harness their sources of intellectual capital, and expand their partnerships in order to develop a wide-based global culture that could be a springboard for substantial economic and social progress in the 21st century. Furthermore, universities can enhance their reputation, and become an even greater force in their communities through the identification and continued support of meaningful international initiatives.

Two concluding broad-based insights from this work are apparent. The first is the widespread understanding that perhaps the most profound hallmark of the new millennium is the increasing interdependence of our world. In most U.S. communities, internationally focused organizations account for a growing number of jobs and immigrants make up, and will continue to make up, a large percentage of those individuals moving into the region. The majority of forward-thinking individuals interviewed for this research envisioned their university, city, region and state from an emerging global community perspective. This new global landscape is challenging all to contend with an increasingly open and competitive international economy, to appreciate cultural diversity at home and abroad, and to understand the local impact of international events.

Among the universities examined, many have campus-community dialogues underway (if not detailed plans and strategies), which include these global challenges and opportunities and the means by which they can prosper from the environment in which they now live.

The second concluding insight to come from sources utilized in this study concerns the idea that true success for institutions of higher education comes from the people that develop, nurture, manage, consume and grow from their experience at the university. The more impressive "globalizing" institutions of higher education tended to enlist the support of their entire extended communities in building their global strategy and ultimate reputation. Universities that got this right were more than likely to be out in front in term of global preeminence.

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NEW PACKAGE DESIGN: EVALUATION OF CONSUMER EXPERIENCE

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ABSTRACT

This study explores the reaction of consumers to a new package design. Respondents evaluated a new package design at different levels of experience. The results indicate that the type of experience with the package has a significant effect on the consumers' attitude toward the package and the quality expectation of the product inside the new package.

INTRODUCTION

The element of package design is crucial to the success of a product, because effective package design can ensure the product gains consumer notice, communicates information, and provides sensory stimulation to consumers (Bloch 1995). This importance is why manufacturers take great care when designing new packages (Murphy 1997). The literature in this area emphasizes the importance of package design as part of the total product but little attention has been paid to the impact of the consumer's experience with the package on the evaluation of the product itself (Mooy & Robben 2002; Poiesz & Robben 1994). Experiences range from an indirect experience of merely visualizing the product in a picture without physical interaction to a direct experience of handling or using the product and package. Researchers have suggested that valuable insights can be gained from exploring a consumer's evaluation of the package and its contents after a direct experience with the package instead of merely looking at a picture of the package itself (Mooy & Robben 2002; Hoch & Dieghton 1989). Clearly, there is a need to better understand the relationship between the new package design with consumers' experience level and the impact on purchase intention.

CONCEPTUAL FRAMEWORK

For more favorable attitude change to occur consumers must be exposed to diagnostic product experience. Consumers learn more about the package and product through a more active direct experience, thus making the information-processing an easier task by allowing physical manipulation. Therefore, the diagnostic information obtained through direct experience helps the consumer learn about the new package, resolve negative feelings, and as a result positively influences the consumers' attitude. Some literature suggests the more direct sensory experience consumers have with a product, the more likely they feel they can make an informed judgment about the quality of the product (McCabe & Nowlis 2003). If the consumer can move toward a more direct experience through handling and using the package, they are more likely to make an inference from the perceived quality of the package to the food product contents (Steenkamp 1990). It is speculated that as consumers progress from indirect experience (seeing the product on the shelf) to a more direct experience (handling or using the package) their attitude toward package becomes more favorable and their quality expectation of the product becomes higher, as a result, the level of purchase intention should increase.

DISCUSSION

The researcher distributed surveys with tomato product in a new package design. Respondents were exposed to differing level of experience. The findings are as follows: First, consumers evaluate a new package on the two dimensions of "package - ease of use" (PEU) and "package - ease of handling" (PEH). The factor analysis revealed that consumers find PEU as the primary dimension and PEH as the secondary dimension as they develop attitude toward the package. As firms introduce new and novel packages they may want to emphasize package usage when trying to provide consumers with the perception of superior performance quality. Second, the type of experience with the package has a significant effect on increasing consumers' favorability toward package and the quality evaluation of the product inside. While the respondents did not show a significant difference in favorable attitude toward product usage from moderately direct to direct experience, there was a significant difference from indirect experience only. This finding reveals that consumers are less likely to develop a favorable attitude toward a new package and develop a positive quality expectation of the product by looking at the package in picture form from a magazine or newspaper advertisement. Third, the results of this study reveal that consumers' expectation of product quality and the dimension of PEU have a positive association with purchase intention regardless of the type of experience available to the consumer. Surprisingly, the second dimension of PEH capabilities did not significantly affect the respondents' level of purchase intention under any type of experience. Thus, consumers could use both dimensions of attitude toward package when making a purchase decision, but the results of this study show that when it comes to purchase, consumers appear to primarily use the PEU dimension. (*References available upon request.*)

LEAD PRODUCTS AND RETAIL STORE CHOICE DECISIONS

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ABSTRACT

Store choice is one of the heavily studied areas in marketing. Since the early 1980s, researchers in this research stream have focused on store attributes (or store image) to analyze and explain store choice behavior. Among the scores of comprehensive store attributes, four attributes have received greater attention than others: low prices, assortment levels, distance, and product quality. Most researchers have found that these four store attributes have a significant impact on consumers' store choice decision.

What is missing in the past research on store choice, however, is how consumers' needs and wants can affect store choice decision. Although store-related factors, such as store attributes, are important determinants for store choice, consumers' needs and wants, such as items on shopping lists, can also affect store choice decision because some stores can satisfy consumers' needs and wants better than other stores. Consumers, then, choose a store that they believe will satisfy their needs and wants best. Despite the importance of consumers' needs and wants, past research on store choice has paid little attention to this consumer-related factor.

This study fills the gap in store choice literature by investigating consumers' needs and wants as an important factor for store choice. In doing so, it adopts the concept of "lead products" from Chen, Hess, Wilcox, and Zhang (1999). Lead products are defined as products on a shopping list that are the most important items and for which the consumer favors a particular store over other stores. In many cases, consumers choose a store on the basis of lead products, and thus lead products can play an important role in consumers' store choice decision and determine at which store the entire listed products on the shopping list will be purchased. Therefore, this study argues that lead products can be an important factor in explaining consumers' store choice.

This paper attempts to answer the following two research questions: (1) Do lead products exist? If so, what is the nature of lead products? and (2) Can lead products influence store choice decision? The first research question deals with the existence of lead products and their nature, i.e., relationship between lead products and product categories and what kinds of products play a role as lead products on shopping trips. The second research question is a key research question in this paper. It addresses whether lead products can influence consumers' store choice significantly. A more interesting issue regarding this research question is whether lead products can compete with traditionally valued factors for store choice, such as distance, prices, product quality, and product assortment, in explaining consumers' store choice decisions.

Using data collected from two grocery stores in a mid-size Midwestern city, this study finds answers to the two research questions above. Regarding the first research question, it finds that consumers have a particular grocery store they prefer for each product category. This finding suggests that when a consumer has a particular product category as the most important item on the shopping list, she will likely go to a store that she believes is the best store for the product category. In this case, that particular product category plays a role as a lead product. This study also finds that products in which freshness is important and frequently purchased products are more likely to be considered as lead products. As for the second research question, the results from binary logit regressions show that some product categories as lead products can significantly explain consumers' store choice in the presence of traditionally valued factors for store choice. Although not all product categories have significant explaining power for store choice, this finding provides evidence that lead products can influence store choice decisions, and thus suggests that lead products are an important factor for store choice.

This study makes several contributions to the literature. In the theoretical domain, it incorporates products that consumers plan to buy as an important factor for store choice. Past research on store choice has identified numerous factors that lead to store choice, but few researchers have examined products consumers plan to buy as a factor for store choice. This contribution enriches the literature on store choice by shedding light on a new facet of store choice. From a methodological perspective, this study directly measures lead products and shopping lists using a survey instrument. Some researchers have attempted to infer shopping lists from bundle purchases, but few researchers have measured them directly. Direct measurement of shopping lists and lead products makes results of subsequent data analyses more accurate and reliable.

DEVELOPING AND VALIDATING AN INSTRUMENT FOR MEASURING THE DRIVING MARKETS APPROACH

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ABSTRACT

The concept and applications of market orientation have greatly evolved since its beginnings. Nevertheless, the concept has not been free from criticism, directed mainly against the notion that the market is an indispensable part as well as virtually the only source of relevant information for decision making. The market driving set of activities expands the concept of market orientation in order to construct a wider-ranging notion of orientation which will allow companies to combine their market knowledge with their real possibilities. However, the driving markets approach has not attracted the attention of research literature in the current time. The main objective of this paper is thus to analyze the factor structure which determines market driving activities. In order to tackle this task, this study proposes a scale, the psychometric properties of which are then verified. The final result is a factor structure that consists of two factors.

ORGANIZATIONAL LEARNING AND NEW PRODUCT OUTCOMES: INTEGRATING RESEARCH APPROACHES

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ABSTRACT

A growing number of empirical findings support positive influence of organizational learning on firm's overall performance (Hurley and Hult 1998, Baker and Sinkula 1999a, Morgan and Turnell 2003). Developing new products is a knowledge-intensive activity, and supporting it by a continuous flow of information about market needs and evolving technologies can reduce development cost and time. Facilitating access to knowledge about past and current development efforts can significantly improve the effectiveness of the process. Recently, researchers in the new product development area have turned to studying the role of informational processes, knowledge, and learning in affecting new product outcomes (Calantone, Cavusgil and Zhao 2002, Brockman and Morgan 2003, Cavusgil, Calantone and Zhao 2003). Although the majority of findings generally support a positive role of learning in facilitating new product positive outcomes (Slater and Narver 1995, Hurley and Hult 1998, Baker and Sinkula 1999a and b, Calantone, Cavusgil and Zhao 2002, Therin 2002), there are some results that are inconclusive, contingent on exogenous variables, and contradictory (Moorman 1995, Gatignon and Xuereb 1997, Moorman and Miner 1998a and b, Brockman and Morgan 2003). The purpose of this paper is to provide a thorough examination of existing research related to the role of organizational learning in new product development outcomes, outline theoretical approaches and empirical results, propose a conceptual framework, and identify areas in need of further study.

The proposed conceptual framework reflects existing empirical findings and viewpoints, and also incorporates ideas that require further empirical testing. According to the framework, organizational learning is composed of two causally related elements: the organizational-culture aspect (predisposition towards learning about customers, competitors, and technologies, risk-taking, and innovating) and the learning process aspect (information acquisition, interpretation, dissemination, utilization, memory, etc.). Collective values and beliefs drive socially shared processes of information processing, and both aspects correlate in influencing each stage of NPD process (idea generation, concept testing, prototype development, product testing, and launch) separately. It has been recognized that for such multi-phased processes as NPD, the influence of organizational variables can be expected to differ among the various stages (Troy, Szymanski and Varadarajan 2001). Therefore, examining the influence of organizational learning at each stage of the innovation process will provide better explanations of existing results as well as help discover patterns of relationships at each stage. We hypothesize moderating impact of external environment (market dynamism, competitive intensity, and technological advancements) and internal company characteristics (structure, size, age, industry type, and product life cycle stage) on the organizational learning – NPD process relationship. These variables have been included in existing empirical papers, but the results were not consistent, possibly because the NPD process stages have not been considered separately. Finally, the resulting NP success will depend on the successful implementation of NPD process based on socially shared information processing.

By distinguishing between the two major aspects of organizational learning, this paper has outlined the two separate, but related streams that can be followed by researchers. For those pursuing the culture-based approach, relative importance of each of the proposed orientations may be an interesting question, as well as their interaction and synergy. Influence of organizational strategy on promoting learning-oriented cultures is another possible subject of research. Study of learning-oriented cultures' direct or indirect (mediated by learning processes and NPD process) influence on NP success is certainly very important. For scholars interested in the learning processes, the role of experience-based tacit and procedural learning on innovation may present interest, since there is some evidence of its positive influence on NP success. The role of the trial-and-error learning processes that are not intentional or information-based, e.g. improvisation, needs to be more precisely defined for NP success. The disparate results concerning such information-processing sub-elements as information acquisition and dissemination may be a subject of a meta-analysis, which can help uncover the moderating conditions responsible for varying findings. Only a few studies currently exist that examine the application of separate information-processing activities at particular stages of product development (Cooper and Kleinschmidt 1996, Troy, Szymanski and Varadarajan 2001), however, the decompositional approach is important in providing guidance for managerial interventions.

In conclusion, organizations that promote learning and development, encourage innovating and challenging approaches to existing routines and beliefs, and monitor and facilitate information processing activities introduce more innovative and successful products sooner than their competitors, and attain superior financial performance. However, more research is needed in this area that will resolve disparate findings, test the proposed causal relationships, and suggest new theories to help companies improve their new product performance.

STRATEGIC OUTCOMES OF MARKET ORIENTATION AND MARKET SEGMENTATION

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ABSTRACT

A firm's strategic behavior and its consequences depend, in the first place, on whether the firm is production-, selling-, or market-oriented. Orientation represents important elements of the firm's culture and philosophy, and governs firm-stakeholder interactions (Noble, Sinha and Kumar 2002). Whereas production and selling orientations promote a short-term, transactional exchange mentality, market orientation (MO) contributes to a long-term, relational exchange mindset (Kalwani and Narayandas 1995). This highlights the importance of research on MO. Various strategies, in the main: innovation, differentiation, cost leadership, and focus, have been studied in the light of MO (cf. Deshpande, Farley and Webster 1993; Hurley and Hult 1998; Han, Kim and Srivastava 1998; Frambach, Prabhu and Verhallen 2003). However, the impact of MO on market segmentation still awaits elucidation.

Some researchers have relied on the behavioral view of MO to conclude that MO is an outcome, rather than a determinant, of the firm's strategic choice (cf. Ruekert 1992; Frambach et al. 2003). This paper considers the behavioral view as a necessary but insufficient condition for that conclusion. The firm's strategic choice is influenced by MO, regardless of the researcher's viewpoint towards MO. The cultural view, however, affords a more direct and salient impact of MO on strategic choice. This study reviews the literature and finds conceptual support for the following observations.

Customer orientation has a non-mediated, positive influence on each of segmentation, differentiation, and innovation strategies. The non-mediated relation between customer orientation and cost leadership is negative. The indirect influence of customer orientation on each of differentiation, cost leadership, and innovation strategies is mediated through segmentation. Of these mediated relations, the customer orientation-cost leadership link is negative and the other two links positive. Competitor orientation has a non-mediated influence on each of segmentation, differentiation, cost leadership, and innovation strategies. All of these non-mediated relations are positive. The indirect influence of competitor orientation on each of differentiation, cost leadership, and innovation strategies is mediated through segmentation. All of these mediated relations are positive. Finally, whereas proactive innovation is more consistent with a strong customer orientation, reactive innovation requires extensive competitor orientation. As a result, proactive (reactive) innovators are more customer-oriented (competitor-oriented) than are reactive (proactive) innovators.

In summary, MO has both mediated and non-mediated effects on various strategies, with segmentation being the key mediator of the MO-strategy relations. These contentions are in line with the literature's several hints that (1) segmentation is probably the first strategy to be prompted by the firm's responsiveness to market information (e.g. Smith 1956; Dickson and Ginter 1987); and (2) neglecting segmentation can lead to inferior performance regardless of what other strategies the firm pursues (Yorke 1984). Segmentation precedes and can lead to the strategies of differentiation and innovation. As such, differentiation and innovation do not replace, but complement, segmentation. It is eminent that differentiator and innovator firms create customer value by offering high-quality or updated products supported by good service at premium prices (e.g., Walker and Ruekert 1987). The possibility of reducing costs through differentiation and innovation, however, has been disregarded (Segler 1987). Such cost savings can be due to factors such as technology adjustments, changes in customer tastes, and introduction of radically novel products. Whether differentiation and innovation enhance or inhibit the firm's efficiencies depends on the relative upward or downward adjustments of various cost items (Segler 1987). The effectiveness aspect of performance depends on how well the firm can balance the costs and benefits of its market offerings for the customer (Slater and Olson 2001). Given influential variables such as firm actions, market peculiarities, and industry conditions, effectiveness-enhancing strategies such as differentiation and innovation might also serve as efficiency-enhancement strategies simultaneously.

Note that enhancing efficiencies through cost-saving does not necessarily comprise a cost leadership strategy. Cutting on cost can be implemented by cost leaders, differentiators, and innovators alike. However, cost leadership, as a strategy, is in practical trade-off with segmentation, differentiation, and innovation (Smith 1956). Implementing segmentation, for instance, can contradict with cost leadership by pointing to specific portions of the total market where a low-cost strategy would be ineffective. In summary, market segmentation is a key mediating variable in market orientation-strategy framework.

References available upon request

ENHANCING CUSTOMER TRUST IN E-COMMERCE THROUGH WEB PORTALS

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ABSTRACT

The appearance of interactive media environments is often deemed to cause a lack of trust. Our study investigates the potential role of Web portals in enhancing customer trust, reducing perceived risk, and improving the intention to purchase online. An online experiment (n=862) supports the hypothesized effects.

INTRODUCTION

Although the importance of trust for the economic success of a company in electronic commerce is indisputable, there have as yet been hardly any theoretically well founded and empirically verified insights into the possibilities of creating trust. Marketing practitioners assume that one solution for enhancing trust in electronic commerce is the use of Web portals. A Web portal is an Internet site that is a major gateway for users when they get connected to the Web or that they are inclined to visit as an anchor site (Dewan et al. 2004). Portals, for instance, offer direct links to online shops either with or without the portal's (brand) name or logo on the website of the online shop. With the help of such partnerships that can be interpreted as alliances both partner firms, i.e. the portal as well as the online shop, are able to achieve advantages (Bauer, Hammerschmidt, and Falk 2005). A portal that acts as an alliance partner can fulfil the job of an intermediary of trust and is therefore able to transfer the customer's trust to an object that is related to the portal (Coleman 1990). Because of its great managerial relevance, in the context of the following study we examine whether the existence of a Web portal as an intermediary of trust positively influences trust in an online shop as well as other constructs relevant to purchase behaviour.

HYPOTHESES ON THE EFFECT OF AN INTERMEDIARY OF TRUST IN ELECTRONIC TRADE

Electronic trade is characterized by distinct, asymmetric information between supplier and potential buyer. A supplier basically has the option to send different signals to the consumers in order to reduce asymmetric information and simultaneously build trust (Akerlof 1970). The branding of products, for example, serves as such a signal by indicating high product quality (Rao, Qu, and Rueckert 1999). Due to a lack of reputation of their respective brands or products, online shops are often not able to send these indicators of quality. The use of highly esteemed intermediaries of trust, however, can influence the perception of the consumer with respect to the supplier. Various studies prove that brands that are seen as symbols of quality are able to build trust both in branded products and in their respective retail companies (Davis, Buchanan-Oliver, and Brodie 1999; Lau and Sook 1999). Thus, we assume that a Web portal acts as a symbol of quality and influences the consumer's trust in an online shop. Coleman (1990) shows that the trust that trustor A has in trustee B can be created by the existence of a third party C which acts as an intermediary of trust. These considerations lead to the following hypothesis:

H_1: The use of an intermediary of trust in an online shop leads to the consumer's higher trust in the online shop.

Furthermore suppliers who are known as reliable partners in the market and who have a good reputation are considered by potential buyers to be more trustworthy than companies that do not have these characteristics (Doney and Cannon 1997). The described correlations of effects are also shown in many cases for the Internet (Utpal 2005). Hence, we hypothesize:

H_2: Perceived trust is higher in an online shop with a strong intermediary of trust than in an online shop with a relatively weak intermediary of trust.

The construct of perceived risk includes all the consequences of consumer behaviour that cannot be anticipated with certainty and that are considered to be negative (Bauer 1967). There is no doubt about the fact that a lower perceived risk increases the willingness to buy goods over the Internet (Tan 1999). Despite numerous studies on the relationship between perceived risk and trust, academic researchers are uncertain whether perceived risk is a determinant, a consequence or simply the opposite of trust (Schoenbachler and Gordon 2002). We understand trust as a determining factor of perceived risk. Once it has been created, trust reduces uncertainty, environmental complexity and the consumer's individual risk (Morgan and Hunt 1994).

Similarly, we assume that the use of an intermediary of trust leads to a reduction of perceived risk. The effectiveness depends on the strength of the intermediary. Therefore, the following hypotheses can be put forth:

H_3: The use of an intermediary of trust in an online shop leads to a lower level of perceived risk.
H_4: The level of perceived risk in an online shop with a strong intermediary of trust is lower than in an online shop with a relatively weak intermediary of trust.

Eagly and Chaiken (1993) understand an attitude as "a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour […]". Research findings show that the evaluation of a stimulus is influenced by perceptual attributes of objects that can be experienced in close proximity (Lynch, Chakravarti, and Mitra 1991). An intermediary of trust in an online shop represents such a stimulus. The existence of an intermediary updates the consumer's knowledge structures and causes a modification or reformation, respectively, of the attitude toward the online shop (Simonin and Ruth 1998). Simonin and Ruth (1998) prove that in brand alliance, the effect made by a brand is dependent on its reliability and its being well-known (Broniarczyk and Alba 1994). Applied to our object of investigation, we can assume that an intermediary of trust in the form of a strong, easily available and well-known brand makes a greater contribution to the modification of a consumer's attitudes than an unknown intermediary. Overall, presuming a positive relationship between the strength of the intermediary and the transmission intensity, we assume that the consumer will transfer the specific associations he or she has with the intermediary of trust to the online shop. Hence, we hypothesize:

H_5: The use of an intermediary of trust in an online shop leads to a consumer's more positive attitude toward the online shop.
H_6: The attitude toward the online shop is more positive in an online shop with a strong intermediary of trust than in an online shop with a relatively weak intermediary of trust.

Models of advertising effectiveness postulate that formal and thematic aspects of advertising efforts determine the attitude toward the advertising effort that in turn determines the attitude toward the advertised product that again transfers itself to the advertised product (MacKenzie, Lutz, and Belch 1986). The correlation between the attitude toward the advertising effort and the attitude toward the advertised can also be found in the advertising medium Internet (Bauer, Mäder, and Fischer 2003). In our study, the intermediary of trust is understood as a communication measure which we assume can influence the attitude toward the product. The degree of influence varies with the strength of the intermediary ceteris paribus. Therefore, we can deduce the following hypotheses:

H_7: The use of an intermediary of trust in an online shop leads to a more positive attitude toward the product.
H_8: The attitude toward the product is more positive in an online shop with a strong intermediary of trust than in an online shop with a relatively weak intermediary of trust.

Purchase intention is a direct indicator of actual purchase behaviour. According to the attitude-behaviour-hypothesis, we assume that a positive attitude toward a product increases the purchase intention (Miniard, Obermiller, and Page 1983). Based on these insights, the following hypotheses will be put forth:

H_9: The use of an intermediary of trust in an online shop leads to a greater purchase intention.
H_{10}: The purchase intention in an online shop with a strong intermediary of trust is greater than in an online shop with a relatively weak intermediary of trust.

DATA COLLECTION AND EMPIRICAL TESTING

Due to its manifold methodological superiority (Aronson et al. 1990), an experimental research design was used to analyse the hypotheses about the effect of intermediaries of trust when buying goods via the Internet. The online experiment in this study simulates the web presence of a fictitious online shop that was specially designed for our study. Due to economical research considerations, the online shop offers only one product (DVD-player). A DVD-player was chosen because products in entertainment electronics are largely distributed via the Internet. The experiment can be divided into three stages. In the beginning, the participants are randomly assigned to different treatment groups. Then, the first questionnaire that comprises socio-demographic items is presented. In the second stage, the participants are directed to the fictitious online shop and are asked to explore the shop according to their own interests. After three minutes, in the third stage the second part of the questionnaire is presented. This part consists of items that are used to measure the model constructs. In the experimental groups, the web presence of the online shop is identical with respect to design and functionality. During the exploration of the online shop, the additional stimulus of an intermediary of trust represents the experimental factor (independent variable) in

the treatment group 1 (*Brand 1*: strong intermediary of trust) and group 2 (*Brand 2*: weak intermediary of trust). This experimental factor is operationalized by a logo of the Web portal in the upper margin of the website. In the control group, no stimulus of an intermediary of trust was offered.

When designing the questionnaire, we relied on pre-existing measuring constructs. All of the measuring instruments were tested in a pretest situation with 70 participants. *Cronbach's α* and the empirical correlation matrix served as points of reference when selecting the items for the main examination (Gerbing and Anderson 1988). The results show that all constructs had an $\alpha > 0.757$, which leads to a high level of accuracy of the measuring instruments for the main experiment. In order to ensure adequate quality of the operationalizations of the related constructs, an additional confirmatory factor analysis was carried out (Maximum Likelihood estimation). The model specificities (Table 1) exhibit a very good global and local adjustment of the measuring instruments. Orienting oneself to the minimum requirements for relevant quality marks extracted from standard literature insures sufficient reliability as well as validity of the constructs' measurement.

During the three-week field study time in Germany, 862 participants took part in the experiment. Of these participants, 47.2% were female and 52.8% were male. Their ages ranged from 14 to 75 years, with a mean age of 31.84 years. The evaluation of the frequency and intensity of the Internet use of the test persons shows that we have a sample with strong affinity to the medium Internet. 61.8% of the test persons use the Internet on a daily basis, and 51.8% are online between 1 to 2 hours without break. An analysis of the socio-demographic variables of the partial samples shows that the composition of the three treatments is nearly identical with respect to the criteria of average age, age structure and educational background. A basic structural congruence of the experimental groups can therefore be assumed and the existence of systematic group differences can be simultaneously excluded.

On the basis of the data collected, the hypotheses are verified with the help of the MANOVA method (multivariate analysis of variance) to confirm their validity. All conditions precedent to the implementation of the MANOVA are fulfilled (Hair et al. 1995). The independent factor "treatment" consists of the three factor levels "strong intermediary of trust (intermed$_{strong}$)", "weak intermediary of trust (intermed$_{weak}$)" and "no intermediary of trust (intermed$_{none}$)". The constructs of "trust in the online shop (trust$_{shop}$)", "perceived risk (risk$_{perceived}$)", "attitude toward the shop (Att$_{shop}$)", "attitude toward the product (Att$_{product}$)" and "purchase intention (Pi$_{product}$)" are examined as dependent variables. A manipulation check was executed, which provided that the test persons really perceive *Brand 1* as a strong intermediary of trust and *Brand 2* as a weak intermediary. The results of a T-Test show that *Brand 1* (5,01) has a significant higher level of trust than *Brand 2* (2,82) ($F=6.301$; $p=0.000$). With the help of the MANOVA, it will be examined whether an observed difference in the distribution of the dependent variables across the three experimental groups is significant. The analyses of the multivariate tests within the scope of the MANOVA show that the results for Wilks' lambda ($F=4.576$; $p=0.000$), for Pillai's trace criterion ($F=4.520$; $p=0.000$), for Hotelling's T2 ($F=7.962$; $p=0.000$) as well as for Roy's gcr (greatest characteristic root) criterion ($F=7.962$; $p=0.000$) are highly significant. Hence, the interpretation of the following results can be accepted.

The outcomes show that an intermediary of trust exerts an influence on the trust, which a consumer shows toward a shop supplier. Furthermore, the analysis of the mean values ($F=35.077$; $p=0.000$) of the dependent variable shows that the experimental group which has been exposed to a strong intermediary of trust displays higher values (4.12) for the trust in the shop than the group with the weak intermediary (3.92). The latter, however, displays a higher level of trust than the group without any intermediary of trust (3.57). This leads to the acceptance of the hypotheses H$_1$ and H$_2$. The remaining hypotheses were tested in an analogous manner and were completely confirmed (Table 2).

SUMMARY, IMPLICATIONS AND FUTURE RESEARCH PROSPECTS

The experimental investigation shows that Web portals can assume the role of an intermediary of trust. They influence the consumer's trust in an online shop in a positive way and present themselves as an effective instrument for building trust in the Internet distribution channel. The positive effect of intermediaries of trust can be generalized and applied to other central constructs of purchase behaviour. The use of an intermediary of trust reduces the perceived risk and improves the consumer's attitude toward the online shop. Similarly, the attitude toward the product and the purchase intention can be significantly increased by the use of an intermediary of trust due to holistic image transfer effects. The stronger the trustworthiness and the brand image of the intermediary, the more positive the effects caused by the existence of the intermediary of trust. Yet, there are limitations in our study because the present sample has extensive experience with the medium Internet. Consequently, it is to be expected that the sample shows a higher aspiration level with regard to the quality of the web shop than the general Internet users. As a management implication for sellers in electronic commerce, a basic recommendation is to integrate the online shop into the Internet presence of a Web portal. By doing this the effectiveness of the online shop is improved due to

trust- and image-transfer effects. This considerably increases the consumer's trust as well as other consumer dispositions relevant to the buying decision, which increases the purchase probability per shopper. The results of our study also reveal rich insights into the selection criteria of the portal. The stronger the reputation and trustworthiness of an intermediary of trust, the more positive the transfer effect on the online shop. When selecting a portal, one should not only take the number of portal users into consideration. Rather, the Web portal must have a distinct brand image and be perceived as trustworthy, reliable and competent by the relevant target group. Finally, based on our study, it can be shown that the development of a positive brand image for portals must represent an essential part of their corporate strategy. The singular focus on the increase of the number of users leads to a neglect of quality aspects and inhibits the exploration of innovative business models in the form of brand alliances.

Construct	Source	Number of Items	Cronbach's α
Trust	Hess (1995)	9	0.865
Perceived risk	Bauer/Sauer/Becker (2003)	5	0.944
Attitude toward the shop	Schlosser/Shavitt/Kanfer (1999)	5	0.905
Attitude toward the product	Schlosser/Shavitt/Kanfer (1999)	5	0.876
Purchase intention	Dodds/Monroe/Grewal (1991)	5	0.757
Global measures of adjustment		GFI $\geq$ 0,90	0,972
		AGFI $\geq$ 0,90	0,978
		SRMR $\leq$ 0,05	0,0342
		$\chi^2/df \leq 2,50$	2,48
Local measures of adjustment		R^2 of the measuring equation (Min)	0,710

Table 1: Test statistics for the measurement of the constructs

construct	mean			F	p
	intermed$_{strong}$	intermed$_{weak}$	intermed$_{none}$		
trust$_{shop}$	4.12	3.92	3.57	35.077	0.000
risk$_{perceived}$	3.02	3.17	3.37	4.877	0.008
Att$_{shop}$	3.62	3.27	3.00	15.897	0.000
Att$_{product}$	3.33	3.04	2.83	7.634	0.001
Pi$_{product}$	3.02	2.66	2.52	7.908	0.000

Table 2: Results of testing the research model

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AD ACCEPTANCE: SCALE DEVELOPMENT, PURIFICATION, AND VALIDATION OF CELL TELEPHONE ADVERTISING ACCEPTANCE

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ABSTRACT

The paper describes the development, purification, and validation of a self-report scale designed to determine the constructs and subsequent items to measure advertising acceptance over cell phones. This research will help marketers decide on the method, content, level and type of ads by demographic segmentation.

INTRODUCTION

Consumer acceptance of wireless mediums and the services provided via that medium have been at the forefront of research. Lu, Yu, Liu, and Yao (2003) explored consumer acceptance of wireless Internet via mobile services as creating unparalleled opportunities for e-commerce to leverage the benefits of mobility. Mobile and wireless devices allow consumers and businesses to build connectivity by transcending time and place, increasing accessibility, and expanding their social and business networks (Palen, 2002).

There is a different but related area of wireless communications, specifically cell phones, that has had little attention in academic literature; United States (US) consumers' propensity to accept wireless advertisements. Ads over wireless services such as cell phones have been a hotly contested issue (Petty, 2000). California enacted a statute to ban unsolicited commercial text messages to cell phones (Petty, 2003). In the US, the Federal Communications Commission (FCC) prohibits marketers from sending unsolicited commercial messages to cell phones (Fowler, 2005). One explanation is that people purchase communications hardware and services and they feel it is unfair to allow advertisers to have unbridled access to this medium (Godin, 1999). Another is that cell phones are intensely personal (Swartz, 2000) and are usually accessible only to close friends, family and/or business associates. At the other end of the spectrum are those who believe in the right to access and that any mode of communication should be available as a right of marketers (Petty, 2003).

The concept of advertising over cell phones is a very desirable mode for marketers. The rate of new cell phone users is escalating at a very high rate. In 2000 over 109 million consumers own cell phones in the US alone (Whitaker, 2001). That number grew to 180 million in 2001 where approximately 62% of American adults own a cell phone (McFarland, 2002). The wireless advertising market grew by 1,173.7 percent to reach a value of $175 million. The forecast is for that number to reach $8,881 million by 2007 (Datamonitor, 2004). The lure for advertisers is the low cost of sending an ad via a wireless phone when compared to other traditional forms of advertising. For example, telemarketing costs from $1 to $3 per contact and direct mail costs from $ .70 to $2.00 per letter. Wireless advertising messaging (WAM) costs only $ .01 per message but what good are these messages if consumers ignore them and do not result in a purchase? What are the factors that consumers look toward in deciding whether or not to accept ads on their cell phones and what are their costs? In essence, what are the factors that will prompt consumers to accept wireless advertisements?

A review of the scant literature devoted to wireless advertising and its acceptance will be the foundation on which to develop the theoretical bases of consumer acceptance of advertisements via wireless telephony. Qualitative analysis is the initial step toward discovery of the characteristics affecting consumers' acceptance of advertisements over their cell phones. Subsequently, items are developed to form the initial phase of scale development. This step will be followed by historically accepted quantitative principles and procedures yielded by the literature (see Hinken, 1995; Churchill, 1979).

CONCEPTUAL DEVELOPMENT

There has been limited research published on ad avoidance, and historically it has centered on television as the medium (Speck and Elliot, 1997). Because of the mechanics and nature of the advertising medium, ad un-acceptance in the form of "zapping" a commercial varies. For example, Abernathy (1991) states that physical avoidance eliminates 20% of consumer exposure to advertisements. Another 10 % is lost through mechanical means (switching channels). Analyses suggest that the basic strategies of ad avoidance possibly occur across electronic as well as print media (Danaher, 1995; Heeter and Greenberg, 1985; Lee and Lumpkin, 1992; Ferguson and Perse, 1993; Werner and Dennehy, 1993).

Studies of the profiles of zappers show them to be male, younger, and more affluent than non-zappers (Danaher, 1995). Heeter and Greenberg (1985) found that younger and less affluent listeners are more prone to eliminate or avoid radio

commercials. Cell phone users fit neatly with these layers of zappers. Almost 28 million U. S. youth between the ages of 5 – 19 use a cell phone. Approximately 85 percent of that number represents teenagers from 15 to 19 years of age. By adding the next age bracket of 20 to 24 year olds, the total value of cell phone and cell phone services increases to a total of $16.7 billion. How then does a marketer reach and capture the youth as well as older generations of cell phone users? There are currently two types of advertising methods employed, push and pull. "Pull advertising is content supplied. It is sent to the user when they want to be exposed to it and/or will except being exposed to it. It may offer the opportunity for interactivity, such as present a link, Web address and/or phone number. A 'Pull' service typically allows viewers to access more in-depth content on-demand content. 'Push' advertising is: (1) Content being presented to the user/viewer whether they ask for it or not. (2) Content being supplied to the user/viewer in a manner that gives the user/viewer more options on how to better utilize it and purchase that product/service" (The Online ITV Dictionary, retrieved December 1, 2004, p.13).

Pull advertising accounts for 90% of the total wireless advertising sector, while push ads account for 10% (Datamonitor, 2002). Although there are calls for bans on push advertising on cell phones, marketers know that if they must rely on subscribers' acceptance to reach them with permission to advertise, marketers' chances of gaining a formidable share of that potential market will be very low (Petty, 2003). Therefore, there must be some middle ground where consumers and marketers are satisfied.

Consumers differ in their tolerance for unsolicited advertisements. The majority of consumers better tolerate advertisements for goods and services of interest to them than for those that hold interest for them (Petty, 2000). Using WAM effectively relies on the methods marketers choose to use. Gleaning from Noonan (2001) and Whiteman (2001), there appear to be four major factors involved in the effective use of WAM: 1) make the ads more beneficial to the consumer such as extending a coupon, giving points or frequent flier miles along with the ability to buy the good or service through the cell phone; 2) target consumers by location, time, and context may result in higher acceptance because the ads hold some personal interest for the viewer (e.g., a restaurant may want to send a text message just before lunch time advertising their daily special and a discount if the consumer uses the ad as a reference when making the purchase); 3) allow the ads to be easily ignored so that they do not interfere with or have any effect on the cell phone's performance or use the owners minutes; and 4) design the advertisements to fit the consumer's hardware.

The preceding literature review only touches the surface of the potential information to be collected from this frontier in marketing opportunity. The first step in truly determining what factors consumers will give or want to trade for marketers' intrusion into their cell phone is to begin with a valid instrument to measure those components. The second section of this paper deals with the development of the Wireless Consumer Acceptance scale. This questionnaire offers the availability of an empirical tool that marketers can use to discover what factors it will take for their potential consumers to accept advertisement over their cell phones.

SCALE DEVELOPMENT

Construct Domain and Item Generation

An initial pool of items was generated with two focus groups of undergraduate business majors consisting of 12 and 14 students each. Each participant was asked to list the reasons that might garner their acceptance of advertisements sent to their cell phones. These initial lists of items were combined and duplicates were eliminated. We discontinued item collection once repetitive items were generated (Griffin and Hauser 1993). To ensure that this pool was more comprehensive than one's own theoretical view of the target construct (Clark and Watson 1995), we included all remain 56 items in this initial item pool.

To ensure face and content validity (DeVillis, 1991) and as recommended by (Churchill 1979; Hardesty and Bearden, 2004), a panel of "experts" was assembled consisting of two marketing professors and three Ph. D. students. These individuals were given the definition of ad acceptance over the cell phones as – *An individual cell phone user's willingness to receive and use the ads transmitted to his/her cell phone for shopping / buying decisions with the ability to control the process.* This definition was based on the limited extant literature and also the discussions with our focus groups and resulted in 16 items.

Questionnaire Testing and Development

A student sample of 74 surveys was collected from an international business class at a US southwest regional university. Close inspection resulted in 64 usable surveys. The sample was collected with the specific purpose to purify the scales. We then collected a non-student sample of 163 surveys resulting in 154 usable surveys. An item to total correlation was calculated (Netemeyer, Bearden and Sharama, 2003) and found that 11 items correlated at a level above .35 (Bearden 2001). We performed a principle components analysis using a varimax rotation (Hair et al 1998; Netemeyer, Bearden and Sharma 2003) resulting in eight items loading on one factor at .35 or greater.

The eight items along with a three item scale on television ad avoidance (Speck and Elliot, 1997) was constructed (alpha=.76). Confirmatory factor analysis (CFA) yielded a six-item solution (n=225). The model yielded satisfactory results: NFI = .984, RFI = .960, IFI = .997, TLI = .993, CFI = .997, and RMSEA = .029 (Bagozzi, Yi, and Singh, 1991; Hu and Bentler, 1999; Hair, et al., 1998), λ/degrees of freedom=1.189 (Kline, 1998). The model was not significant (p=.309) which is an additional indicator of good fit (Hair, et al., 1998). Construct reliability for the 6-item Ad Acceptance scale = .95; coefficient alpha = .80. Convergent validity was achieved (average variance extracted =.80). We provide support of discriminant validity using the three-item ad-avoidance scale (Speck and Elliot, 1997). Our six-item scale was calculated alongside the ad avoidance scale resulting in a poor fit when the correlation between the constructs was constrained to 1 (Anderson and Gerbing, 1982). All previously listed fit measure indicators calculated out of tolerance lending support for discriminant validity between the two constructs (Gerbing and Anderson, 1988).

Predictive validity was measured using one item , "I think ads on my cell phone can influence my decision to buy." The results were satisfactory indicating good predictive validity for the model (NFI = .970, RFI = .937, IFI = .985, TLI = .968, CFI = .985, and RMSEA = .065; standardized regression weight .70; λ/degrees of freedom = 1.960).

We validated the study (Hair, et al., 1998) with another sample of 252 observations. The model yielded satisfactory results (NFI = .983, RFI = .957, IFI = .996, TLI = .990, CFI = .996, RMSEA = .033, λ/degrees of freedom=1.280). The model is not significant (p=.321).

DISCUSSION AND IMPLICATIONS

The occurrence of push advertising is believed to alienate consumers and draw the ire of both citizens' organizations as well as governmental bodies (Petty, 2003). The items discovered and developed in the scale purification process suggest that there are certain conditions that appeal to consumers' to accept advertisements via wireless telephony. Consumers who do not enjoy the exchange of complimentary appeasements will tend to reject this advertisement channel. This research has yielded not only the conditions for ad acceptance over cell phones, but has also shown that when these conditions are met, cell phone users are likely to use the ad to at least consider the purchase.

This scale can become an excellent tool for marketers to investigate the specific properties consumers will accept as satisfactory in cell phone ads. Cell phone service providers can segment the customers on the basis of type of ads and / or demographics. By understanding the aspects of cell phone ad acceptance, organizations may be able to develop better strategies to monitor and modify consumer's perceptions.

LIMITATIONS AND FUTURE RESEARCH

This study is not without its limitations. Although the pool of items used to construct the measure of cell phone advertising acceptance was adequate for statistical reliability, scale purification and validities, respondents came from a relatively homogeneous subject pool (Hispanics). Secondly, although great care was taken to obtain a satisfactory list of items, other age groups, as well as socio-economic groups, will have to be included in future research. However, this scale is not representative of the possible moderators that could be involved such as culture within and outside of the U.S. Implications of national cultural influences on cell phone ad acceptance have been illustrated by research performed in Japan (Fowler, 2005) and the United Kingdom (De Reyck and Degraeve, 2003). Cultural forces determining cell phone ad acceptance in the U.S. should be explored. An understanding of the multi-cultural drivers that separate these populaces could be of great benefit to a further understanding of the factors that influence advertising markets resulting in organizations' greater success (Fowler, 2005). Therefore, cultural forces that drive the apparent dyadic acceptance range could be researched while validating the ADDACCEPT scale not only in other areas of the U.S, but also in the multi-national setting. Specific research is needed to investigate how individuals interact with the different types of ads such as text messaging versus its dyadic partner, full length graphic advertisements

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INDIVIDUAL ASSESSMENT OF HUMANLIKE CONSUMER ROBOTS: AN EXTENDED TAM WITH AESTHETICS

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ABSTRACT

Emphasizing the aesthetic attributes of a technological product as a means of appealing to customers' mental and emotional needs has become more common place (c.f. Yoshimura and Yanagi 2001). Extant research in marketing, psychology and the IT literature have focused on understanding issues related to the attitude of the consumer toward the objective attributes/utilitarian value of information technology (e.g., Davis, Baggozzi and Warshaw 1989). For example, the technology accceptance model (TAM) has been widely used in examining users' acceptance of the utilitarian aspects or objective attributes of emails and graphics software systems (e.g., Davis 1989).

While previous studies have investigated consumers' attitudes toward intangible/soft aspects of technological products (e.g., users' acceptance of task-oriented and process aspects of a technological product) there are surprisingly few studies within the marketing and consumer literature concerning consumers' attitudes toward the visual aesthetics of technological products. Consequently, developing a study to investigate the attitude of consumers towards the visual aesthetics of technological products will be a useful contribution to the consumer technology-interaction literature and the evolving research on consumers' evaluation of the aesthetic value of products and services.

The goal of this study is to examine the significance of the aesthetic concept in terms of individual receptivity toward a humanlike consumer robot (HCR). An investigation of individual acceptance of consumer robots is particularly timely considering that these products are presently at the development stage of the product life cycle when compared to other consumer-oriented technological products such as personal computers.

 The study postulates that the utilitarian aspects of the HCR may be less relevant than the hedonic aspects. Considerable anecdotal and conceptual evidence exist in support of the postulation that the utilitarian aspects of the HCR may be less relevant than the aesthetic/hedonic aspects (e.g., Moltenbrey 2001; Moon 2004). This study empirically tests the consumers' evaluation of the utilitarian and the aesthetic/hedonic aspects of humanlike consumer robots. Using experimental survey data collected from 241 respondents exposed to a humanlike robot, the results of the study suggest that perceived visual aesthetics and attitude explain about 89% of individual intention to own the robot. Overall, although not conclusive, the results of the study seem to suggest that the utilitarian aspects of the HCR may be less relevant than the hedonic aspects. This study provides an empirical foundation for understanding the attitude of the consumer toward an HCR.

References available upon request

INTEGRATION OF CONSUMER BUYING BEHAVIORAL PARAMETERS WITH SIGNAL DETECTION TESTS IN A VIRTUAL ENVIRONMENT

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ABSTRACT

This study applies signal detection statistics to measure the consumers' product locating behavior, and tests whether the signal-detection statistics could, in turn, be predicted from subjective measures of shopping motivation and product/brand familiarity under both perceptual and memory condition.

The computer graphic technology has advanced to a level that scientists may conduct research in a photorealistic immersive virtual environment. With this technology, the authors are interested in examining whether objective methods (signal detection statistics) could be used to predict consumers' product locating behavior. Previous studies have utilized various methodologies in studying consumers' in-store search behavior (Sommer and Aitkens 1982; Titus and Everett 1996). However, all the measurements were made using subjective methods. The current study used to measure within a photorealistic immersive virtual store. The signal detection statistics used in this study is shopper sensitivity or accuracy of product locating behavior, which provides a straightforward measure of the deviation from the shopping plan: the number of actual purchases from the set of intended purchases relative to the number of unintended purchases from the set of all products that compete for the consumer's attention.

An experiment design was adopted to compare sensitivity between two shopping conditions—perceptual condition (with shopping list) and memory condition (without shopping list). The results showed that sensitivity was significantly larger in the perceptual condition, which meant that consumers with shopping list could locate the product more accurately. Shopping motivations significantly affected sensitivity under perceptual condition, however with no effects under memory condition. In other words, utilitarian shoppers located products more effectively when they had on-hand the shopping list. Familiarity with the products or brands did not influence sensitivity. This finding could be biased as the construct of familiarity was measured by "how often the subject sees the product/brand" which might result in low validity.

Future studies are recommended to investigate how consumers behave when fail to locate intended purchase and the impact that other factors (such as time pressure, store environment) have on consumer shopping behavior.

References available upon request

A MULTIATTRIBUTE UTILITY MODEL FOR CONSUMER DECISION MAKING AND OPTIMAL PRODUCT CONFIGURATION

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ABSTRACT

Defining clear purchasing goals is paramount for everyone. However, decision makers suffer from the lack of robust and fast decision making rules especially when qualitative decision criteria are involved in the decision making process. Incorporating intuitive thinking, common sense and reasoning into decision making process requires structured decision criteria and justification of every possible outcome including the risks associated with. We propose a multi-attribute utility based model to approximate the decision making process of a customer under such uncertainty. We further use this model to estimate optimal product configurations for different classes of customers.

INTRODUCTION

Consumers make various kinds of choices when shopping. They select a brand when they need a specific product. They select a product when they recognize a general need. They select a need when they have many needs. In all cases, defining clear purchasing goals is paramount. However, decision makers suffer from the lack of robust and fast decision making rules especially when qualitative decision criteria are involved in the decision making process. Incorporating intuitive thinking, common sense and reasoning into decision making process requires structured decision criteria and justification of every possible outcome including the risks associated with.

For a specific product purchase, Consumer Decision Making (hereafter CDM) process is usually conceptualized in four steps: need recognition, information search and processing, alternative evaluation, and product choice (Peter and Olson 2005). It is anticipated that consumers consider a limited number of alternatives that they can make comparisons, which is called evoked set. Then, they make a choice among these alternatives using some decision rules.

There are several theories and models that attempt to explain how consumers make these choices (Solomon 2004). Utility theory holds that consumers calculate the outcome of each alternative and choose the one providing the best utility (Miyamoto 1988). Satisficing theory states that consumers start evaluating alternatives and stop at an alternative which can be satisfactory rather than searching for the best alternative. Congruency models state that consumers are likely to choose products with attributes matching some aspects of their selves. Goal theory contends that consumers are goal-oriented and choose the products that facilitate to reach their goals (Pieters et al. 2001).

Although all these theories accurately explain an aspect of CDM, most of the extant choice models suffer from four major deficiencies. First, they are limited to comparable products such as various brands of a product and do not offer a solution for the evaluation of non-comparable products such as a TV and a desk (Johnson 1984). Second, they are useful for high involvement products, but do not help understand choice among low involvement shopping products (Hoyer 1984). Third, they take utilitarian motivations into account, but exclude the effect of hedonic needs on choice behavior. Fourth, they only consider benefits that are associated with the product and exclude the costs and risks resulting from product purchase and use.

These deficiencies limit the use of such models to explain consumer choice because today's customers make their choices employing a combination of such models. They choose products with the highest customer value rather than focusing only the lowest price or highest merit on a product attribute (Ogden and Ogden 2005; Peter and Olson 2005). Our objective is to fill this gap by developing a flexible optimization model that incorporates the advantages of the above mentioned theories and that overcomes the disadvantages of them. Specifically, we apply a multi-attribute modeling approach to CDM and explore how consumers seeking superior customer value assess alternative products.

The rest of this paper is organized as follows. Section 2 discusses the concept of customer value and relevant literature. In Section 3, we discuss the required assumptions for multi attribute utility models, and develop a utility function to represent the decision making process of a customer. In Section 4, we use this utility function to propose an optimization model to determine optimal product configurations for different types of customers. Some analytical results are also provided in this section. Finally, Section 5 contains a review of major contributions of the study, and discusses relevant future research areas.

CUSTOMER VALUE

It is clear that delivering superior customer value is an essential resource to gain competitive advantage. Consumers are becoming more value-conscious and assess a product by its perceived value whereas firms devote all their resources to deliver superior value to their customers (Sweeney and Soutar 2001).

Some researchers view customer value as evaluation in monetary terms (Anderson and Narus 1998; Porter 1985). Other researchers extend this view to all kinds of benefits gained from the product itself and the experience resulting from the product use and/or consumption (Prentice 1987; Woodruff and Gardial 1996; Wyner 1998). Researchers have also pointed out that value is individualistic, thus it is what consumers perceive what it is (Day 1990). This perception is relative to competitors' offerings (Gale and Wood 1994) and based on the sacrifices (i.e. money and time) and risks that consumers take (i.e. social and image risks) (Monroe 1990; Zeithaml 1988). Customer value is always identified and examined by its dimensions. Value dimensions "are the particular aspects of a product and service offering and/or the consequences of its use which are desired by customers in specific situations" (Woodruff and Gardial 1996). Sweeney and Soutar (2001) identify four value dimensions to measure perceived value: functional, emotional, cost, and social dimensions. Our model considers these four dimensions as the main determinants of the customer value perception. However, due to the complexity of mathematical analysis involved with four different attributes, in this study we combine the social and emotional value components. Specifically, utility theory requires and works well with three variables. Therefore, we conceptualize customer value in the three dimensions of function, socio-emotion, and cost.

Functional dimension refers to a joint measure of quality related aspects for a product, such as durability, longevity and workmanship. The attribute of socio-emotion specifies the level of social and emotional satisfaction experienced by the consumer while utilizing the product. We assume that the cost attribute refers to the monetary value that the customer has to pay for the product. However, it is also possible to incorporate in the cost attribute other cost factors such as time or inconvenience by associating them with a monetary value.

When a customer makes a decision on a purchase, except in special circumstances, the cost of the product is known in advance with certainty. However, it is usually not possible to measure quality or the socio-emotional value of the product at the time of the purchase. These two attributes are generally estimated from previous experiences or from the initial impression. Hence, the decision making process of a customer occurs under uncertainty, and clearly involves risk.

A MULTIATTRIBUTE DECISION MAKING MODEL

Multi-attribute models have been commonly used in consumer research since 1970s (Troutman and Shanteau 1976). Early models were aimed to evaluate consumer attitude toward a brand or a product (Mazis et al. 1975). In 1980s, these models started to be used in CDM research (Erickson et al. 1984). Multi-attribute models are compensatory models (Mazis et al. 1975). In addition to being a compensatory model, our model can be modified to incorporate four major qualities of non-compensatory choice processes. These qualities are as follows: (1) each product attribute should exceed a minimum level of reward to be eligible for selection (conjunctive rule), (2) at least one product attribute should exceed a minimum level of reward to be eligible for selection (disjunctive rule), (3) the product with the superior reward on the most important attribute is selected (lexicographic rule), and (4) the products that cannot meet the minimum level of reward on selected attributes are eliminated (elimination by aspects) (Gilbride and Allenby 2004).

We model the uncertainty in the decision making process of a customer using a multi-attribute approach. Von Neumann-Morgenstern utility theory is used as the basis to model conflicting attributes from the seller's standpoint in consumer's favor. We assume that consumers identify probabilistic values for each of the three dimensions of cost, socio-emotion, and quality, and that their decisions are based on perceived total utility of each alternative.

In the case of a customer making a decision on a purchase, we claim that joint utility of functional and socio-emotional attributes and the cost attribute are mutually preferentially independent (Bunn 1984). Now, assume that a customer would like to decide among alternatives in the set A. Let v^i_1, v^i_2 and v^i_3 denote levels of functional, socio-emotional and cost attributes for alternative $i \in A$. For computational ease in the analysis of developed models, we assume that v^i_1, v^i_2 and v^i_3 are normalized such that $0 \leq v^i_j \leq 1$, $j = 1, 2, 3$; $i \in A$. Since we assume that cost is known with certainty, given a joint utility function for the functional and socio-emotional attributes, it is possible to express the total value function of the customer in the following additive form.

$$V(v_1, v_2, v_3) = \lambda U(v_1, v_2) + (1 - \lambda)v_3 \tag{1}$$

where λ is the weight for the joint utility of functional and socio-emotional attributes. Hence, to decide on the best alternative, one needs to calculate the joint utility for the functional and socio-emotional attributes, which are assumed to include uncertainty.

For the case where uncertainty is involved, mutual utility independence is needed for the assumption of additivity. Since it can be assumed that mutual utility independence holds between the functional and socio-emotional attributes, the following value function represents the value of a product for a customer (Keeney and Raiffa 1976):

$$V(v_1, v_2, v_3) = \lambda[k_1 U_1(v_1) + k_2 U_2(v_2) + (1 - k_1 - k_2)U_1(v_1)U_2(v_2)] + (1 - \lambda)v_3 \tag{2}$$

where $U_1(v_1)$ and $U_2(v_2)$ are the utility functions of the customer for the functional and socio-emotional attributes respectively, and the coefficients k_1 and k_2 are scaling constants unique to each customer. These values can be assessed exactly for k_1 by finding that value of probability which gives the certainty equivalent of an alternative that has v_1 at its best level and v_2 at its worst level, and vice versa for k_2. We will assume that these values are predetermined.

VALUE MAXIMIZATION AND OPTIMAL PRODUCT CONFIGURATION

Clearly, customers differ in the evaluation criteria they use in making decisions to purchase a product, as evident in the above value function. A manufacturer or a service provider would try to maximize this value function to have the customer decide on the alternative they offer. However, this maximization is constrained by several factors. The constraints affecting the decisions of the service provider and the customer are usually cost dependent. Hence, manufacturers or service providers seek to offer a product that achieves a certain level of profit while at the same time ensuring the maximum possible level of customer satisfaction. Using the value function developed above, we identify optimal attribute levels that maximize value for the customer, while ensuring that the service provider's profit is a predetermined percentage of the cost of the item. We try to approximate different customer attitudes towards risk by categorizing them into three groups based on utility theory since purchasing is a risk incurring activity from consumer's perspective. Risk can be defined as consumer's not getting what (s)he expected and paid for. The first group are risk neutral customers, who are usually satisfied with average level of expected service and who exhibit a linear utility function. The second group consists of risk-averse customers, who usually would place most value on assurances of good service and who exhibit a strictly concave utility function. Hence they are willing to pay more in order to ensure ultimate satisfaction. Finally, the last group consists of risk-prone customers, who can be described as those who are more likely to conduct risky transactions and who exhibit a strictly convex utility function. Our objective is to identify optimal service levels for the service provider, hence estimate the level that a customer will be satisfied with the product. Due to the aforementioned features of CDM process we suggest nonlinear mathematical models that can be solved to find these optimal values. Utility maximization models are used in various applications in the literature. For example, Bookbinder and Lynch (1997) propose a utility maximization model in physical distribution. However, to our knowledge, no such model exists to study general customer behavior. In addition, as opposed to typical utility models, our optimization model incorporates non-compensatory aspects of the decision making process of a customer.

Now, let α denote the cost for a service provider to increase the functional attribute level of a product by one unit up to a maximum level of f_{max}. Similarly assume that each unit of socio-economic value, up to a maximum level of s_{max}, costs β. These unit costs can be defined such that they include the markup percentage desired by the service provider over the actual cost of the product. If f and s represent the levels of functional and socio-emotional attributes for a product according to arbitrary scales, then the selling price c for an item would be $(\alpha f + \beta s)$. The value of the selling price determines the level of the cost attribute for a customer. Without loss of generality, we assume that $c_{max} = \alpha f_{max} + \beta s_{max}$ is the highest selling price for the product, which corresponds to the lowest level of the cost attribute. The highest level of the cost attribute is assumed to correspond to a selling price of 0. Furthermore, let l_i represent the minimum required level of attribute i, $i=1,2,3$ by the customer, where $0 \leq l_i \leq 1$. After normalization, the problem of maximizing value for a customer while ensuring a certain level of profit can be stated as follows:

$$\text{maximize } z = \lambda[k_1 U_1(v_1) + k_2 U_2(v_2) + (1 - k_1 - k_2)U_1(v_1)U_2(v_2)] + (1 - \lambda)v_3 \tag{3}$$

$$\text{s.t.} \quad \alpha f_{max} v_1 + \beta s_{max} v_2 = (\alpha f_{max} + \beta s_{max}) - (\alpha f_{max} + \beta s_{max})v_3 \tag{4}$$

$$l_i \le v_i \le 1 \quad \forall \quad i = 1, 2, 3 \tag{5}$$

where (4) ensures that the selling price of the item is equal to the desired profit plus the cost of the item. In addition, this constraint reflects the trade off between the selling price and the value for the customer. Constraints (5) state that the levels of the three attributes considered must be normalized, i.e. scaled so that they vary between 0 and 1, and that they do not fall below a certain required value. The latter is an implementation of the conjunctive rule in decision making. Additional constraints can be introduced as necessary to represent the decision making process of the customer. One such case may be when the customer requires that at least one product attribute should exceed a minimum level η, i.e. disjunctive rule. This situation can be modeled by introducing three binary variables δ_i, $i=1,2,3$ and adding the following constraints:

$$v_i - (2 - \eta)\delta_i \le \eta - 1 \quad \forall \quad i = 1, 2, 3 \tag{6}$$

$$v_i - (\eta - l_i)\delta_i \ge l_i \quad \forall \quad i = 1, 2, 3 \tag{7}$$

$$\delta_1 + \delta_2 + \delta_3 \ge 1 \tag{8}$$

A solution to the above nonlinear program corresponds to optimal levels of the three attributes for a specific customer type. Customer types are distinguished by the scaling constants k_1 and k_2, weight factor λ, and the utility functions for the functional and socio-emotional attributes. These factors are assumed to be predetermined. In the following sections, we consider three general types of customer behavior.

Risk Neutral Customers

A linear utility function such as $U(v) = v$ corresponds to a risk-neutral attitude. Assuming that the risk neutral assumption for a customer is valid both for functional and socio-emotional attributes, the nonlinear model (3)-(5) reduces to the form below. We assume the simplest case, where the customer has no lower limits for attribute levels, i.e. $l_i=0$, $i=1,2,3$. Letting $c_f=\alpha f_{max}$, $c_s= \beta s_{max}$ and $c_c=c_f+ c_s$, we have :

$$\text{maximize } z = \lambda[k_1 v_1 + k_2 v_2 + (1 - k_1 - k_2)v_1 v_2] + (1 - \lambda)v_3 \tag{9}$$

$$\text{s.t.} \quad c_f v_1 + c_s v_2 + c_c v_3 = c_c \tag{10}$$

$$0 \le v_i \le 1 \quad \forall \quad i = 1, 2, 3 \tag{11}$$

This model can be solved numerically without difficulty using any commercially available nonlinear solver package. However, analytical results are also possible to obtain since the problem is of relatively small size. One difficulty arises due to the objective function being neither convex nor concave. However locally optimal solutions can be obtained through the first order Karush-Kuhn-Tucker (hereafter KKT) conditions (Kuhn and Tucker 1951). Then, considering all possible combinations for the complementary slackness conditions, a globally optimal solution can be identified. This procedure results with the following analytical results for the above model with risk neutrality assumption:

Let $\quad v_1^o = \dfrac{(1 - \lambda)c_s - \lambda c_c k_2}{\lambda c_c (1 - k_1 - k_2)}, \quad$ if $0 \le \dfrac{(1 - \lambda)c_s - \lambda c_c k_2}{\lambda c_c (1 - k_1 - k_2)} \le 1$ and 0, otherwise

$v_2^o = \dfrac{(1 - \lambda)c_f - \lambda c_c k_1}{\lambda c_c (1 - k_1 - k_2)}, \quad$ if $0 \le \dfrac{(1 - \lambda)c_f - \lambda c_c k_1}{\lambda c_c (1 - k_1 - k_2)} \le 1$ and 0, otherwise ; and $v_3^0 = \dfrac{c_c - c_f v_1^o - c_s v_2^o}{c_c}$

If $\max\left\{\lambda k_1 + (1-\lambda)\dfrac{c_s}{c_c}; \lambda k_2 + (1-\lambda)\dfrac{c_f}{c_c}; \lambda; 1-\lambda; \lambda[k_1 v_1^o + k_2 v_2^o + (1 - k_1 - k_2)v_1^o v_2^o] + (1-\lambda)v_3^o\right\} = \lambda k_1 + (1-\lambda)\dfrac{c_f}{c_c}$, then

$$v_1 = 1 \quad , \quad v_2 = 0 \quad , \quad v_3 = \frac{c_s}{c_c} \tag{12}$$

If $\max\left\{\lambda k_1 + (1-\lambda)\dfrac{c_s}{c_c}; \lambda k_2 + (1-\lambda)\dfrac{c_f}{c_c}; \lambda; 1-\lambda; \lambda[k_1 v_1^o + k_2 v_2^o + (1 - k_1 - k_2)v_1^o v_2^o] + (1-\lambda)v_3^o\right\} = \lambda k_2 + (1-\lambda)\dfrac{c_s}{c_c}$, then

$$v_1 = 0 \quad , \quad v_2 = 1 \quad , \quad v_3 = \frac{c_f}{c_c} \tag{13}$$

If $\max\left\{\lambda k_1 + (1-\lambda)\dfrac{c_s}{c_c}; \lambda k_2 + (1-\lambda)\dfrac{c_f}{c_c}; \lambda; 1-\lambda; \lambda[k_1 v_1^o + k_2 v_2^o + (1-k_1-k_2)v_1^o v_2^o] + (1-\lambda)v_3^o\right\} = \lambda$, then

$$v_1 = 1 \quad , \quad v_2 = 1 \quad , \quad v_3 = 0 \qquad (14)$$

If $\max\left\{\lambda k_1 + (1-\lambda)\dfrac{c_s}{c_c}; \lambda k_2 + (1-\lambda)\dfrac{c_f}{c_c}; \lambda; 1-\lambda; \lambda[k_1 v_1^o + k_2 v_2^o + (1-k_1-k_2)v_1^o v_2^o] + (1-\lambda)v_3^o\right\} = 1-\lambda$, then

$$v_1 = 0 \quad , \quad v_2 = 0 \quad , \quad v_3 = 1 \qquad (15)$$

If

$$\max\left\{\lambda k_1 + (1-\lambda)\frac{c_s}{c_c}; \lambda k_2 + (1-\lambda)\frac{c_f}{c_c}; \lambda; 1-\lambda; \lambda[k_1 v_1^o + k_2 v_2^o + (1-k_1-k_2)v_1^o v_2^o] + (1-\lambda)v_3^o\right\} = \lambda[k_1 v_1^o + k_2 v_2^o + (1-k_1-k_2)v_1^o v_2^o] + (1-\lambda)v_3^o$$

then $\qquad\qquad\qquad\qquad v_1 = v_1^o \quad , \quad v_2 = v_2^o \quad , \quad v_3 = v_3^0 \qquad (16)$

It is interesting to note that, except in (16), the optimal configuration always has the functional and socio-emotional attributes at their highest or lowest levels. This result is intuitive for a multilinear objective function, since having the less expensive attribute at its highest level will have a more positive effect on the cost attribute. However, final attribute levels also depend on the values of other predetermined constants in the model. These analytical results assume that the customer does not have any required minimum levels for the attributes. As noted above, such requirements can be modeled easily by modifying the lower bounds for the attribute levels. However, even in situations where the above assumption is not valid, the model provides an upper bound on the value of the optimal product configuration for a customer.

Risk-averse Customers

When the attitude of a customer towards risk is risk averse, usually an exponential utility function is used to represent this behavior. This function has a risk tolerance component which is determined according to displayed tolerance levels by the decision maker. We assume a risk tolerance constant of 1, and use $U(v) = \dfrac{1-e^{-v}}{1-e^{-1}} = \dfrac{1-e^{-v}}{0.632}$ to model this risk attitude on both the functional and socio-emotional attributes. This utility function implies that v is scaled such that it is between 0 and 1. Letting $K = 1 - k_1 - k_2$, (3)-(5) reduces to the following form:

$$\text{maximize } z = \lambda[Ke^{-(v_1+v_2)} - (K + 0.632k_1)e^{-v_1} - (K + 0.632k_2)e^{-v_2}] + (1-\lambda)0.632^2 v_3 \qquad (17)$$

$$\text{s.t. } c_f v_1 + c_s v_2 + c_c v_3 = c_c \qquad (18)$$

$$0 \le v_i \le 1 \quad \forall \ i = 1, 2, 3 \qquad (19)$$

Note that the constants in (17) are omitted for compactness. Hence, the optimal objective function value of the above formulation will not give the optimal total value. However, this can easily be obtained by evaluating the general objective function at the optimal values. Non-concavity of the objective function of the above formulation again makes it difficult to obtain analytical results. KKT conditions can be used once more to identify and compare locally optimal solutions, but this is not an easy task due to the exponential utility and the existence of nonnegativity and upper bound constraints. In any case, the problem can be solved numerically without difficulty.

Risk-prone Customers

We again assume exponential utility to model risk prone behavior. The utility function used is $U(v) = \dfrac{1-e^{v}}{1-e^{1}} = \dfrac{1-e^{v}}{-1.718}$ .Then the solution to the following nonlinear program would provide optimal levels of functional, socio-emotional value and cost for a customer who is risk prone.

$$\text{maximize } z = \lambda[Ke^{(v_1+v_2)} - (K - 1.718k_1)e^{v_1} - (K - 1.718k_2)e^{v_2}] + (1-\lambda)1.718^2 v_3 \qquad (20)$$

s.t. $\quad c_f v_1 + c_s v_2 + c_c v_3 = c_c$ (21)

$0 \le v_i \le 1 \quad \forall \quad i = 1, 2, 3$ (22)

Similar difficulties arise in the analysis of the above problem. However, the structure of the objective function makes it possible to obtain some analytical results. These results can be summarized as follows:

If $\max\{\lambda[2.718k_1 + 2.718k_2 - 3.952] + 1.718^2; \lambda[2.718k_1 + 5.670k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_f}{c_c};$

$\quad \lambda[5.670k_1 + 2.718k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_s}{c_c}; \lambda[2.718k_1 + 2.718k_2 + 1.952]\} = \lambda[2.718k_1 + 2.718k_2 - 3.952] + 1.718^2$

then $\quad v_1 = 0 \quad, \quad v_2 = 0 \quad, \quad v_3 = 1$.

If $\max\{\lambda[2.718k_1 + 2.718k_2 - 3.952] + 1.718^2; \lambda[2.718k_1 + 5.670k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_f}{c_c};$

$\quad \lambda[5.670k_1 + 2.718k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_s}{c_c}; \lambda[2.718k_1 + 2.718k_2 + 1.952]\} = \lambda[2.718k_1 + 5.670k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_f}{c_c}$

then $\quad v_1 = 0 \quad, \quad v_2 = 1 \quad, \quad v_3 = \dfrac{c_f}{c_c}$

If $\max\{\lambda[2.718k_1 + 2.718k_2 - 3.952] + 1.718^2; \lambda[2.718k_1 + 5.670k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_f}{c_c};$

$\quad \lambda[5.670k_1 + 2.718k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_s}{c_c}; \lambda[2.718k_1 + 2.718k_2 + 1.952]\} = \lambda[5.670k_1 + 2.718k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_s}{c_c}$

then $\quad v_1 = 1 \quad, \quad v_2 = 0 \quad, \quad v_3 = \dfrac{c_s}{c_c}$.

If $\max\{\lambda[2.718k_1 + 2.718k_2 - 3.952] + 1.718^2; \lambda[2.718k_1 + 5.670k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_f}{c_c};$

$\quad \lambda[5.670k_1 + 2.718k_2 - 1] + (1-\lambda)1.718^2 \dfrac{c_s}{c_c}; \lambda[2.718k_1 + 2.718k_2 + 1.952]\} = \lambda[2.718k_1 + 2.718k_2 + 1.952]$

then $\quad v_1 = 1 \quad, \quad v_2 = 1 \quad, \quad v_3 = 0$.

Review of these results show that, for a risk-prone customer, maximum value is achieved by maximizing at least one of the attributes. The attribute(s) that need to be maximized depend on the scaling constants k_1 and k_2, weight factor λ, and the unit improvement costs. In the case of additional constraints, such as minimum required attribute levels, the solution to the above problem is an upper bound on the maximum value that can be achieved for a specific customer, which can serve as a guideline for the configuration of a product offered to that customer.

Discussion

The proposed model assumes that consumers try to maximize the utility of a product, which is a function of the cost, socio-emotional and functional attributes. Since each consumer has a unique utility function, only approximations based on generalization of behaviors is possible. Hence, the model assumes that it is determined in advance which general behavior category a customer falls in, and uses this to estimate the optimal product configuration for that customer. This model of customer values is useful when making a choice among various product models or brands in the same or similar product categories. Besides, present model can also be used in making comparisons between various product types such as a TV and a computer or a book and a desk. The alternatives do not necessarily have to be compared on the same attributes, but on the utility that consumers acquire through his/her decision making process. As long as consumers need to make a choice between two or more alternatives, the model can provide an overall value rating for each alternative. The important thing is that whether these alternatives are competing for the same share of consumer wallet, hence are perceived to be comparable by the consumer. We would argue that our model can be used in both limited and extended product choice.

As noted earlier, firms can also benefit from this model. The optimization models can be used to evaluate a firm's own products as well as to make comparisons between firm's products and competitors' products. These evaluations and comparisons let the firm gain insights on competitive advantage based on customer value.

Our model suffers from a few limitations; hence it can be falsified under the following circumstances. First, it cannot be applied to buying situations where our assumptions are not in effect such as impulse buying. We assumed that consumers would search for the highest customer value in their shopping. Secondly, consumers are under the influence of such factors as reference groups and family members. The current model does not take such influences into account. Similarly, the model is not valid when there is more than one decision-maker whose input should be considered unless these inputs are combined into one input. Third, we assumed that consumers have some information about the products that enables them to make a rational decision. If they have no information about the product attributes or the costs associated with the product purchase, that product

might be likely to be eliminated. In order to appreciate our model, a consumer should first search for the necessary information. We also assume that there is more than one alternative product and that consumers are customer value-oriented. Fourth, occasionally, salespeople influence consumers in their choice by giving ideas. Consumers also consider reference groups in making a choice. Our model does not explicitly take these effects into account, but consumers are allowed to reflect them in giving importance to product attributes. In addition, another limitation is that nonlinear structures of the optimization models result in computational complexity in case more than three attributes are incorporated in CDM process.

Future research could deal with how consumers prioritize their needs for different buying problems and scenarios. A second future research topic may be that our model could be empirically tested in various buying situations and in different contexts: Although our analytical model is more about purely deductive logic, our future goal is to establish an empirical research basis, which is the core requirement of the modern scientific method. Hence any testing activity consisting of written and/or electronic survey devices like consumer questionnaires will provide posteriori inductive reasoning in order to prove the robustness of our model given in the aforementioned falsification framework. Finally for CDM models comprising a complex decision making environment consisting of more than three attributes and/or more than one decision makers, internal mechanism of the process can be coped with a more powerful modeling technique such as the analytic hierarchy process of Saaty(1990).

Note: The term product is used interchangeably to mean both products and services.

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TOWARD A CONCEPTULATIZATION OF TECHNOLOGY-MEDIATED PERSONALIZATION (TMP)

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ABSTRACT

Many American companies now use information technology applications (e.g., database technologies, CRM solutions) to serve carefully chosen, smaller market segments, or even segments of one. They interact with customers with personalized emails, offer product customization on company websites, and attempt to learn customer preferences from previous service interactions.

Using information technology to personalize products and services is a marketing phenomenon that has not been conceptualized in extant service research. Personalization is facilitated by information technologies and implemented with little or nil involvement of frontline service employees. This new mode of service personalization is referred to as "technology-mediated personalization (TMP)", as opposed to employee-implemented personalization of products and services (e.g., Mittal and Lassar 1996; Surprenant and Solomon 1987).

In this paper, we contribute to extant service research by doing four things. 1) We introduce the notion of technology-mediated personalization (TMP); 2) We present evidence of TMP's practical and theoretical relevance; 3) We review three streams of literature and discuss how service technology literature, research on service encounter and personalization, and customer relationship management (CRM) discourse may possibly inform the study of TMP and 4) We also identify TMP-related knowledge gaps in the three streams, present future research questions, and propose a conceptual model of TMP effects on several key customer variables.

References available upon request

A STUDY OF SERVICE QUALITY, PERCEIVED RISK AND PERSONAL INNOVATIVENESS IN INTERNET BANKING

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ABSTRACT

Drawn from both the marketing literature and the information system adoption literature, the present study attempts to examine the roles of service quality, perceived risks and consumer innovativeness in Internet banking. Findings indicate that when innovativeness of consumers is high, the impact of service quality and perceived risk on intention to adopt self-service technology is insignificant. However, service quality has positive impact and perceived risk has negative impact when the innovativeness is either average or low.

INTRODUCTION

Self-service technology (SST), as especially those using the Internet technology, has transformed business models and helped to redefine firm-customer interaction. Through the provision of quality service via the use of self-service technologies, customers' experience could be enriched and their satisfaction could be maximized. Studies attempting to identify the dimensions or compositions of electronic service quality (e-SQ) have been increasing gradually in recent years (Lee and Lin, 2005; Zeithaml, Parasuraman and Malhotra, 2000). Nevertheless, scant research has identified the consequences and antecedents of service quality delivery in the SST environment as well as the impact of prominent moderators and mediators. Technology Readiness (TR) is one of the psychographics of online consumer that is worthy of investigation. Various research models have been proposed and TR has been postulated to have a positive association with both e-SQ and e-shopping behavior (Parasuraman, 2000; Zeithaml et al., 2002). Of technology readiness, personal innovativeness in the domain of information technology (PIIT) is postulated to be moderator of the relationship between perceptions about a new IT (such as relative advantage and compatibility) and the intention to use the new IT (Agarwal and Prasad, 1998). The constructs and research framework in both the marketing and information systems literature complement one another in explaining the effect of e-SQ and the intention to use online service. Both of them also highlight the moderating role of the innovativeness and technology readiness. However, as far as we know, no empirical research has been conducted to test the moderating impact. Another significant construct, perceived risk, which is very similar to the insecurity dimension in the TR concept, has been widely discussed as one major impediment of using online service. However, limited research has been conducted to investigate the role of perceived risk in relation to SQ and no research on its relationship with personal innovativeness.

By integrating the models proposed by Zeithaml et al. (2002) and Agarwal and Prasad (1998), the present study attempts to investigate how e-SQ, personal innovativeness, and perceived risk affect the intention to use internet banking. We have also investigated the moderating effect of consumer innovativeness in the relationship between e-SQ and purchase intention as well as in the relationship between perceived risk and purchase intention. Strategic implication is suggested to practitioners on how to design, promote and improve their SSTs.

RESEARCH FRAMEWORK

Figure 1 shows our research framework, together with the results. Because the innovativeness and the perceived risk dimension of TR are different in nature (the former one is a trait and the latter one is on perception of the technology), their effect on other constructs may be different and they may relate to one another. Thus, we treat them as two separate facets of TR.

Electronic Service Quality

E-SQ is defined broadly as the extent to which a Web site facilitates efficient and effective shopping, purchasing and delivery (Parasuraman, Zeithaml and Malhotra, 2005). In studying service quality delivery through Web sites, researchers put forward different arguments on the significant impact of various dimensions of SQ on purchase intention. For example, Research using BizRate data indicated that customer support is the key driver of intent to return (cf. Zeithaml et al., 2002). Using their measure of e-SQ, Wolfinbarger and Gilly (2002) found that Web site functionality and customer service are

strong predictors of purchase intentions. Lee and Lin (2005) have found that overall e-SQ positively influences customer's intention to purchase online. Consistent with Zeithaml et al.'s (2002) framework and the results from extant studies, it is hypothesized that:

H1: e-SQ will have a positive effect on intention to use Internet banking.

Perceived Risk

Perceptions of an innovation, for which perceived risk is one of them, have long been found to affect the adoption decision of online shopping and services (Forsythe and Shi, 2003; Roger, 1995). Compared with face-to-face commerce, the level of perceived risks increase on electronic commerce because consumers do not have the opportunity to touch and try out the product that they want to purchase (Tan, 1999). The consumer risk factors have been found to have negative impact on attitude towards Internet services in the context of on-line financial services (Montoya-Weiss et al., 2000) and Internet banking (Tan and Teo, 2000). Based on the literature review, we therefore hypothesize that:

H2: Perceived risk negatively influences customers' intent to use Internet banking.

Zeithaml et al. (2002) also argue that insecurity is negatively related to the perception of e-SQ. Perceived risk has been consistently identified as one of the important antecedents or dimensions of e-SQ (Wolfinbarger and Gilly, 2002; Yang et al., 2004). Consistent with the prediction of the Zeithaml et al.'s model and the empirical results, we hypothesize that:

H3: Perceived risk negatively influences service quality in the context of Internet banking.

TR is hypothesized to moderate the relationship between e-SQ and intention to adopt innovation (Zeithaml et al., 2002). However, the direction of the moderating effect is undetermined. We would argue that perceived risk will have a positive moderating effect, i.e., the higher the perceived risk, the stronger the relationship between e-SQ and intention to use internet banking. In terms of reaching the same level of intention to use Internet banking, a consumer with a higher risk perception will demand a better service quality to offset its effect when compared to a consumer with lower risk perception. Thus, we hypothesize that:

H4: Perceived risk positively moderates the relationship between e-SQ and intention to use internet banking.

Personal Innovativeness in the Domain of Information Technology

In the model of Agarwal and Prasad (1998), PIIT has direct impact on the intent to use new IT. A study conducted by Goldsmith (2002) on online shopping concluded that Internet Innovativeness has a significant positive relationship with intention and usage of online shopping. Findings from Schillewaert (2005) indicated that salepersons' PIIT has significant impact on the adoption of new sale automation technology and the perception of the ease of use of the technology. Thus, we hypothesize that:

H5: PIIT will have a positive effect on the intention to use Internet banking.

Zeithaml et al. (2002)'s framework also predicted that customers' TR has a positive impact on their perception of e-SQ. As reported in Zeithaml et al. (2002), one proprietary study has found a positive relationship between TR and ISP's service quality. In a study of the sources of influence on beliefs or perception (ease of use and usefulness) about the use of information technology, it was argued, based on Agarwal and Prasad (1998)'s study, that individual with higher PIIT are expected to develop more positive beliefs about the target technology and this postulation has gained empirical support (Lewis, Agarwal and Sambamurthy, 2003). It was found that PIIT has significant positive impact on both ease of use and usefulness. As e-SQ can be viewed as perceptions of a new technology, we thus hypothesize that:

H6: PIIT will have a positive effect on the perceived e-SQ of Internet banking

Both the works of Zeithaml et al. (2002) and Agarwal and Prasad (1998) predict that PIIT moderates the relationship between e-SQ and intention to use internet banking. In Agarwal and Prasad's study, PIIT has been found to have a positive moderating effect on the relationship between compatibility and intention to use WWW, as well as compatibility and the use of a sale automation system. Nevertheless, the moderating direction is undetermined in Zeithaml et al.'s model.

We would argue that because more innovative customers can cope with higher level of uncertainty, they will be less intimidated by difficulties encountered in using the Internet banking than less innovative customers. Therefore, an innovative customer is more likely to use Internet banking even though they might expect a lower level of e-SQ. In other words, regardless of the level of e-SQ (to a certain extent), a more innovative customer will be more willing to try out Internet banking. It implies that the relationship between e-SQ and intention to use Internet banking is stronger for less innovative customer. We thus hypothesize that:

H7: PIIT negatively moderates the relationship between e-SQ and intention to use internet banking.

Similar argument can be applied to the moderating effect of PIIT on the relationship between perceived risk and intention to use internet banking. As people who are high in PIIT can cope with higher level of uncertainty and are more willing to take risk, so for the same level of perceived risk, the innovator should be more willing to use the internet banking than the less innovative customers. As perceived risk is negatively related to the intention to use internet banking, it is thus hypothesized that:

H8: PIIT positively moderates the relationship between perceived risk and intention to use internet banking.

METHODOLOGY

Compared with other developing countries of the same scale, China has shown significant growth in the information technology that, in turn, facilitates the development of electronic commerce (E-commerce). Due to the severe competition in the financial industry in China, Internet banking is widely acknowledged as a crucial way to win competitive edge (Yuan, 2003). Thus, it is fruitful to test our research framework in China to advance understanding of facilitating factors in the use of Internet banking and SSTs.

A total of three hundred and twenty six questionnaires were collected through mall-intercept interview in Beijing, the capital of China, by three experienced researchers in the autumn time. The choice of the period was due to the fact that it was away from any big and significant festivals. Two hundred and seventy-nine questionnaires were usable after removing those questionnaires that had missing values. Fifty five percent of the respondents were female. Seventy four percent aged between 20 to 35. All respondents were non users of Internet banking but had experience in using the Web. Over eighty percent had over one year Internet experience. Four items measuring overall expected electronic service quality and the criterion variable, 3-item intention to use, was adopted from Dabholkar (1996). A 6-item risk scale was developed based on previous studies to measure various aspects of risk in Internet banking (Hoffman et al., 1999; Ratnasingam, 2002). Personal innovativeness with technology was measured using Agarwal and Prasad (1998). Five-point Likert-scale ranging from strongly agree to strongly disagree was used for all the scales except overall e-SQ scale. In terms of overall e-SQ scale, semantic differential scale was adopted.

RESULTS AND ANALYSIS

Discriminant and convergent validity of the scales was assessed using factor analysis. The 17 items measuring the four constructs in the research model were subjected to principal component factor analysis and varimax rotation. Eigenvalues and Scree plot were used to determine the number of factors to be extracted. A four-factor structure was suggested using the criteria of an eigenvalue greater than 1, and the extracted factors account for 71.4% of the total variance. All items loaded onto the expected factors as they were originally designed. One item in perceived risk scale had cross-loading, thus it was removed. Factor loading of the remaining items were all higher than 0.7 on its own factors and each item loaded much higher on its associated construct than on any other construct. This supported the discriminant and convergent validity of the measurement. Cronbach's alphas were used to assess the internal consistency reliability of the scales extracted. The reliability coefficients ranged from .82 to .88, which was significantly higher than the acceptable level of .7 for this kind of study (Nunnally and Bernstein, 1994, p.265).

Moderated regression (Sharma et al., 1981) was used to test the effect of the determinants of Intention to Use Internet banking. Three regression equations were tested. The first regression contained only the e-SQ variable as independent variable. The moderators, perceived risk and PIIT, were introduced in the second, so that their main effect can be examined at this step. Finally, the interaction terms, were added in the third regression. If PIIT or perceived risk is pure moderator, then its main effect (in second regression) should be insignificant and the interaction term (in the third regression) should be

significant. If both main effect and interaction term are significant, then the independent variable is a quasi moderator. The results are summarized in Table 1 and Figure 1. As shown in Table 1, perceived risk (b=-0.236, p< 0.01) has a significant negative effect on e-SQ, while PIIT (b=0.439, p< 0.001) has a significant positive effect on e-SQ. PIIT is a quasi moderator as its main effect and the interaction terms are both significant. As shown, the main effect of PIIT is highly significant (b = .380, p < 0.00), such that intention of use internet banking is higher when a person is more innovative. The main effects of service quality (b = .237, p< 0.01) and perceived risk (b = -.173, p < 0.04) on intention to use internet banking are also significant. However, perceived risk does not moderate the effect of service quality on intention to use. On the other hand, PIIT moderates the strength of the impact of service quality on intention to use internet banking (b = -.138, p < 0.039) and perceived risk on the intention to use internet banking (b = .180, p < 0.002). Therefore, all hypotheses are supported except H4.

As PIIT moderates the relationship, further probing of the relationship will be informative. In general, the higher the innovativeness, the lower is the positive impact of service quality on intention to use internet banking. Moreover, the higher the innovativeness, the lower is the negative impact of perceived risk on the intention to use internet banking. Using the method suggested by Aiken and West (1991), three regressions were constructed by using the value of PIIT at its mean (average innovativeness), one standard deviation above the mean (high innovativeness) and one standard deviation below the mean (low innovativeness). As shown in Table 2, when the innovativeness of the consumers is high, the impact of service quality and perceived risk on intention to use internet banking is not significant. On the other hand, service quality has a positive impact and perceived risk has a negative impact on intention to use internet banking when the innovativeness is either average or low. The relationship for the low innovativeness is stronger than the average innovativeness.

CONCLUSION, LIMITATIONS AND IMPLICATIONS

Drawn from the marketing literature and the information system adoption literature, the study attempts to further the understanding of the complex relationships amongst e-SQ, personal innovativeness, perceived risk, and intention to use internet banking in a rapidly developing market, China.. Findings indicate that service quality, perceived risk and innovativeness have direct impact upon technology adoption intention. This is consistent with previous studies. Perceived risk is found to be an antecedent of e-SQ but not a moderator in the relationship between e-SQ and intention to adopt SSTs. A major contribution of the study is that it calls for the attention of the moderating role of innovativeness on SQ and perceived risk. Highly innovative consumers are normally risk-takers and are willing to try on new technology. Therefore, perceived risk and quality service may have greater influence upon SST adoption for the less innovativeness customers. Therefore, if the target customers are less innovative, it is important to provide high quality of online service and a transaction environment that is perceived to be safe. Practitioners may focus marketing strategies on target innovative consumers. They could identify their expectations and needs, cross-sell different services and provide delightful experience to them. Their positive word of mouth can encourage more consumption from the less innovative consumers.

One major limitation of the study is that it was conducted in one key city. The study should be replicated in other regions of the country. Second, there is limited generalizability to other contexts because we conducted the research within one organizational context. Additional studies in more diverse industries with other consumer groups are warranted. TR model encompasses a number of prominent variables and we only employ the constructs of innovativeness and insecurity. Other variables, such as optimism and discomfort, could be explored to investigate their roles and relationship with e-shopping behavior in the Asian context. Furthermore, extant literature has examined the psychometric property of electronic service quality. Impact of individual dimensions of e-SQ on insecurity, technology readiness and purchase intention behavior could be explored in the electronic environment. Finally, additional research could extend the study of factors that might impact the purchase intension, such as perceived importance of using electronic technology, promotion of the technology and personal economic conditions.

Table 1
Results of Moderated Multiple Regression for the Intention to Use Internet Banking

Variable	Regression 1	Regression 2	Regression 3
Intercept	3.162*	3.162*	3.173*
e-SQ	0.473*	0.294*	0.237*
PIIT		0.318*	0.380*
Perceived Risk		-0.196*	-0.173*
PIIT × e-SQ			-0.138*
Perceived Risk × e-SQ			-1.496E-03
PIIT × Perceived Risk			0.180*
F	51.405*	26.753*	16.864*
R^2	0.138*	0.201*	0.242*
Change in R^2	0.138*	0.063*	0.041*

* $p < 0.05$

Table 2
Regression of Intention to Use Internet Banking on Service Quality and Perceived Risk at Different Level of PIIT

	Level of Innovativeness		
	High	Average	Low
Service Quality	0.127	0.237**	0.348**
Perceived Risk	-0.029	-0.173**	-0.317**

** $p < 0.01$

Figure 1
Research Model with Regression Result
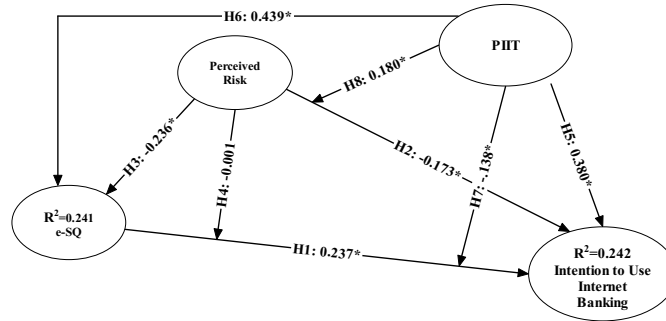
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BUILDING CUSTOMER CAPITAL THROUGH KNOWLEDGE MANAGEMENT PROCESSES IN THE HEALTHCARE CONTEXT

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ABSTRACT

In a dynamic knowledge economy, sources for companies' competitive advantages are mainly in the realm of intangibles, such as intelligence, flexibility and innovativeness of people. The concept of intellectual capital attempts to capture more than mere physical assets or financial capital of a managed system but to reflect a concerted effort in the system to account for all and to effectively manage the intangible ones. Customer capital, as an essential part of intellectual capital, is the value embedded in the marketing channels and customer relationship with the organization. In the healthcare sector, consumers are becoming the driving force to the innovation of healthcare delivery in the knowledge economy. Patients have transformed from passive care receivers to consumers who take an active role in their care based on choice and information that are available to them. When strategizing for the future, market assessment from the customers' perspective has become pivotal. This research aims to discern how healthcare providers are able to capitalize on the knowledge management infrastructure and processes to enhance organizational learning and in turn their consumer capital.

This study adopts the case study method to explore the topics of interest. A case study enables the researchers to obtain in-depth qualitative data that explain complex relationships, such as intangible assets. The authors studied a well-recognized Taiwan-based Hospital F (H-F) with the aim of discerning a success model from their experience. A series of semi-structured interviews were conducted spanning from early 2004 to early 2005. Guided questions include the characteristics of top management team, processes of establishing the infrastructure for creating, sharing and storing of advanced surgery technology and knowledge in general, internal learning climate, and customer behaviors. A total of seven interviews were conducted at H-F, including Hospital Director, Surgery Department Chief, Nurse Specialist, Chief Nurse, Ward Nurse, Director of Human Resource Department, and Director of Pharmacy Department. Most of the interviews were tape recorded with the permission for data analysis.

Based on the concept of intellectual capital mainly containing human capital, structural capital and social capital, this study adopted a more focused viewpoint examining the relationship among TMT human capital, market-based organizational learning and knowledge management process (partial structural capital) and customer capital (partial social capital). Both literature review and case study findings indicate the pivotal role that the top management team plays in cultivating an organizational learning orientation, which leads to enhancement of customer capital. The findings also suggest that knowledge management processes moderates both paths. Accordingly, the study proposes research propositions for future empirical tests in the healthcare sector.

Due to its exploratory nature, this study should further examined 1) the relationships between the TMT aspect of human capital, knowledge management process of the structural capital, and customer capital need to be empirically tested; 2) there should be more case hospital to be contrasted and compared in order to enhance validity to the propositions; 3) other important elements of the construct of intellectual capital should be considered in order to provide a holistic understanding of the intangible asset and hence develop metrics for adequately reflect the success factors for any healthcare provider. In addition, healthcare is a unique industry due to its knowledge and power disparity between and the buyers and the sellers. Broadening the scope of the contextual issues (e.g. diversity or disease states) and stakeholders (e.g. patients, advocates, or associates) for empirical testing should be beneficial in building a framework that will shed lights on how to design efficient and encompassing healthcare delivery.

References available upon request

COLLEGE STUDENTS GO MOBILE: AN AGE DIFFERENCE IN MOBILE SERVICE LOYALTY DECISIONS

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ABSTRACT

This study focuses on age differences in quality perceptions of mobile services and its effect on perceived value, satisfaction, and loyalty. College students and an older consumer group are compared. The results show significant differences between the two age groups in perceptions of service quality and their effects on perceived value, satisfaction, and loyalty.

INTRODUCTION

The main interest of this study lies in age differences in perceptions of service quality and their effects on perceived value, satisfaction and loyalty decisions. The usage of mobile devices for both communication and entertainment purposes has increased dramatically in the recent years. Although voice calls dominate mobile usage in the U.S., usage of other services such as, music and games downloads for entertainment purposes, has increased noticeably (Shim and Shim 2003). One of the important consumer segments is the younger generation who spend more on mobile phones and services than any other age group. For example, by the end of the 2003, about 104 million young people (representing 44 per cent of the total population in these markets) were spending about USD 11 billion just on Short Message Service (SMS) applications and mobile emails (Oliva 2003).

Despite the importance of young consumers in the mobile sector, there has been little research that focuses on perceptions of mobile services among the young generation in the U.S. In order to provide more insightful implications for mobile service providers, this study compares determinants of mobile loyalty decisions across two different age groups, namely, college students and older consumers. College students represent a powerful spending group as they have a significant amount of disposable income (Zollo 1995). This market segment is already a huge user of mobile services in major European and Asian countries and is rapidly expanding in the U.S. College students are heavy users of mobile data services, which generate a big profit for mobile carriers. For example, in the U.S., college students are out-numbering all other age groups in mobile content consumption with 77% of them owning a mobile phone and 60 to 70% using their mobile phones for text messaging and playing games (Students Go Mobile 2005). The findings of this study are expected to provide implications for mobile service providers to develop effective marketing strategies targeting different age segments.

THEORETICAL BACKGROUND

Figure 1 provides the theoretical framework for this study. Loyalty refers to a consumers' commitment to repurchase a preferred product or service consistently in the future (Oliver 1980). Quality, value and satisfaction have been recognized as important antecedents of customers' loyalty intention (e.g., Cronin, Brady, and Hult 2000). This section presents the conceptualization of service quality and perceived value in the context of mobile services.

Service Quality

Service quality, defined as overall excellence or superiority that consumers perceive from a service, has two distinct dimensions – technical and functional quality (Grönroos 1984). Technical service quality is the outcome that consumers obtain as a result of an interaction with the service provider. Functional service quality is determined by how the service provider delivers the service. Based on the literature, this study identifies four distinct attributes of mobile service – network quality, data services, billing system, and customer service quality (Zeithaml 1988**)**. Network quality and data services reflect technical service quality, while billing system and customer service quality reflect functional service quality.

Perceived Value

Value refers to that which consumers seek when deciding where to shop or what to purchase. In recognition of the importance of affective responses in consumers' consumption experience, this study identifies perceived value as both economic and emotional value. Economic value refers to perceived monetary costs in comparison to other service providers. Emotional value relates to utility derived from the feelings or affective states that a service provider engenders (Sweeney and Soutar 2001).

HYPOTHESIS DEVELOPMENT

Direct and indirect effects of quality, value, and satisfaction on loyalty have been well established by the literature (e.g., Anderson and Srinivasan 2003; McDougall and Levesque 2000; Zins 2001). In brief, a hierarchical relationship of quality-value-satisfaction-behavioral intention can be supported by a psychological model of cognition (quality) – affect (satisfaction) – behavior hierarchy in the expectancy-value theory (Olsen 2002). Thus, this study does not develop formal hypotheses for these relationships. Instead, this study focuses on age differences in the effect of perceived service quality on perceived value, satisfaction, and loyalty intention.

Age Difference in Mobile Service Perception

Young people appear to be more favorable towards technology when compared to older age groups (Bigne, Ruiz, and Sanz 2005). This segment of the population perceives both hedonistic and utilitarian motives for using mobile phones and considers them as a source of information, communication and entertainment. They are also emotionally attached to their mobile phones as it is an important means to stay in touch with their friends (Pagani 2004). While current college students grew up with mobile phones, the older consumer group has been introduced to mobile phones relatively late in their life. For this reason, college students appear to be more accustomed to using mobile phones than older age consumers. Hence, in this study, we propose that college students who represent the young consumer segment will be significantly different from older age group consumers in their mobile service perceptions. Also, college students will perceive greater emotional value toward mobile phones and services than older age consumers. Thus,

H1: The effect of each service attribute on perceived value will be significantly different between college students and older consumers

H2: The effect of emotional value on satisfaction will be greater for college students than for older consumers

METHODS

Sample and Data Collection

Data were collected from two different groups - college students and older consumer group. For both groups, respondents were limited to those who use mobile services for a personal purpose. The data for college students (n=165) were collected from a convenience sample at a large Southern University in the U.S. The data for the older age group (n = 208) were collected using a web-based survey. Using a large list of mobile subscribers maintained by an online marketing research firm, a probabilistic sampling was used for older age group consumers.

Measures

The questionnaire included information regarding respondents' mobile service usage (i.e., subscribed carriers, monthly expenditure on mobile service), perceived quality of mobile service, perceived value, the level of satisfaction, loyalty and demographic information such as, age and gender. Scale items for service quality were developed from industry reports as well as the literature; items for, perceived value, satisfaction and loyalty were adopted from the literature (e.g., Anderson and Srinivasan 2003; Sweeney and Soutar 2001; Yang and Peterson 2004).

RESULTS

Factor Analysis

Exploratory Factor Analysis (EFA) with varimax rotation identified four factors for mobile service quality and two factors for perceived value. Factor loadings of each item were greater than the minimum loading criterion of 0.40 (Nunnally and Bernstein 1994). Based on the results of EFA, the dimensionality of mobile service attributes was reconfirmed by Confirmatory Factor Analysis (CFA) using AMOS 5.0. Items with low reliabilities ($R^2 < 0.60$) were excluded in further analyses. Further, the scale items demonstrated acceptable levels of convergent and discriminant validity.

Data Analysis

A three-step analytical procedure using Structural Equation Modeling (SEM) was performed in order to test the proposed research model (Laroche, Teng, Michon, and Chebat 2005). The first step was to establish separate baseline models for the

two groups. Since the baseline models fitted well for both groups, we introduced additional levels of constraints: one for the measurement portion and one for the structural part. To test for metric equivalence, we employed the method of multiple-group analysis using AMOS 5.0 (Byrne 2004).

Baseline Models. College students and older age consumer groups were used as starting points to create and analyze the baseline models. The fit indices for the baseline models were above the cut-off values for both the groups (Byrne 2004). The results of the baseline models were re-confirmed across both the groups by employing the multi-group SEM model.

Measurement Model. In order to assess the metric equivalency of the constructs in the two groups, a measurement model was fitted. A more stringent test of the proposed model would hold the elements of the measurement model equal across the two groups. The results of the measurement model showed a good fit (χ^2/df – 1.678; CFI – 0.95, RMSEA – 0.05). This indicates that the items comprising technical and functional service quality, perceived value, satisfaction and loyalty are statistically the same for both groups.

Structural Models. As the final level of analysis, additional constraints were added to test the equality of the structural parameters. In this last test of invariance, all the structural relationships were as obtained in the baseline models. The results indicate a good fit (χ^2/df – 1311.74/807; CFI – 0.95, RMSEA – 0.04). Table 1 provides the un-standardized coefficients for the paths in the research model for older consumers and college students.

In order to see if the paths in the model are significantly different for both the groups, the path coefficients were constrained to be equal across the two groups and this constrained model was compared with a freely estimated model. H1 hypothesized that the effects of different dimensions of service quality on perceived value to be different for the two groups. The invariance testing showed that there was a significant difference between the two groups for the paths between network quality and economic value ($\beta_{college\ students}$ – 0.458, $\beta_{older\ consumers}$ – 0.175); data services and economic value ($\beta_{college\ students}$ – 0.034, $\beta_{older\ consumers}$ – 0.258). Hence, H1 was supported. H2 hypothesized that the relationship between emotional value and satisfaction will be greater for college students than older consumers. The invariance testing showed that there was a significant difference between the two groups for the path between emotional value and satisfaction ($\beta_{college\ students}$ – 0.594, $\beta_{older\ consumers}$ – 0.398). Hence H2 is supported.

DISCUSSION

Findings from this study provide information pertaining to effects of each quality dimension of mobile services on perceived value, satisfaction and loyalty. The results from college students indicate that network quality is positively related to both economic and emotional value. College students use mobile phones mainly to maintain peer relations. When college students believe that the network quality of their mobile service provider is good, this is expected to increase their perceived economic and emotional value thereby leading to satisfaction and hence loyalty. In the case of college students, billing services was significantly related to both perceived economic and emotional value but customer service quality did not have any relationship with perceived value. A possible explanation for the non-significant relationship between customer service quality and perceived value could be that the consumers surveyed had not experienced any kind of problems with their services. Hence, they may not be aware of the level of customer service quality provided by their service providers. The same reasoning could be extended to older consumers who had an insignificant relationship between functional service quality and perceived value.

Findings regarding the effect of the perceived quality of data services are interesting. Based on the fact that college students are the main user group of mobile data services (e.g., text messaging services, music downloads), perceived quality of data services was expected to have a positive impact on perceived value for this group. On the contrary, data services were not a significant contributor to both economic and emotional value for college students. One possible explanation lies in the elimination of certain scale items for data services in the final analysis (e.g., SMS, Multimedia Message Service, Ring tones). These items were dropped because of low factor loadings, but they are the most popular data services used by college students. Hence, the items used to capture the construct of data services might not represent the actual services used by college students.

The invariance testing shows that network quality has a greater effect on economic value for college students than older age consumers. This is acceptable based on the reasoning that college students use mobile phones mainly for staying in touch with friends and hence they perceive a greater value for money than the older age consumers. Contrary to our expectations, data services had a greater effect on economic value for older age consumers than college students. As mentioned above, this

could be due to the dropping of several items from this construct. Finally, as per our expectation, emotional value had a greater effect on satisfaction for college students than older age consumers. Previous studies that used the quality-value chain model tended to focus on perceived monetary value in research models. However, results of this study show that perceived emotional value is an important predictor of satisfaction in the context of mobile services, highlighting the importance of affect in consumer research.

MANEGERIAL IMPLICATIONS

Young consumers of today will constitute the main economic stream in the coming years when more advanced mobile technology becomes an essential part of consumers' life. Hence, mobile carriers need to pay attention to the youth market, and try to keep them satisfied and loyal. The results of this study provide helpful implications to mobile service marketers. For college students, perceived emotional value is an important determinant of satisfaction. The finding suggests that marketers need to consider young consumers' emotional responses when marketing their mobile services. In general, findings of this study indicate that college students have different perceptions of mobile service attributes than older age consumers. Therefore, mobile marketers need to forego their 'one-service-fits-all' attitude and focus on developing strategies based on the age of their consumers.

LIMITATIONS

There are some limitations to this study which could be avoided in further studies. This study surveyed college students to investigate young consumers' perceptions of mobile service quality. Sampling of this study, however, may not be generalized to general young consumers. Therefore, future research is suggested to extend a study sample to general young consumers. Also, a pen-and-paper survey was administered for college students whereas a web-based survey was administered for older age consumers. This difference in survey technique for the two groups could have caused some variation in the results.

FIGURE 1 The Research Model
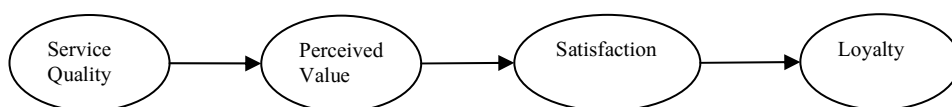
TABLE 1 Unstandardized Regression Coefficients for the Research Model across College Students and Older Age Group Consumers

Paths	College Students	Older Consumers
	$\beta_{College\ Students}$	$\beta_{Older\ Consumers}$
Network Quality → Emotional Value	0.538^{***}	0.357^{**}
Network Quality → Economic Value	0.458^{***}	$0.175^{n.s}$
Data Services → Emotional Value	$0.034^{n.s}$	0.240^{***}
Data Services → Economic Value	$0.032^{n.s}$	0.258^{***}
Billing Service → Economic Value	0.418^{**}	$0.187^{n.s}$
Billing Service → Emotional Value	0.387^{**}	$0.162^{n.s}$
Customer Service Quality → Economic Value	$0.001^{n.s}$	$0.081^{n.s}$
Customer Service Quality → Emotional Value	$0.221^{n.s}$	$0.085^{n.s}$
Economic Value → Satisfaction	0.229^{**}	0.393^{**}
Emotional Value → Satisfaction	0.594^{***}	0.398^{**}
Satisfaction → Loyalty	1.030^{***}	0.872^{***}

n.s. Not Significant   ** Significant at p<0.05   *** Significant at p<0.01

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PRESSURE REDUCTION PRESSURE AND TRUSTING RELATIONS

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ABSTRACT

Manufacturer price reduction pressure on suppliers is an important contributor to helping a manufacturer maintain a strong competitive position by keeping costs low. The benefits of trusting supplier working relations also help strengthen a manufacturer's competitive position. The purpose of this study is to determine if manufacturer price reduction pressure and trusting working relations with the pressured suppliers, typically considered to be mutually exclusive, can co-exist. A structural equation modeling approach was used to analyze data, gathered via a mail survey, covering 946 production buying situations involving 279 Tier 1 suppliers and the six major automotive OEMs in the North American automotive industry; Chrysler, Ford, General Motors, Honda, Nissan, and Toyota.

The research found that manufacturer price reduction pressure and trusting working relations with the pressured suppliers are not mutually exclusive, they can co-exist. The study established that it is not the pressure that impacts the manufacturer – supplier relations, but rather it is the manner by which the manufacturer goes about pressuring its suppliers that impacts the manufacturer's supplier working relations. The research, however, does not directly address how a manufacturer can achieve both ends simultaneously. Nonetheless, the outcome of the study is of particular importance to manufacturers for it has found that manufacturers do not have to choose between exerting price reduction pressures on suppliers or working to achieve trusting suppliers relations. Manufacturers can successfully do both. At the same time, suppliers must recognize that when providing goods and services to more enlightened manufacturing customers, they may experience these conditions and when these conditions are applied simultaneously ultimately both they and their manufacturing customer will benefit.

This research adds to the critically under researched B2B pricing processes and pricing impact areas, while helping to influence managerial actions, an area in which academic B2B research is considered to be lacking.

THE IMPACT OF SERVICE QUALITY, RELATIONSHIP SATISFACTION, TRUST AND COMMITMENT ON LOYALTY: AN EMPIRICAL INVESTIGATION IN A BUSINESS-TO-BUSINESS SERVICES CONTEXT

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ABSTRACT

Drawing on relationship marketing literature, the authors empirically test a model of business loyalty in a sample of 234 advertising agencies' clients, integrating the concepts of service quality, relationship satisfaction, trust and commitment. The study builds on recent advances in services marketing theory assessing the relationships underlying the identified constructs in the advertising industry. The results demonstrated a clear pattern of service quality dimensions following the Grönroos conceptualisation and a number of other important findings including the empirical verification of the mediating role of overall relationship satisfaction in the formation of loyalty attributes. The research instrument is a questionnaire containing 26 items. The measuring scale used was a 10-point Likert scale from 1 (completely unsatisfied) to 10 (completely satisfied) with items evaluating the following constructs: global relationship satisfaction, communication, delivery service, administrative service, commercial service, trust, commitment, and loyalty.

The research instrument has been administered by an international consulting firm on a sample of 234 industrial clients of advertising agencies. These industrial clients were companies that buy advertising services including all different media, having a relationship with an advertising agency in all sorts of media including internet applications. The procedure followed for data treatment and analysis considered a first exploratory factor analysis where the authors verified that service quality indicators fall under the dimensions theoretically proposed: *functional ('how') dimension* (communication, delivery service, administrative service, and commercial service) and *technical ('what') dimension* (advertising). Second, confirmatory factor analysis was conducted on the indicators for the eight latent constructs. After refinement, a final CFA model was estimated that demonstrated good measurement properties. Third, the relative impacts of the different dimensions of service quality on relationship satisfaction, trust, commitment and loyalty were then investigated.

As hypothesized, the service quality dimensions had a significant effect on relationship satisfaction. More specifically, one can observe that technical quality (advertising) has a greater impact on relationship satisfaction than functional quality (commercial service, communication, delivery service, and administrative service). While commercial service has a significant effect on relationship satisfaction, the effect of communication, delivery service and administrative service on relationship is indirect, indicating that the effect is mediated through commercial service. The impact of trust and commitment is verified as well. Trust and commitment have a greater impact on loyalty than does relationship satisfaction, with the variation explained by the structural relationships between relationship satisfaction, trust and commitment, and business loyalty being 60 per cent, while the variation explained only by relationship satisfaction is 30 per cent. Trust was found to have a strong, significant and positive impact on satisfaction. Focusing on the indirect impact of communication, delivery service and administrative service on relationship satisfaction, one can conclude that the effect of this constructs is mediated through commercial service. To demonstrate that commercial service completely mediates the effect of communication, delivery and administrative service on relationship satisfaction it was necessary to demonstrate that value has a significant bi-variate relationship with relationship satisfaction, and this effect is non-significant when these constructs are linked to relationship satisfaction through commercial service (Baron and Kenny, 1986). The results confirm the mediating role of commercial service. The development and sustainability of loyalty especially in business to business settings remains increasingly difficult to achieve. It remains still unclear, what are the determinants of customer loyalty underlying relational exchanges in a business environment. We believe that this study contributes to relationship marketing literature in three different ways. First, we integrate in a business loyalty model the concepts of service/product quality, relationship satisfaction, trust and commitment. Second, our study demonstrates the benefits from investing in relationships on the bases of trust and commitment by assessing the impact of relationship quality and its determinants on business loyalty. Third, this study is a first attempt to provide empirical evidence concerning the role of relationship satisfaction as a mediating variable between the constructs of service/product quality and business loyalty.

CUSTOMER-ORIENTED SELECTION AND PRICING OF SUPPLEMENTARY SERVICES IN BUSINESS MARKETS

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ABSTRACT

Increasingly, industrial sellers offer supplementary services to their core product. Generally, the problem occurs of choosing the right services, setting prices and making the decision whether to bundle the product with the services. We present a conjoint approach to support the managerial decision process by measuring the WTP for respectively the bundle, and the separate bundle elements.

INTRODUCTION

Customers in business markets increasingly believe that due to total quality management the quality of products does not differ significantly between suppliers. Due to an increasing homogeneity of product quality, industrial sellers have the problem of remaining competitive. Customers expect that suppliers offer added values to their product mainly in the form of supplementary services (Anderson and Narus 2004). Consequently, more and more companies offer services like maintenance services, extended service warranties etc. and bundle them with their core product. By adding benefits for the customer to the core product they aim to capture surplus that cannot be extracted by concentrating on selling the core product. Furthermore, supplementary services are often used as a means of building relationships with customers (Kleinaltenkamp et al. 2004).

When deciding to offer additional services, managers are confronted with two important questions:

(1) Which services should we offer?

(2) Should we bundle the services with our core product or should we offer them separately?

Although these questions appear to be simple, in reality business companies often just "add layer upon layer of services to their market offering at prices that reflect neither customer value nor their own costs, in the hope of keeping customers satisfied and gaining some competitive advantage" (Anderson and Narus 2004, p. 183).

In our minds, companies should tackle this decision problem more systematically. A customer-oriented concept which could help them answer both questions may be the willingness to pay (WTP) of customers. WTP is defined as the maximum price a customer is willing to pay for a certain amount of respectively goods or services (Backhaus et al. 2005): Firstly, the WTP can help companies with the decision of which services to select. They should only offer those services for which customers actually have a WTP. Secondly, the WTP is a means of making right pricing decisions as it captures the customer's perception of the value of a service. Demand curves which can be calculated out of individual WTPs can then be used to find the profit maximizing price for the bundle. Thirdly, the WTP indicates whether the supplementary services should be priced separately or in combination with the core product. Generally speaking, if the WTP for the bundle exceeds the sum of WTPs for the separate products, then products and services should be priced together. However, if the WTP for the bundle is lower a separate pricing or a mixed bundling strategy may be favorable.

The problem business companies are confronted with is then how to measure the WTP of customers. In the marketing literature, a broad range of methods to measure the WTP has been proposed (Wertenbroch and Skiera 2002). However, although being able to answer the first question, most of these instruments aim at measuring the WTP for one product and not for a bundle of products. The reason for this lies in the fact that simply adding the WTPs for the individual products and services in the bundle is not successful. This non-additivity of the WTPs is supposed to be caused by interaction effects. They occur when a certain combination of attributes affects the perceived utility of the whole product, i.e., when attribute utilities are not independent of each other. This is the case when for example, the bundling simplifies customers' purchase processes and thus reduces their transactions costs which is particularly important for business markets. In such a case the WTP for the bundle is higher than the sum of the WTPs for the individual products because the customer gains additional benefit from the particular combination of the products and services (Dansby and Conrad 1984). Moreover, customers may not have a sufficient WTP for a separate service and therefore do not want to pay for such services. However, bundled with a core product they may transform their surplus WTP (the amount they "saved" because they had to pay a lower price or a core product than their actual WTP) from one good to a less favourable good, customers are finally willing to buy all the offered goods and services in a bundle.

On the other hand, a negative interaction effect can occur when customers view bundles as reduction in their flexibility (e.g. Tellis 1986). In this case, the WTP for the bundle is lower than the WTP for the individual products and services because the customer expects a price reduction to compensate for her or his flexibility restriction. All in all, analyzing interaction effects seem to be a crucial topic when dealing with the before-mentioned two research questions.

Astonishingly, there can hardly be found any practical approaches to measure WTP for product bundles in the literature (exceptions are e.g. Goldberg, Green and Wind 1984, as well as Wuebecker and Mahajan 1999). The major problem is to find a

method which allows individual WTPs for the product bundle considering the interaction effects by simultaneously providing estimates of the individual products and services included in the bundle (Jedidi, Jagpal, and Manchanda 2003).

In this paper we want to develop a methodological concept for a customer-oriented selection and pricing of supplementary services in business markets. As motivated above, the WTP construct will form the constitutional part of this concept. The concept is viewed as the theoretical foundation of an empirical analysis, which is planned in future stages of the study.

For this purpose, we first discuss several methods to measure WTP and evaluate how they can help in finding answers to the two questions posed above. Secondly, we concentrate on one approach which we think might be suitable to account for both questions managers are confronted with. We are going to present a possible procedure to measure the WTP for product bundles in the context mentioned above. Finally, we conclude with a prospect for further research.

THEORETICAL BACKGROUND

As mentioned above, in the marketing literature, several instruments to measure WTP are being discussed. Basically, three different categories of approaches can be differentiated: Historical data, experimental offers, and preference data.

Historical data is generated by test market simulations and scanner panel data. They represent actual purchases and are therefore associated with a high degree of external validity. In general, they can be analyzed to derive demand curves and price elasticities of customers (e.g. Ben-Akiva et al. 1994). However, data is only available on an aggregate level. Moreover, the WTP measured is limited to the price range applied in real purchase situations or simulations (Ben-Akiva et al. 1994). In fact, as historical data only shows that a buyer's WTP is at least as high as the price paid, the WTP of consumers may lie far above this price range which could result as a loss of profit. Finally, historical data only refers to the past. However, for new products pricing is a much more important topic than for existing products.

As we want to support a manager's decision process in terms of selecting additional, new services, usually historical data is not available. Furthermore, we should not forget that we focus on b-to-b marketing. Generally, only few customers exist, and market research is not as organized as in b-to-c-marketing so that the collection of data is not as professional. Even if historical data exists, this instrument is inappropriate for the measurement of WTP for product bundles because they cannot properly account for interaction effects.

Another approach to elicit WTP may be to experimentally offer customers a product in an auction or a lottery (Wertenbroich and Skiera 2002). For example, a popular auction type used for WTP measurement is the Vickrey Auction. With a Vickrey auction bids from several bidders for a specific object are collected simultaneously. Like in any other auction the bidder with the highest bid wins the auction. In Vickrey auctions, she or he will only pay the price of the second-highest bid (Vickrey 1961). In contrast to other auction types the best bidding strategy here is to bid exactly one's WTP. Independently from own risk attitudes and the bids from other participants (McAfee and McMillan 1987).

This mechanism of awarding and pricing the auctioned objects is supposed to be incentive-compatible. It provides the bidders with an incentive to reveal their true WTP. However, this incentive compatibility is increasingly doubted due to the fact that there is empirical evidence showing that Vickrey auctions actually over- or underestimate one's true WTP (e.g. Harstadt 2000; Kagel et al. 1987; Rutström 1998). Additionally, Vickrey auctions assume a shortage of a good. In reality customers do not compete with each other in purchasing a service but are confronted with an unlimited offer. Against this background, auctions may only be useful for relatively few survey objects. Furthermore, Vickrey auctions have been only rarely analyzed in terms of their empirical validity so far so we do not know if his type of auction does elicit true WTP values. Additionally, only few offers can be sold in Vickrey auctions. As we also want to answer the questions which services and combinations of services to offer, possibilities of eliciting WTP with Vickrey auctions seems limited. Finally, Vickrey auctions do not seem appropriate for the WTP measurement in our context as it can only be applied in cases where the services already exist.

Another instrument to measure WTP is the lottery approach developed by Becker, DeGroot and Marschack (1964). With the original method, respondents have to state their WTP for a specific product in a relevant point-of-purchase context. Then, they draw a ball marked with a price from an urn. If this price is lower than their stated WTP, they can actually purchase the product for this price (therefore they make some sort of "profit" as they have to pay a lower price than their WTP). If this price is higher, however, they cannot purchase the product. This lottery system is supposed to be highly incentive-compatible (Kagel 1995). However, like in the case of Vickrey auctions, researchers can only test a small number of products. This limitation makes this method inappropriate for measuring WTP for product bundles. We can hardly account for interaction effects as we actually need to compare within-subject WTPs for the bundle and the bundle elements. But the observance of within-subject effects requires the comparison of quite a few bundles/bundle elements.

Preference data can be divided up in self-stated approaches and conjoint analysis. Self-stated approaches are very time and cost efficient why they are often applied in practice (Venkatesh and Mahajan 1993). It seems in fact very easy to ask respondents directly to state their WTP for the bundle and the separate goods and services. However, self-stated approaches are being criticized due to their hypothetical bias and due to the potential strategic answering behaviour of respondents (Cameron and James 1987; Monroe 1990; Nagle and Holden 2002). It seems obvious that buyers actually state a lower price if asked

when expecting that the pricing decision of a company is based on their answering behaviour. Moreover, many studies actually doubt the validity of self-stated approaches (e.g., Neill et al. 1994; Cummings et al. 1995; Botelho and Pinto 2002). As it is supposed that self-stated WTPs are in fact biased we abandon the idea of using such data.

In contrast, conjoint analysis seems to be more appropriate to measure the WTP for product bundles. With this method, the WTP is measured indirectly. Respondents are confronted with several product profiles (stimuli) characterized as a combination of several different attributes and levels of attributes describing the product. In our decision problem this would be the core product bundled with several services. The method requires that test persons evaluate these stimuli by means of their (individual) preference by ranking, rating or trading-off the profiles. From a theoretical point of view, conjoint analysis is more realistic as it takes into account that in real purchase situations one has to evaluate and choose among entire price/performance bundles. Therefore, it is classified as incentive-neutral with respect to truthfully revealing WTP and, thus, superior to self-stated reservation prices (Green and Srinivasan 1990). Several studies show that the conjoint approach in fact does show valid results measuring the WTP (Backhaus et al. 2005). Conjoint analysis therefore seems to be the best way to measure WTP in our context.

However, existing studies applying conjoint approaches either do not account for consumers' heterogeneity, i.e. they do not measure WTP on an individual level (e.g. Goldberg, Green and Wind 1984). Therefore, the known problems associated with aggregate data can be associated. Other approaches cannot estimate the separate WTPs for the bundle comprising elements (e.g. Venkatesh and Mahajan 1999) which is necessary for the selection and pricing of additional services.

In order to answer the above described research questions, we concentrate on analyzing interaction effects in conjoint analysis, as well as their effects on WTP for bundles, and additional services, respectively.

Interaction effects can be integrated into the basis conjoint model by estimating separate partworths for the joint occurrence of certain levels of two attributes (Voeth 2000):

$$y_{kj,kj'}^{IA} = \sum_{m=1}^{M_j} \sum_{m'=1}^{M_j^{\#}} \beta_{jm,jm'}^{IA} \cdot x_{jm} \cdot x_{j'm'}$$

with

$y_{kj,kj'}^{IA}$ = estimated interaction effect between attribute j and attribute j' in stimulus k

$\beta_{jm,j'm}^{IA}$ = estimated interaction effect between the attribute level m of the attribute j and the attribute level m' of the attribute j'

$x_{j'm'}$ = $\begin{cases} 1 \text{ if for stimulus k the attribute level j' exists} \\ 0 \text{ other} \end{cases}$

Integrating interaction effects into the basis model therefore meaning that we estimate partworths for an additional 'attribute', namely the partworths for the joint occurrence of certain attribute levels. In order to decide whether a customer prefers the bundle or only the core product, we derive WTPs out of two different models; the first model with assumed interaction effects, and the second without any interaction effects. Calculating WTP out of the "with interactions"-model refers to the WTP for the bundle, including effects on utility perception which are based on the combination of the core product and additional services. In order to decide if this WTP is higher than for the separate parts of the product, we calculate WTP for the bundle in the 'without interactions'-model. This can be done for any combination of product and services considered in the survey.

Now we are able to decide, at least on the individual level, which bundling-option seems to be preferable. If the WTP for the core product including some additional service is higher in the "with interactions" model, then for this customer a pure bundling is favorable; if not, then the unbundling option is better suited.

Based on some aggregation procedure of individually derived bundling preferences, with a market simulation a company can test which bundling option is in general better. If the WTP for the majority of customers in the "with interactions" model is greater/lower, then a company should opt for pure bundling/unbundling.. A mixed bundling seems appropriate if there are two equally distributed customer groups; one group which shows a higher WTP for a service when it is combined with the core product, and the other group which shows a higher overall WTP when core product and services are offered separately. Then, a mixed bundling strategy can help to address both customer groups and, therefore, to skim the market optimally.

PERSPECTIVE FOR AN EMPIRICAL ANALYSIS

We want to empirically test the applicability of the proposed procedure. For this purpose, we will use a conjoint variant which is currently discussed in the literature as a method to measure the WTP: the limit conjoint analysis (e.g. Backhaus et. al. 2005). It tackles the issue that in traditional conjoint analysis it is assumed that customers have a willingness-to-buy for all products offered. Instead, limit conjoint analysis integrates a purchase decision in the conjoint analysis (Voeth 1998) by not

only asking respondents to rank several product stimuli but also to indicate which of the most preferred stimuli they would actually purchase. In visual terms, the respondent is requested to place an imaginary "limit card" behind the stimulus which he considers just sufficient to generate a choice. Thus, the limit card separates acceptable stimuli from those which are not deemed capable of leading to a choice. The information generated by placing the limit card is integrated via an individual scale transformation for each respondent (Voeth 1998). Starting from the transformed utility values for a stimulus the part-worths for the attribute levels and the interaction effects can be estimated as described above.

The choice of a research object seems to be crucial for the empirical test. The research object should be a product which
(1) is available on business-to-business markets,
(2) can be combined easily with supplementary services, whereas it is important that the product bundle has a potential to reduce customers' transaction costs for allowing interaction effects, and
(3) has a greater number of customers so that the sample size is big enough to derive correct predictions.

We furthermore have to deal with the problem of the research design, i.e. the stimuli included in the conjoint design. If all possible interaction effects are considered, a full-profile approach is necessary. However, to guarantee the quality of respondents' answering behaviour and to increase their willingness to participate we cannot apply an unlimited number of stimuli (Green and Srinivasan 1978). For a first examination of the applicability of our procedure we therefore concentrate on two-way interaction effects. Furthermore, we have to concentrate on the most important services to keep the the number of stimuli low. Finally, an inclusion of interaction effects requires that the research design has to be constructed to allow an individual estimation of main and interaction effects. For the conjoint design Addelman's "class one" is used allowing an uncorrelated estimation of both main and two-way interaction effects (Addelman 1962).

Additionally, we need to integrate a validation criterion to validate our procedure. For example, offering respondents hypothetical product bundles and separate products as other approaches have been done before (e.g. Kalish and Nelson 1991).However, two problems are associated with such an approach: Firstly, hypothetical data are associated with a hypothetical bias. Secondly, such a procedure confines the maximum WTP to the price included in the offer.

Although not appropriate for the WTP measurement for product bundles, the lottery approach developed by Becker, DeGroot and Marschack (1964) seem to be a good alternative due to its incentive-compatibility. For validation reasons it is not necessary to account for within-subject effects. Providing a sufficient sample size we could choose several combinations of bundle elements and offer to respondents one of these combinations randomly. However, to actually be able to carry out a lottery, we actually need a partner who sells the products and services to its customers. A hypothetical lottery – as all hypothetical validation approaches – does not seem to be incentive-compatible.

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GENDER ROLE IN ADVERTISING: PERSPECTIVE FROM FEMINISM

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ABSTRACT

Gender Advertising is a popular topic in consumer research. Past research has been guided by positivists and based upon the assumption of rationality and universalism between men and women. However, Feminists challenge positivism on the gender issue and raise some critical questions about positivism assumption and gender research. This paper summarized the different views from feminism, and discussed their propositions on research orientation and research method.

Through these discussions, we seek to provide more insights to understand gender advertising issue, and broaden and enrich the marketing literature. Specially, we advocate that we need to include feminism thoughts in future advertising research, such as reader response based on different gender perception and harmony relationship between woman and men. The plurality of theoretical and methodological approach will help us capture rich and complex phenomena and engage in ongoing and critical self-reflection. Therefore, we would like to call for a diverse voice in the gender advertising research to enrich marketing filed.

IS IT ETHICAL TO "SCARE" A CONSUMER? AN EXAMINATION OF ETHICS AND FEAR APPEAL ADVERTISING

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ABSTRACT

This paper presents the conceptual foundation for propositions that recommend how advertisements can possibly have an unethical effect on the consumer. In an era when ethics are becoming a highly debated issue, it is necessary that advertisers ensure that they are in accordance with accepted principles of right and wrong.

INTRODUCTION

The study of ethics has been revived in the era of the Enron and WorldCom decline, dishonest politicians, and technology advancements. These situations have not only caused serious questions to be asked, but that many more aspects of marketing are evaluated (principle-agent relationships, business-2-business relationships, etc.). For example, advertising has been changed with a number of ethical breaches, most of which focus on its apparent lack of societal responsibility (Triese et al., 1994).

One type of advertising that has faced much scrutiny is fear appeals advertising. Snipes et al. (1999) research has found that advertisers can increase the interest and persuasiveness of an ad through the use of fear appeal (Hyman and Tansey, 1990; King and Reid, 1990). Yet some critics feel that fear appeals are unethical because they can "expose a person against his or her will to harmful or seriously offensive images" (Hyman and Tansey, 1990).

This research will present propositions about the possible relationship of a consumer's perceived difference in fear appeal advertising and their perception fear appeal advertising effectiveness. Tanner et al. (1991) stated that the need for theoretical and pragmatic guidance in the use of fear appeals is very great. Social marketers battling drug and alcohol abuse, AIDS, and other social problems appear to be using fear appeal more often. These practitioners need better direction if they are to develop effective programs to combat the dangerous behaviors associated with these social ills. This research is needed because despite the extensive use of fear appeals in advertising and promotions, as well as their controversial nature, relatively little attention has been given to the ethicality of these devices (LaTour et al., 1996).

CONCEPTUAL FOUNDATION

The principle components of the conceptual foundation are the study of ethics and the protection motivation theory. With these two components, propositions for the examination of fear appeal advertising were presented. Ethics has been researched and developed into a moderately strong body of literature that helps to shape a consumer's perception of certain business situations. Protection motivation theory has been utilized in ethics research because on its face, the theory primarily deals with consumers perceptions of risks, but it does not recognize the importance of emotional responses to fear appeals.

Propositions

The propositions presented in this study are expected to help guide future research in weak areas that deal with ethics and fear appeal advertising. The propositions presented in this research deal with a consumer's level of ethics and acceptance of fear appeals, the development of a sound theory for the justification of utilizing fear appeal advertising, and the effectiveness of the actual fear appeal advertisements.

References available upon request

THE USE OF SWEAR WORDS IN PRINT ADVERTISING

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ABSTRACT

Historically, swear words have been viewed as taboo. However, increasing evidence supports the supposition that swearing is becoming more socially acceptable, especially among young people. The purpose of this research is to examine the increasing social acceptability of swear words and possible implications of their use in advertising.

INTRODUCTION

Swear words are words meant to shock, offend, and convey strong emotion. Historically, swear words have not been used among polite company. Though the culturally refined have traditionally not made liberal use of such words in their everyday speech, some recent evidence suggests that the use of swear words, even among polite company, is increasing. For example, from 1997 to 2001 there was a 58% increase in the use of profanity on television between 8 and 9 p.m. (Bateman 2005). Similar increases in profanity can be heard on the radio and in the movies. Entertainment mediums, such as television, are generally thought to be on the trailing edge of reflecting mainstream society. Therefore, the observed increase in the use of swears in American pop media may simply be a reflection of the growing acceptance of the use of swears in American culture. Given swear words are becoming more acceptable in every day conversation, may there be an opportunity for marketers to take advantage of the growing acceptance in the use of these words? Might the marketer be able to employ these words as part of a marketing or advertising strategy? These are key questions of interest in this study. The purpose of this ongoing investigation is to examine the growing acceptance of swear words and their potential use in print advertising.

BACKGROUND

The supposition that social norms and standards change over time is the primary theoretical underpinning inspiring this investigation. As time progresses, social restrictions and taboos become more relaxed. Hence, what was once considered a taboo or socially restricted behavior becomes more commonplace over time as it is repeated, desensitizing the observers to its occurrence and thereby becoming more socially acceptable. We propose that this phenomenon of desensitization is also true for swear words. For example, cursing was once the most common, most offensive form of swearing throughout the Victorian period. However, cursing began to give way to the use of obscene language during World War I. By the end of World War II, obscenity had become the primary type of expression of swear words (Jay 1992). The fact that one type of expression was replaced by another demonstrates the dynamic nature of the language. As time progresses, the use of certain words becomes "cleansed by use" thereby losing their ability to express the same level of emotion they had previously conveyed (Quindlen 2000). Thus, as the religious cursing lost its "edge" it was replaced by the more offensive sexually oriented words. Sexually oriented words were deemed more shocking and could convey the emotions that the religious types of cursing no longer could. Religious language is still used to convey emotion but they are primarily used to express milder forms of anger and emotion (Jay 1992).

The evolution of swears and how they are used in speech has been persistent. Research on swearing demonstrates that people are swearing more today and being shocked by it less. For example, an article published in *The Economist* explains how the British punk rock group The Sex Pistols was known for their liberal use of what many would deem offensive language. The Sex Pistols were popular in the late 1970's when swearing was still taboo in most popular media. Swearing helped cement The Sex Pistols counter-culture, anti-establishment label. Punk music was not about the artistry or musicianship so much as it was about the attitude. Their liberal use of swearing helped them to convey that attitude and the emotions associated with it. If a punk group tried to make a statement by the liberal use of swear words today, it would likely go unnoticed. Swear words are beginning to lose their edge as their use, and overuse, continually decrease the shock value associated with them, much the same way that religious cursing lost its edge over time. As the English language continues to evolve and the liberal use of swearing continues to increase, the acceptance of these words will also continue to increase. As acceptance for the words grow, history has demonstrated that the status of the word as a swear word will also begin to decline. When these words are used for things less emotionally charged, for instance as descriptors, the words begin to lose their emotionally charged meaning. Hence, words that used to draw cold stares now are accepted as common and acceptable (Noxon 1999).

It was once believed that you could tell someone's level of education or place on the social ladder by how and where they employed swears (Noxon 1999). However, the limited current research does not support that proposition. Swearing has become a part of everyday language, from executives and housewives as well as sailors and construction workers. For example, children and women have actually shown the greatest increase in the use of swearing (Jay 1992). Another more recent study found that 72% of men swear, 55% of women swear, and 74% of people aged 18 to 34 admitted to swearing compared to only 48% of those 55 and older (Fetto 2003). Fetto also found that of the actions Americans regularly refer to as "sins," swearing tops the list. Thirty-one percent of respondents in this study admitted to being regular purveyors of swear words while 37% admitted to being the occasional user. However ambiguous the word "occasional," the study does reveal that almost 70% of Americans use swear words with some relative frequency (Grimm 2003).

SWEARING IN THE MEDIA

Analysis of the popular forms of advertising media has demonstrated an increase in usage of profanity over time. The words that are today common in such media as television, movies, and radio are far more offensive than the words heard just twenty years ago. Industry standards governing swear word usage have relaxed. As these standards have relaxed, the type of language in modern media has become more like everyday speech with respect to swear words. Modern films are said to be more realistic than those of only a few decades past, partially because of their liberal use of swear words. Increased swearing in film helps lend realism to the film because people view swearing as a part of everyday life. This is an important observation since it speaks to the public's growing approval for these types of words (Vancheri 1994).

The above discussion supports the argument that people of all backgrounds use or have used swear words to some degree. Research also suggests that it is becoming more prominent with groups of varying demographic backgrounds. Of particular interest in this study is the increased use of swears in print advertisements. This suggests that swear words not only are becoming accepted as "normal" language in the American lexicon, the use of these words may actually be preferred to the less intense and less emotionally stimulating non-swear words. It is from this logic that we propose our first hypothesis;

H1: The presence of swear words in advertisements will have a positive effect on participants' attitude toward an advertisement.

CONTEXTUAL IMPLICATIONS FOR SWEARING

How swear words are received is a function of the social and physical environment. A person's occupation or gender may affect this environment, thus having an impact on the way swear words are received. Also, swears are very sensitive to the setting in which they appear. As previously mentioned, "Jesus Christ" means one thing in a church and quite another when used in anger (Jay 1992).

The social environment is defined as the degree of relaxation or formality of a situation or occasion. The social climate is determined by the rules of conduct deemed appropriate for the occasion. Some of the rules may be explicit, shared or inferred by watching how others act in the setting (Jay 1992). The physical environment refers to the specific location where the communication is conducted. For example, a business office, park and bowling alley each have rules and etiquette specificity to the particular location and the social setting for each environment (Jay 1992).

Jay conducted several experiments to examine how swear words are perceived in different social and physical environments. His experiments were conducted to investigate both the offensiveness of the words in a given situation and the likelihood of hearing swear words in these situations. He found that swearing is less offensive the more likely someone is to hear it. For example, a high usage word like "hell" is less offensive than other swear words with a lower likelihood rating (Jay 1992). This same correlation holds true for both place and person. For example, hearing a swear word in the men's locker room from a football coach is less offensive than hearing the same word from a librarian in the library (Jay 1992).

His experiments also demonstrate that the degree of offensiveness for the speaker also varies with where the speaker is when the swear word is spoken. For example, Jay found that the dean of a college swearing in the library is more offensive than if the dean swore in his own office. The football coach is not considered very offensive when swearing on the sidelines of a football field or in a locker room, but if the coach swears in the library or in the Dean's office, the offensiveness rating increases. The results of these experiments reveal that most people adapt a set of unwritten rules governing their use of swear words as well as their expectations for someone else's use of the words.

Given the contextual nature associated with the receptivity of swear words, we believe that the same relationships will also be true regarding the use of swear words in advertisements. A sort of "time and place" logic may be employed. Intuitively it seems strange to use a swear word to try and sell a bottle of shampoo or salad dressing. However, using them to sell a politically motivated magazine or sports memorabilia may seem appropriate as these products either stimulate or are associated with activities that stimulate a greater amount of emotion. Hence, we hypothesis that;

H2: When products that evoke strong emotions are advertised, the use of swear words in these advertisements will have a greater effect on participants' attitudes toward the advertisements than for products that do not evoke strong emotions.

MEN, WOMEN & SWEARING

As mentioned previously, Jay (1992) demonstrated that a person's occupation has an impact on the likelihood rating of hearing a swear word from that person. Another significant variable to be considered is the individual's gender. Jay also demonstrated that the likelihood of hearing a swear word from someone decreases when the male is replaced by a female for the same occupation. For example, a male football coach has the highest likelihood rating of all the occupations studied. When a male coach is replaced with a female coach, the likelihood rating is cut almost in half. However, the rank order of the occupations for likelihood of swearing did not change when the person swearing was changed from male to female changed. Hence, female coaches were the most likely females to swear though they were only half as likely to swear as male coaches. These findings indicate that people do not expect women to swear as often as men (Jay 1992). Men and women have also been shown to react differently to swear words as well as use them differently (Lakoff 1973). For example, Jay (1992) found that the word *ass* is typically used by men to denote either a social deviant or a body part. In contrast, women typically use the word only as reference to the body part. Women have also been shown to be more offended by the use of swear words than men. Men will swear more often than women and have a larger vocabulary of swear words. Also, both men and women will use swears more often when they are in the company of the same sex (Erdelyi 1974; McGinnies 1949).

It should be noted that although many of the studies reported in the popular press and practitioner literature have reported the growing acceptance of swear words, this does not contradict the previous discussion concerning the differences in the use of swear words between men and women. Though women's use and acceptance of swear words have increased, it is believed that women's use and acceptance of swear words are still less than the level for men. Hence, we propose that;

H3: When viewing advertisements containing swear words, men will have a greater attitude toward the advertisement than women.

Dr. Jay's research, though extensive, has focused solely on the use of swear words in the social psychological setting. No academic studies have been conducted on the use of these words in advertising. The practitioner study, though revealing, did not place swears in actual advertisments. Aside from the aforementioned practitioner study, there has been no work to examine how people will respond to the use of swears in advertising. Given the dynamic nature of language and how people have responded to the increasing exposure to swear words in their everyday lives, we propose that the use of swears may be beneficial, and perhaps even appropriate, in certain advertising contexts. In this study we present a preliminary investigation exploring the relationship between the use of swear words in print advertisements and the subsequent attitudes toward these advertisements.

METHOD

Participants and Data Collection

Evidence suggests that younger people encounter swear words with greater frequency and are more excepting of their use. For example, Fetto (2003) found that a larger percentage of people under the age of 35 admitted to using swear words regularly. Another study polled teenagers and found that 52% of teenagers believed swear words to be "in" (Noxon 1999). In order to test our hypotheses, we utilized a convenience sample of undergraduate business students from a large southeast metropolitan university. We believe that the younger age group represented in these classes more closely represents the age group which has become more accepting of swear words and willing to use them. Two hundred, fifty-nine participants were recruited from multiple undergraduate courses offered in the business college.

The participants received extra credit for their participation. Each participant was administered a survey containing six pages. The first page consisted of only two questions requesting the participant's name and the last four digits of their social

security number. This page was included for proper record keeping when assignment of the extra credit. The second page consisted of general directions for completing the survey and a disclaimer required by the IRB explaining to the participants that if they felt uncomfortable they could end their participation at any time. The third page was a fictitious ad for a fictitious product developed by the researchers. Each survey contained an ad for one of four fictitious products. The advertisement for the product was presented either with, or without, a swear word. Hence, participants were randomly assigned to one of eight possible conditions. Aside from the inclusion of a swear word, the ads were identical. The product presented in each advertisement was either an energy drink, shampoo, political magazine or cell phone.

Each product was chosen from a pretest that examined the importance, frequency, and emotional response of each product. The results of the pretest suggest that the shampoo and energy drink were frequent purchases for this demographic but did not create a strong emotionally response. In contrast, advertisements for the cell phone and political magazine proved to have a high emotionally response for those participating in the pretest. The shampoo ad consisted of two women jousting for the attention of a man and used the word *Bitch* to show one woman's displeasure with the other as she apparently is winning the tug of war for the man's attention. The magazine was designed to look like an edgy, politically motivated magazine that tackles the political issues of today's youth. The magazine ad used the word s*hit* to suggest it will use words and discuss subjects other similar magazines would not. The energy drink ad stated, "We'll get your *ass* moving." Finally, the cell phone advertisement asked, "Does your cell phone coverage *suck*." This phrase was chosen in an attempt to increase the credibility of the ad by using a common complaint among cell phone users with poor coverage. The swear words used in this investigation were chosen based on the similar rating they received on Dr. Jay's taboo ratings of swear words.

The next two pages of the survey contained the survey instrument and two questions to check the experimental manipulation. The survey questions (i.e. scales) were designed to measure a participant's attitude toward the advertisement consisted of three seven-point Likert type measures. The manipulation check consisted was a two-item Likert-type scale. Finally, the last page consisted of a debriefing form, again required by the IRB, which explained the purpose of the study and the propositions inspiring the study. As previously mentioned, participants were randomly assigned to one of the eight possible conditions and then asked to read each page carefully before continuing to the next page. After the surveys were administered, the participants took approximately 10 minutes to complete the study.

Measurement Validation

The items used in the scale measures were developed based on a review of the relevant literature, previous measures, as well as consultations with fellow marketing researchers. An Analysis of Variance (ANOVA) was conducted on the two-item manipulation check. Means for the ads that contained a swear word were significantly lower than the ads that did not, indicating that our manipulation was appropriate and effective (See Table 1). Cronbach's alpha for the three-item attitudinal measure was .92, supporting the reliability of the measure. Given this measure only consisted of a single, three-item scale of attitude to the advertisement, discriminate and convergent validity were not relevant. The results of the reliability measure (i.e., Cronbach's alpha) as well as consultations with marketing researchers familiar with attitudinal research led us to believe that our attitudinal scale was effective in measuring a participant's attitude toward each advertisement.

RESULTS

Our hypotheses were tested across four different products using four different swear words, producing what are essentially four 2 (swear vs. no swear) x 2 (male vs. female) experiments. Given the fundamental differences in the advertisements and participants' differing levels of familiarity with each product, it was not appropriate to test the differences across products. Hence, our ANOVA analysis was conducted only between the swear word condition and no swear word condition for each product. The results of the ANOVA revealed no significant differences between the swear word and no swear word conditions for three of the four products (See Table 2). However, the attitude toward the advertisement containing the swear word was significantly higher for the political magazine (F = 10.126, p = .002). The test for interaction proved non-significant for all conditions tested.

Hypothesis 1 was partially supported as the word *shit* proved to have a significant positive effect on participants' attitude toward the political magazine advertisement. Hypothesis 2 suggests that for more emotionally charged products, the use of swear words will have a greater effect on the participants' attitude toward the ad. Given that the political magazine was the only product that demonstrated a statistically significant difference between the swear word / no swear word conditions and it was deemed to be the most emotionally charged product in the pretest, H2 was supported. Hypothesis 3 predicted that men would respond more favorably to the swear word ads than women. The lack of significant effects for any of the product x

gender interactions provided no support for H3. However, the lack of support for H3 is actually an interesting finding that contracts the extant literature on swearing. The implications of this finding will be expounded upon in the discussion section of this paper.

The results for the political magazine advertisement are encouraging. The political magazine proved to have the most emotion associated with it. To further investigate these results, we changed the manipulation for the three product advertisements that did not use the word *shit*. Though shit proved lower on the taboo scale proposed by Jay (1992) than the word suck, it is arguably the most noticeable of all the swear words employed in this study. In order to assess whether or not the effect we observed was the result of the product and the emotion associated with it or if it was purely the result of the swear word being used we replaced the swear word in each advertisement with the word *shit*. The FCC still does not allow the use of this word on the radio and television where the other three words in the study are used routinely. One hundred, five participants were recruited to participant in the second stage of the study.

The shampoo advertisements changed from the word "Bitch" to "Her hair looks Shitty," the cell phone advertisement changed from "Cell phone coverage suck?" to "Cell phone coverage Shitty?" and the energy drink changed from "We'll get your ass moving" to "We'll get your shit moving." Data in the second stage of the study was collected in the same manner as the first stage. The results of the second stage of data collection were compared to the results of the first stage. This strategy yielded what is essentially a 3 x 2 (no swear word vs. original swear word vs. *shit*) x (male vs. female) experimental design. As with the first stage of the experiment, it would have been inappropriate to compare results across products. The three conditions for each product were analyzed using an ANOVA. The addition of the swear word *shit* to each advertisement failed to produce significant results. These results demonstrate that it is not only the swear word that stimulates an effect on attitudes, but how much emotion is stimulated by the product being advertised. In other words, swear words are used to express emotion; the more emotion generated from a product or a products use, the more of an effect the word will have when used in an ad promoting emotionally charged products.

DISCUSSION

Given that this is a preliminary study, we are encouraged by our partial support of H1 and H2. Though H3 is not supported, that too should be of some interest to those considering the use of progressive language in advertising. Our study demonstrates that younger men and women between the ages of 18 and 24 respond to the use of swear words similarly. This finding is counter to the extant literature that suggests men respond more favorably to swear words. Also, the lack of significant differences in the second stage of the study added further support to the notion that the amount of emotion evoked by a particular product will affect usefulness of swear words in advertisements. In other words, the more emotion associated with a product, the more successful swear words will be in advertising these products.

As this was a preliminary study, there is still a great deal of work yet to be accomplished in the area of swears in advertising. However, our results indicate that the use of these words can be effective, provided they are used appropriately. As mentioned earlier, much of how these words are received has to do with context. Prior to using swear words in an advertising campaign, careful study should be conducted to determine how much of an emotional investment consumers invest in the product. For example, consumers spend a considerable amount of emotional capital on their favorite sports teams. The use of swear words to promote products associated with professional sports memorabilia may have a greater effect than using those same words on products that do not solicit the same emotional investment. However, it may appear risky to use these words at all. Why use them if you run the risk of offending someone? The fact that there were no significant results in the opposite direction of what was hypothesized (indicating a significant preference for the no swear word advertisements) may indicate that the use of these words won't hurt an advertising campaign. Provided the marketer carefully considers the level of emotional capital invested in each product being advertised, the use of a swear word may be an effective tool for promoting products and services.

LIMITATIONS AND FUTURE RESEARCH

Our study was conducted using undergraduate college students. This demographic is typically younger than the population at large. Hence, any attempt to employ the use of swear words in an actual advertising campaign based on our results should consider the impact swear words have on older age groups. Future research should investigate the effect these words have on older segments of the population. To the best of our knowledge, this preliminary investigation is the first empirical study examining the use of swears in advertising. Much work is yet to be done. Specifically, does the use of swear words impact other variables such as a consumer's intent to purchase or their attitude toward the product or brand?

For marketers, evidence for or against the use of these words remains unclear. The lack of differences may show that the words do not offend and will therefore not be of any real concern when used in advertising campaigns. Their use should be governed by the context and the audience the campaign is targeting. We believe these words should be viewed in the same way as other words when selecting the correct catch phrases to attract a viewer's attention. Therefore, marketers should choose their words wisely. Though these words aren't necessarily offensive, and may be of use in marketing campaigns, their use should be appropriate for the audience, product, and venue for which they will be applied.

Table 1. Results of Manipulation Checks

Manipulation Check	Mean Square	F-Value	Pr > F
#1	146.57	51.89	< .0001
#2	57.83	19.46	< .0001

Table 2. ANOVA Results of Participants' Attitudes toward the Ads

Product	F-Value	Significance
Magazine	10.126	0.002*
Shampoo	0.52	0.596
Phone	1.253	0.290
Energy Drink	1.426	0.245
Product x Gender		
Magazine x Gender	0.024	0.879
Shampoo x Gender	0.009	0.991
Phone x Gender	1.6	0.207
Energy Drink x Gender	2.603	0.112

* Significant at p < .01

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THE ROLE OF CONSUMER-ORGANIZED ANTI-BRAND SITES AS MARKET AGENTS

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ABSTRACT

Consumer-organized anti-brand web sites are today's new form of boycott, developed through consumer activism as a result of increasing consumer power with the advent of the Internet. Our research reveals that most brands do not have such sites, while some brands have many anti-brand sites. We found that the number of hate and boycott sites is positively correlated with the value of the brand. The prevalence of consumer-organized anti-brand web sites is also associated with a negative change in the value of the brand. In other words, it can be indicated that such sites are playing an active role as alternative market agents. Therefore, the reasons behind the propensity of some specific brands to generate more anti-brand sites than others, and the functionality of these anti-brand sites in creating pressure on corporations' brand identity is discussed in detail.

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CONSUMER RESPONSE TO NEGATIVE INFORMATION ON THE WEB

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ABSTRACT

While consumers have adopted the web to perform a number of pre-purchase activities such as information search, and price comparisons, and purchase-related activities such as shopping, it is also being increasingly used as a means for consumers to express their post-purchase experiences. The web offers a number of outlets for expression of satisfaction or dissatisfaction such as dedicated websites, consumer review sites, and more recently blogs. This paper focuses on consumer responses to negative information on the web about brands. Specifically, consumers may respond to such negative information by adjusting their attitudes, intentions, or modifying their behavior towards such brands. This article investigates conditions under which the effects of negative information on the web are particularly detrimental to the brand.

SPAM: A CONSUMER PERSPECTIVE

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ABSTRACT

Unsolicited commercial e-mail (or Spam) is a major problem on the Internet. Despite technological and legislative attempts to squish it, the volume of Spam messages continues to increase. The consumer's attitude to a message depends on a key construct- permission (Krishnamurthy, 2000, Petty, 2000, Godin, 1999). Every e-mail user receives two types of messages- those that the user would expect to receive since he/she has provided permission to the sender and those that are a surprise because the sender does not have the permission. Spammers clearly do not have the permission to send you messages.

(Krishnamurthy, 2000) identifies six characteristics that characterize a high level of permission- Explicit Permission Seeking Process, Verification Process, Recognition of Relationship, Access to Personal Information, Communication Control and Frictionless Exit Ability. Spam fails all six criteria. Spammers commonly use multiple forms techniques of deception.

I propose a preliminary version of a conceptual framework that attempts to map how consumers interact with and respond to Spam messages. Central to this framework is the notion of perceived Spamness. Based on a history of exposure to Spam messages, consumers develop a sense of what is a "typical" Spam message in their mind. Users combine many design and content elements along with their historical predilections to arrive at this judgment. Here, I identify five such elements that may cause individuals to judge a message as having high perceived Spamness- recognition of sender, interest in subject line content, presence in Spam folder, experience with Spam and thematic matching of message content. Messages with high perceived spamness are processed to a lesser degree.

Perceived spamness is related to customer permission- but it may not be fully correlated. Volume of messages affects the attitude towards the message negatively. The volume of messages also moderates the impact of perceived spamness on the extent of processing- a greater volume enhances the effect of perceived spamness on the extent of processing.

Individuals have attitudes towards different message categories. An adverse attitude at the message category level will be translated into a negative attitude at the message level. Messages that are perceived negatively are likely to be processed to a lesser extent.

This paper is an early attempt at developing a conceptual framework that will help us understand how consumers respond to Spam messages.

References available upon request

THE ROLE OF EMOTIONS AND SHOPPING ENJOYMENT IN VISITING WEB SITES ANNOUNCED IN ADVERTISEMENTS

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ABSTRACT

Recently, TV commercials have begun moving from traditional time-honored approaches such as jingles, humor, and heart-tugging messages toward more direct "call to action" formats in increasing efforts to stimulate consumers to respond to the advertising (Steinberg 2005). One type of actionable format is designed to drive consumers to the advertised brand's Web site. For example, in a commercial for Bayerische Motoren Werke AG's Mini Cooper, consumers are warned of crisis and urged not to be taken in by buying a fake Mini Cooper. This joking, non-traditional commercial is popular with the type of consumers who prefer Minis. The ad directs concerned consumers to a Web site where they can learn more about spotting fake Minis and even submit photos of fake Minis they create. In managerial practice and in academics, understanding consumer factors in the context of responses to Web sites announcements in advertisements is an under researched area (Koufaris et al. 2002). Thus, the purpose of the study is contribute to our understanding of direct and interactive marketing by examining the role played by emotional reactions and shopping enjoyment in visiting Web sites announced in advertisements. It is specifically proposed that shopping enjoyment mediates the relationship between emotional responses and intentions to visit Web sites announced in advertisements. Three key aspects of emotional responses to the environment have been identified that include pleasure, arousal, and dominance (Mehrabian and Russell 1974). Arguably, these three components should be related to playful and enjoyable activities such as shopping enjoyment (Holbrook et al. 1984). As long as consumers perceive value in the enjoyment of shopping and continued search and do not see these activities as simply a loss of time, the less subjective value they will assign to shopping time (Marmorstein et al. 1992). Following a similar line of reasoning, shopping enjoyment should be positively related to intentions to visit Web sites announced in advertisements. Results and discussion reveal interesting patterns.

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VIRTUAL NEW PRODUCT DEVELOPMENT TEAMS:
AN INTEGRATED FRAMEWORK OF INTERFACE EFFECTIVENESS

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ABSTRACT

New product development teams (hereafter, NPD teams) are integral components of firms that develop, manufacture, and sell technological offerings. Given the complexities involved in organizing face-to-face interactions between team members and, leveraging the advancements in electronic communication technologies, firms are turning toward employing virtual teams in product development activities (Jacobs et al 2005).

As Martins, Gilson, and Maynard (2004, p.808) define, virtual teams are those in which "members use technology to varying degrees in working across locational, temporal, and relational boundaries to accomplish an interdependent task." Their advantages include greater independence from time and space constraints, reduced opportunity costs, greater flexibility in meeting market demands, and better integration of knowledge from members in remote locations (Hertel, Konradt, and Orlikowski 2004). As virtual teams combine the positive aspects of conventional co-located teams and, simultaneously, leverage advances in communication technologies, they present an exciting alternative to firms and are becoming increasingly commonplace in organizations (Gibson and Cohen 2003; Jacobs et al 2005; Martins, Gilson, and Maynard 2004). In fact, according to industry estimates, more than half of companies with more than 5000 employees utilize virtual interfaces and approximately sixty percent of all professional employees work in virtual teams (de Lisser 1999; Kanawattanachai and Yoo 2002). Other estimates indicate that more than 8 million employees are members of virtual teams (Ahuja and Galvin 2003).

However, the increasing prevalence of virtual teams in product development notwithstanding, very little research exists in the marketing literature on this burgeoning trend (Bell and Kozlowski 2002; Griffith and Neale 2001) and empirical findings on managing virtual teams is still scarce (Hertel, Geister, and Konradt 2005; Hertel, Konradt, and Orlikowski 2004). Because of misapplication and mismanagement, failure rate in conventional NPD teams remains high (Sarin and McDermott 2003) and, as Bensor-Armer and Hsieh (1997) state, just 5% of co-located teams ever reach optimal performance. Given the low success rate of product development and the unique challenges that virtual teams entail, the success rate of virtual NPD teams could potentially be even lower. Furthermore, as Ocker (2005, p.22) recently states, "Since virtual teams constitute an important and pervasive organizational structure, research with the aim of improving the effectiveness of these teams is vital." Therefore, systematic research on managing complex virtual interfaces is warranted to guide managers and academicians.

The greater the degree of virtualness, the greater is the need to manage relationships among team members, share knowledge and expertise, and co-ordinate joint activities in innovative ways (Qureshi and Zigurs 2001; Zakaria, Amelinckx, and Wilemon 2004). Further, as Martins, Gilson, and Maynard (2004, p.823) state, "researchers need to draw on the theoretical foundations that have been utilized in prior research on teams, as well as on new theoretical bases that are uniquely relevant to virtual interaction, to develop a more theoretically grounded understanding on the functioning of virtual teams." Accordingly, by extensively borrowing from diverse literature streams such as relationship marketing, the resource-based view, virtual team-based view, and NPD teams, the purpose of this paper is to develop a conceptual framework that explains how virtual interfaces between NPD teams could be effectively undertaken. Relevant testable propositions are offered to guide future researchers.

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SUCCESSFUL B2B CUSTOMER DATABASE MANAGEMENT

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ABSTRACT

Purpose: The author has studied the question of customer information management, what distinguishes firms that manage customer information well, what internal processes are necessary to success, in a business-to-business context, over the last eight years.

Methodology: Several themes became apparent during the course of this research as indicators of effective customer information management. This paper summarizes the themes from this research. Individual papers are summarized and commonalities are discussed.

Findings: Companies that distinguish themselves from others in the area of customer information management practices pay attention first to their company's overall strategy, establish and/or enforce data quality standards, involve functional departments, particularly marketing, in the development of customer databases and their applications and use both relational and transactional data in their data applications. Successful companies operate in a different organizational context, including a shared vision of customer information and a strong role for middle management. A limited number of firms also incorporate customer information management practices into their new product development success stories.

Practical Implications: Managers in this area would do well to follow the outline suggested in this work especially in terms of paying attention to the overall strategic fit of their data strategy and overall strategy and in terms of developing high quality databases before developing

Originality/Value of Paper: The value of the paper is the consistent themes throughout research studies in various b2b contexts, resulting in the following prescription for practitioners:

1. Use data to create value
2. Established quality standards
3. Use relational AND transactional data
4. Involve the functional departments
5. Organize for success
6. Use customer data to create future value

Keywords: Customer Information Management, Customer Relationship Management, Data Quality, relational vs. transactional data, organizational factors in data management, r

Category: Research Paper

INDUSTRIAL MARKETING COMMUNICATION:
A (R)EVOLUTIONARY JOURNEY FROM MARKETPLACE TO MARKETSPACE

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ABSTRACT

This article looks back over a decade-long research project that investigated the use of industrial marketing communication tools by industrial sellers and buyers in Sweden. It was found that the Internet during "Part I" was simply an evolving tool within the industrial marketing communication "toolbox." In "Part II" it became a revolutionary, multipurpose tool.

INTRODUCTION

This article takes a look back over a decade-long (1994-95 through 2004-05) research project that focused on industrial marketing communication during a time of change, a true *(r)evolutionary* period within the area. It is referred to as "(r)evolution" because the concepts of evolution and revolution, although related, are not the same. Just as research means to *re*-search, i.e. to search again (Nachmias and Nachmias, 1987), revolution means to re-evolve, or evolve again. The distinction between evolution and revolution is in their more precise definitions. According to Encarta.msn.com (2005), *evolution* means, "gradual development: the gradual development of something into a more complex or better form." An example of this is in how marketing communication theory has evolved into integrated marketing communication (IMC) (Duncan, 2002). However, from this same online source, *revolution* means, "major change: a dramatic change in ideas or practice." An example of this is in the groundbreaking article by Hoffman and Novak (1996) that proposed a complete change in the marketing communication process that we have come to know and use since the early work of Schramm (1955) and Shannon and Weaver (1962). Thanks to Hoffman and Novak, we went from our one-to-many, linear way of thinking (i.e. "static communication") into an additional focus with one-to-one, one-to-many, many-to-many, and even many-to-one interactive possibilities (i.e. "dynamic communication").

However, just when we thought we were safe within the realm of the research area "industrial marketing communication," Rayport and Sviokla (1994) came along and told us that, in cyberspace, product becomes place becomes promotion. Deighton (1996) added that all of these variables do, in fact, interact with one another in ways that they never used to. Not only are all of these research areas merging, but scholars seem to be spouting "revolution" in several of them: Communication (Hoey, 1998; Phairor and Hanmer-Lloyd, 2002); the Internet (Wen, *et al*., 2001; Sharma, 2002; Haley, 2002; Arnott and Bridgewater, 2002; Cagliano, *et al*., 2003); relationships with other stakeholders within the supply chain/value chain (McGuffog, 1997; van Hoek, 2001; Dawson, 2002). In fact, Rowley (2004) seemed to pull many of these areas together by looking at the Internet as a marketing communication channel in e-business. In the digital world, Rowley explained, marketing communication is concerned with presence, creating relationships, and ultimately creating value throughout the value chain. What Rowley concluded from this was the need for academics to develop models and frameworks that will support not only future research efforts, but also supporting practitioners in developing insights that will aid their efforts as well. This 10-year perspective has attempted to fill in a few of these gaps.

From this discussion, the purpose of this article is to share what was discovered during this 10-year exploration regarding the changes occurring in the use of industrial marketing communication tools and to see whether or not the area was simply evolving, or truly becoming revolutionized. To achieve this, these pages will take the reader on a journey: A journey from 1994-95 through 2004-05, the first decade of the "commercialized Internet" (Answers.com, 2005); a journey that has had to face many evolutions and revolutions (e.g. Hoey, 1998; Jones, 1999; Phairor and Hanmer-Lloyd, 2002; Wen, *et al*., 2001; Sharma, 2002; Haley, 2002; Arnott and Bridgewater, 2002; Cagliano, *et al*., 2003); a journey from market*place* to market*space*, terms used to denote the evolution from offline to online environments by various scholars (e.g Graham and Hardaker, 2000; Teo and Yeong, 2003; Berthon, *et al*., 2003). How this journey took place will be discussed next.

METHODOLOGY

For the sake of how this study itself evolved, it is presented in two parts: "Part I" took place from 1994-1998 and looked at the entire industrial marketing communication toolbox, of which the Internet was only an emerging part. The year 1994-95 is significant as this was the year that the Internet began to commercialize (Fabos, 2005; Peter, 2005). "Part II" began in 1999 and ran through 2004-05 focusing only on the Internet as a marketing communication tool in industrial markets. The context of this 10-year endeavor was in Sweden, a highly-advanced IT country, specifically within the Swedish timber/pulp and

paper industries (in "Part I") and within the mining industry (in "Part II"), two of the largest industrial sectors in Sweden (Sölvell, *et al*. 1993).

For the purpose of this study, both parts are brought together here and presented as a single, 10-year, longitudinal case study. It is not our intention to go back to the details of the work that went on in both parts of the study, as these pages are limited. However, it should be noted that a similar methodology has been used throughout the entire 10-year period, namely a qualitative, case study approach using multiples sources of evidence (Yin, 1994). Put another way, looking back over 10 years is an attempt to try to see (and share) the forest from the trees. The use of a longitudinal perspective, as well the presentation of individualized, qualitative, case study research efforts conducted and shared by those doing the research, is supported in the literature as well (e.g. de Weerd-Nederhof, 2001). Longitudinal studies focusing on B2B Internet issues have also been done (Koh and Nam, 2005). As "longitudinal" can be seen in different ways (Sullivan, 2001), we consider this study to be more of a "quasi-longitudinal perspective" (Leong, *et al*., 2003) rather than a purely longitudinal approach. Furthermore, due to access and other constraints, those individuals and organizations from which data were collected in "Part I" were not the same as those in "Part II." This is supported by Sullivan (2001) in that longitudinal research can focus on obtaining data from the same people over time, described as a "panel study," or it can be considered longitudinal as a "trend study," in which different people (and this implies from different organizations) are focused on at different times. In fact, a longitudinal case study, as defined by Jensen and Rogers (2001), is the study of a research entity (in this case industrial marketing communication tools) at multiple time points. The journey begins with a look back at the findings from "Part I."

Part I (1994-1998): The Internet as an Evolving Tool within the Industrial Marketing Communication Toolbox

In industrial markets, sellers and buyers have traditionally relied on the one-to-many, linear marketing communication process of sender-message-channel-receiver (Turnbull, 1974; Fill, 1995; Hoffman and Novak, 1996). In using this traditional process as a means for narrowing down the scope of "Part I," it became of interest to look at the "channel" portion, i.e. the marketing communication tools used by industrial sellers and buyers, at a time when the Internet was just emerging in industrial (B2B) markets. In this first half of the study, the development and testing of the entire industrial marketing communication toolbox was completed, specifically focusing on how (and why) the marketing communication tools used by industrial sellers to supply information compared to the tools industrial buyers used to obtain information (see *Figure 1*). It was found that, in the early years of Internet use in industrial markets, not only was the Internet little used as a tool, but scholars at the time were often simply comparing it to "traditional" media: Berthon and Pitt (1996) presented the Web as a cross between an electronic trade show and a community flea market. Quelch and Klein (1998) stated that the websites of most companies were nothing more than glorified brochures. When compared to the more traditional tools at their disposal, it was found that there was still a heavy reliance on the personal, often non-commercial sources of information that have always been a mainstay of industrial marketing communication efforts (Moriarty and Spekman, 1984; Foster, 1998).

In "Part I," it was found that the Internet in general, and more specifically websites and e-mail, were the primary tools used by both industrial sellers (to provide information) and buyers (to obtain information), but both sides of the relationship still viewed such tools primarily as "the future" of industrial marketing communication efforts rather than something they relied on at the time. It was found that, whereas the Internet could actually begin to replace the commercial, non-personal tools in the industrial marketing communication toolbox (or at least compliment them), it was generally felt that the personal tools (such as sales calls, meetings, other forms of personal contact) would not be as affected by the onset of the age of the Internet. However, just as the framework above was being developed and tested during 1996-97, Hoffman and Novak (1996) came along and gave us something to think about: Their study presented the idea that we should begin look at the marketing communication process from a new perspective, a paradigm shift within marketing communication. The "old" way of communicating was not going anywhere because the non-personal, mass communication tools, as well as the personal tools sellers and buyers have used for years to supply and obtain information, respectively, were not disappearing. However, with regards to the use of the Internet, marketing communication was changing…evolving…even revolutionizing into a new process. The limitation with Hoffman's and Novak's work was that "Firm" and "Customer" in this new communication process were not completely defined and were left open to interpretation: Were they sending/receiving information? Were they buying/selling something? Seen in another light, this new marketing communication process became an invitation for continued exploration and empirical testing. This became the springboard to "Part II."

Part II (1999-2004): The Internet as a Revolutionary, Multipurpose Tool

Based on the findings of "Part I," (that the research during these early years tended to compare the Internet and websites to traditional communication tools; that the Internet and especially websites and e-mail were "tools of the future" and little used

at that time; as well as Hoffman and Novak's [1996] new perspective on the marketing communication process), it became of interest to look more specifically at the Internet independently as a marketing communication tool onto itself. In doing so, the Internet became not only the focus of this research project, but a potential new (methodological) tool in conducting it as well (Jones, 1999). To investigate the Internet as an industrial marketing communication tool, the "industrial cyberspace" compartment of the "toolbox" presented above in *Figure 1* was "lifted out" and focused on. Just as the traditional marketing communication process had been used as a foundation in "Part I," Hoffman and Novak's (1996) idea that the communication process itself was changing (and showed us in what ways) provided a foundation to stand on in "Part II." Leek, *et al*. (2003) added that when it came to such technologies as the Internet, as well as extranets and Intranets, little research had been done into such technologies, including the need for such research to focus on the perspectives of both suppliers and buyers. Using such words as the fuel needed to continue on this journey of looking at the Internet as an industrial marketing communication tool, as well as from using the work of Hoey (1998) and Chaffey, *et al*. (2003), an updated framework for testing the Internet as an industrial marketing communication tool emerged, as shown in *Figure 2* as the "I-E-I Framework" (Foster, 2005).

The I-E-I Framework showed that the Internet was made up of three distinct layers, namely the Internet (public) level, the Extranet (partners & suppliers) level and the Intranet (employee) level. It was found that, by looking at it from the perspective of the I-E-I Framework, all three levels together became a "multipurpose tool" in two distinct ways. In the broader sense, it became a multipurpose tool in that it truly shows that when it comes to our research within industrial marketing communication, product (including information as a part of it) does become place (involving more than just sellers and buyers, but several stakeholders), which in turn becomes promotion (communication that acts at the "glue" that hold the relationships within and between these stakeholder groups together). Even more distinctly, this multipurpose tool showed the many ways in which we are communicating, interacting, and potentially integrating many of the more traditional marketing communication tools that exist offline (e.g. advertising, sales promotion, public relations, personal selling), as well as the new online tools at our disposal (especially websites and e-mail).

In fact, findings from testing the I-E-I Framework (e.g. Foster, 2005) showed that both online and offline marketing communication efforts must work together in order to create true value for not only industrial sellers and buyers, but all stakeholders within the industrial value chain. This value is derived from the depths of the I-E-I framework: The deeper one goes the more value that seems to be created. The heart of the framework may be at the "core relationship" of industrial seller-buyer within the Extranet level, but there is much more value to be shared and developed beyond this core relationship. This can be done not only at each level (Internet, Extranet, Intranet) but within each level, as there are layers, like an onion, that can be peeled back and investigated within each level. Within the confines of this 10-year study, primarily during "Part II", the onion was only peeled back a little. There is much more to be done. Overall, true value is derived from making any stakeholder in such B2B markets more effective (i.e. reaching their communication objectives when supplying/obtaining information), as well as more efficient (doing so with just the right amount of resources such as time, money, effort). As technology emerges and makes us even more effective and efficient in our communication efforts, value will continue to emerge in industrial organizations within the context of their marketing communication efforts, further enhancing the relationships among all stakeholders.

CONCLUSIONS & FUTURE DIRECTIONS

This 10-year study started off by looking primarily at the traditional (offline) marketing communication tools available to industrial sellers to provide information as compared to what industrial buyers use to obtain it, but it added the Internet to the toolbox. The study then evolved into a second part by opening up only the "industrial cyberspace" portion of the industrial marketing communication toolbox, whereupon the I-E-I Framework emerged. The I-E-I Framework takes into account not only industrial sellers and buyers as the "core relationship," but all potential stakeholders. Furthermore, the communication that takes place both online and offline throughout the entire supply (value) chain becomes the springboard for creating mutual value for all stakeholders, by making each both more effective as well as more efficient. In order to do this, it was found that each stakeholder that takes out value, by default, must also provide value, resulting in a sort of "value-in/value-out" relationship not only with one another, but with the computer-mediated environment (CME), or technology, they are a part of as well. This supports but also adds some detail to the ideas put forth by Hoffman and Novak (1996).

From looking back over this entire first decade of the commercialized (B2B) Internet, it is safe to say that we are in the midst of a true revolution within industrial marketing communication research, a revolution that will not go away anytime soon due to the advances in (information) technology and the pace with which those advances occur. In looking holistically at the entire 10-year period, it can be said that, during the first half of this study, the Internet was simply evolving as an industrial marketing communication tool, somewhat used, but primarily representing "the future." In the second half of the study, it

became truly revolutionary. Our findings not only support Hoffman and Novak's (1996) revolutionary thinking that a new communication process exists, as well as in the fact that stakeholders do have a relationship not only with one another, but with the CME they are a part of as well. Furthermore, in cyberspace, product does become place, which does become promotion, just as Rayport and Sviokla (1994) claimed, and that the "4 Ps" of marketing do not work in cyberspace the way they do in the "real world"; all of the variables do, in fact, seem to interact with one another, as presented by Deighton (1996). The Internet and specifically B2B websites have become not only simple, online "brochures" or "trade shows" but much, much more. In fact, the Internet, and primarily industrial websites, are value-creation tools used throughout the supply (value) chain. The Internet is not a replacement for traditional, offline industrial marketing communication tools, but has instead become a partner in making such communication efforts more effective (in reaching communication and marketing objectives) and more efficient (using just the right mix of resources to reach those objectives). Whereas communication is seen as the glue of all relationships within the value chain (Andersen, 2001; Phairor and Hanmer-Lloyd, 2002), perhaps the value of the Internet as an industrial marketing communication tool is in its capacity to have become some sort of revolutionary communication "super glue."

A "Perfect Storm" of Revolutions

Now when one looks back at all of the "mini-revolutions" supposedly occurring within the area of industrial marketing communication, as outlined in the beginning of this article, it is suggested that they are not mutually exclusive, but instead part of one, giant "mega-revolution," where keeping our research areas separate will not only prove to be more and more challenging, but filled with infinite opportunities almost unheard of only a decade ago. We are, in fact, in the midst of a "perfect storm" of mass revolutions within industrial marketing communication, as depicted in *Figure 3*.

The "tornado" metaphor in *Figure 3* is used for a number of reasons, all of them positive (i.e. constructive rather than destructive): First, it is this very mixture of revolutions that seemingly become sucked in and stirred around together in ways we could not even imagine only a few years ago when product, place, and promotion at least seemed so neatly separated, each in its own little research compartment. Although communication has always been a part of product, place, and even price, there seems to be an even denser relationship between the areas in the online world of cyberspace. Second, this perfect storm constantly feeds itself, being fuelled by the new and many revolutions (e.g. R1, R2, R3, etc.) related to the research areas we are used to, not to mention the many we have not even yet anticipated. Finally, in its path, and through our keeping up with it, the output of this perfect storm of revolutions means finding new ways to study and even present our findings. Technology will make sure of that. However, there is one cautionary note in surviving this perfect storm: As Jones (1999) points out, the Internet as a focus of our research, as well as a tool for conducting it is like squeezing a handful of Jell-O – you just don't know what you're going to get. From this decade of doing both (i.e. focusing partially as well as solely on the Internet as a subject of study, as well as using it as a tool in conducting research), it is safe to say that we can all look forward to squeezing for many years to come, with no real idea of what things will look like once we do. What comes through our fingers will simply continue to fuel this perfect storm of revolutions -- that is the frustration that technology brings to the table of our research efforts, but it is also part of the fun.

As with any study, this one has several limitations. The journey above is tempered by the fact that, being qualitative in nature, it is not meant to generalize in any way, but instead is meant to share and add a "pinch" of understanding to the mixture of studies already out there, and become a genesis for those that follow. In taking a holistic, "forest for the trees" perspective while sharing this 10-year journey with you, much has been left out in terms of the development and testing of the two frameworks above (*Figures 1 and 2*). Here the intention was to share the *overall* findings of the entire 10-year journey. As technology itself evolves and continues to revolutionize at such a rabid pace, so too will our research. Time will tell if the revolution sticks around, but rest assured, new ones will continue to emerge. So fasten your seatbelts…this "perfect storm" isn't gong to subside anytime soon. Thanks to our research, it perpetually feeds itself. That's what makes it so perfect.

FIGURE 1
The Industrial Marketing Communication Toolbox
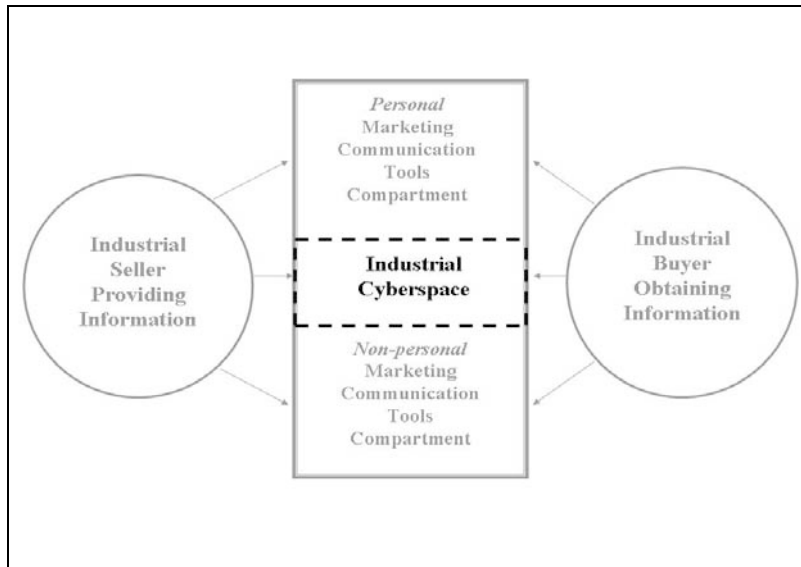
FIGURE 2
What Evolved from the "Industrial Cyberspace" Compartment of the
Industrial Marketing Communication Toolbox: *The I-E-I Framework*
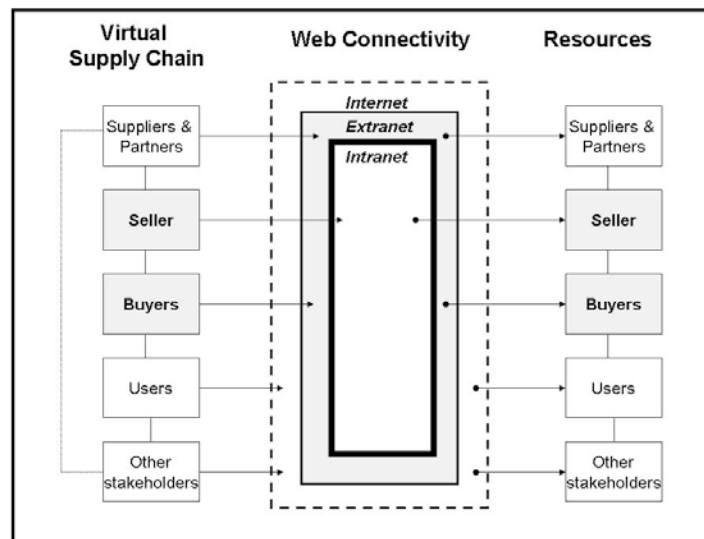
FIGURE 3
A Perfect Storm of Mass (R)evolutions
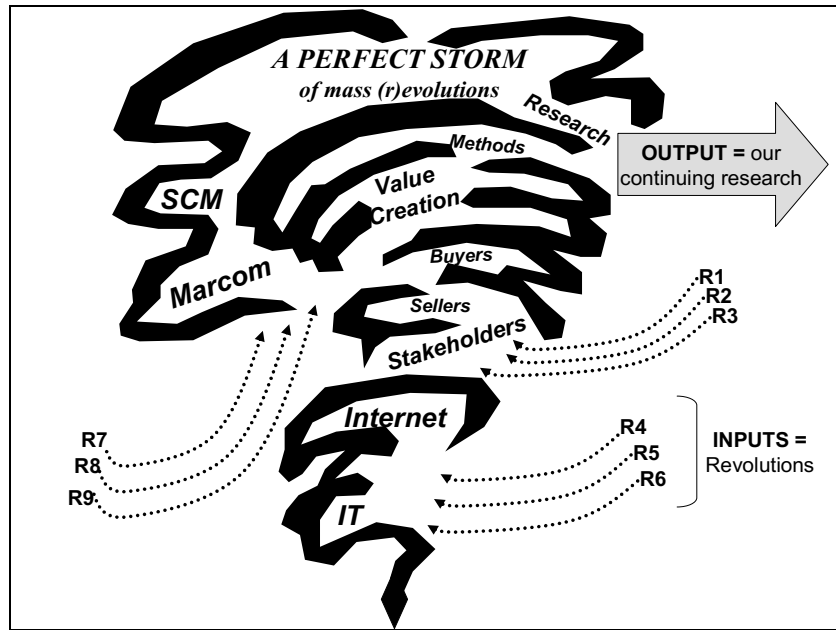
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REVISING COURSES IN THE MARKETING CURRICULUM BASED ON EXPLORATORY RESEARCH USING AN INDEX OF LEARNING STYLES

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ABSTRACT

Several years ago an investigation was initiated by the market research course instructor into learning style models to help identify learning style differences and their effects on student performance and attitudes. Among some popular models that researchers have developed are the: Myers-Briggs Type Indicator (Lawrence 1993), Hermann Brain Dominance Model (Herrmann 1990), Felder-Silverman Learning Style Model (Felder and Silverman 1988) and Kolb Learning Style Model (Kolb 1984). Of particular interest was the *Index of Learning Styles* (ILS) created in 1991 by Richard Felder and Barbara Soloman that was adapted from the Felder-Silverman Learning Style Model.

The ILS consists of four dichotomous dimensions and a student's learning style can be defined in terms of the answers to the following questions (Felder 1993): (1) How does the student prefer to process information: *actively*-through engagement in physical activity or discussion, or *reflectively*-through introspection? (2) What type of information does the student preferentially perceive: *sensory*-sights, sounds, physical sensations, or *intuitive*-memories, ideas, and insights? (3) Through which modality is sensory information most effectively perceived: *visual*-pictures, diagrams, graphs, demonstrations, or *verbal*-sounds, written and spoken words and formulas? (4) How does the student progress toward understanding: *sequentially*-in a logical progression of small incremental steps, or *globally*-in large jumps, holistically?

Over a two-year period the *Index of Learning Styles* (ILS) was administered to 90 market research students. The purpose of this exploratory research was twofold. First to assess students' preferences on the four aforementioned learning dimensions: active-reflective, sensing-intuitive, visual-verbal, and sequential-global. Second to compare those preferences to the current pedagogy used to teach a traditional market research course.

Frequency distributions for each dimension were generated and analyzed. The conclusion drawn was that the majority of students would benefit from teaching methods that emphasized the needs of active, sensing, visual, and sequential learners. Not surprising, these results were contrary to the current methodology used in the class. Based on these findings the market research course was significantly changed to include client-based projects from the business community. The "new" market research course has received rave reviews from students and business clients alike.

A MULTI-LEVEL APPROACH TO RETAIL MANAGEMENT EDUCATION

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ABSTRACT

Retailers today are competing not only firm to firm, but also supply chain to supply chain. Thus, a new approach to teaching retailing from an inter-firm relationships perspective, allowing for the coverage of both consumer and supply chain issues, is needed to address fundamental changes in 21st century retailing. In order for firms to remain competitive, it is suggested that firms develop long-term relationships with various stakeholders such as suppliers, employees and competitors. Using this logic as a guide, we compare the retailing performance outcomes of service quality to logistics service quality and retailing programs of service recovery to reverse logistics. Overall, this manuscript *builds* a conceptual model of business to consumer level and business (supply chain) level interactions impacting satisfaction and performance; *connects* additional supply and demand conceptual issues to the consumer and supply chain management perspectives in retailing; and *draws* a potential outline for instructors interested in an updated approach to retail education.

Furthermore, this research attempts to demonstrate how various retail management issues such as: environmental sustainability, flexibility and agility, innovation and R & D, pricing, communication and responsiveness, collaboration, sales and negotiation, technology, store location, and human resource management, should be examined from both the customer perspectives and the channel perspectives to develop a more comprehensive picture of service quality. In addition, the authors develop a sample syllabus to help retailing educators both service recovery and reverse logistics in their retailing curriculum.

References available upon request

THE UNDERGRADUATE CAPSTONE MARKETING COURSE: OBJECTIVES, CONTENT, AND PEDAGOGY

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ABSTRACT

Many, if not most, undergraduate programs in marketing require a capstone course for its students (Butler and Straughn-Mizerski 1998). This capstone course brings together knowledge gained from a variety of required and elective marketing classes (Bussjere 2005). Over the years, several educators have attempted to better understand variations in teaching this capstone course. Hensel and Marshall (1998) assembled a panel of six experts to provide their perspectives and reassessment of the capstone course, with a major focus on the "what," or content, of the capstone course. Lamb, et al (2001a and 2001b) focused primarily upon the "how," or pedagogy, in the capstone course, with a review of methods such as written cases, live cases, experiential exercises, and consulting projects. The goal of the current research was to provide a comprehensive synthesis of the marketing capstone course by assessing what is actually done in the course via a content analysis of capstone marketing course syllabi.

Using the Academy of Marketing Science 2004-2005 membership directory and web searches as a means of identifying slightly over 300 marketing departments in the United States, syllabi from 122 capstone marketing courses throughout the United States were collected. The methodology utilized in the research followed that of Kurtz, Velliquette, Garretson, Dhodapkar, and Olson (1997), Payne, Whitfield, and Flynn (2002), and Crittenden, Bucks, Fleming, and Wilson (2005). In each of these studies, researchers content-analyzed course syllabi as a means of gaining information about particular courses taught at multiple universities. As a systematic, replicable technique for compressing words into content categories, content analysis is particularly useful for inferring from symbolic data (Stemler 2001).

The 122 syllabi were reviewed for learning objectives, topical coverage, and pedagogical methods. Additionally, variations in the course title were noted. Forty-three percent of the syllabi were from capstone courses entitled Marketing Management. The second most used capstone course name, in 22 percent of the syllabi, was Marketing Strategy. In total, there were 25 different course names for the capstone course on the analyzed syllabi. Overarching course objectives were to better understand marketing strategy concepts in general and, more specifically, the integration of marketing concepts learned in prior courses. To investigate the content or knowledge base of the capstone course, the syllabi were reviewed from two perspectives: (1) the textbook used in the class and (2) topics covered. Sixteen different marketing management/marketing strategy texts were listed on 64 syllabi. The Walker, Mullins, Boyd, Larréché text appeared on the largest number of syllabi. The majority of the syllabi were structured around the traditional marketing mix framework (4 P's), and classroom instruction appears to be somewhat consistent across various classrooms. Lectures, in-class discussions, teamwork, and cases are the predominant pedagogical methods utilized in the course. Experiential exercises and simulations are utilized by around a third of the respondent course professors.

The purpose of this in-depth review of course syllabi was to better understand what is taught and how the material is taught in the capstone marketing course. As a required course in many marketing curricula, it would seem imperative that marketing educators have a general consensus of what is expected of students in the class. This would seem particularly important since the marketing curriculum is not guided by external testing boards as those found in the accounting and finance business functional areas.

References available upon request

THE ROLE OF TECHNOLOGY IN INDUSTRIAL CUSTOMERS' PERCEPTIONS OF LOGISTICS SERVICE QUALITY AND THEIR FUTURE PURCHASE INTENTIONS

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ABSTRACT

Increasingly, businesses are recognizing the role of logistics services and supply chain management in creating a strategic competitive advantage through increased customer value that results in gaining new customers and retaining existing customers, thus increasing revenues, and business profitability (Mentzer, 2001; Stank, Keller & Daugherty, 2001). One of the most essential aspects of logistics services and the supply chains they support is design of timely and accurate information systems (Ballou, 1999; Handfield & Nichols, 1999; Prahalad & Krishnan, 1999). While the emerging conceptualization of logistics services quality clearly demonstrates the roles and functions of process versus outcome quality elements in the provision of logistics services, the role of information systems and information technology in support of logistics services provision and delivery has not been fully considered as part of the ongoing theoretical development of logistics service quality.

The objective of this research was to develop and empirically test an integrative model that bridges the theoretical developments in logistics service quality and organizational use of information systems technology by integrating the Technology Access Model (TAM) into the existing logistics service quality theoretical framework. Our study confirmed results of earlier logistics service quality research (Mentzer, Flint, & Kent 1999; Mentzer, Flint & Hult, 2001), that is, logistics process quality (e.g., product/service knowledge of contact employees, as well as their ability to resolve problems and understand customers' business situations; the effectiveness and ease of use of product/service ordering procedures; and the availability and accuracy of order information) has a relatively strong impact on customers' perceptions of logistics outcome quality (e.g., whether product/services ordered conform to technical requirements/specifications; the accuracy of products/service orders; the availability of products/services; the timeliness and condition of product/service delivery).

In addition, this research demonstrated that customer perceptions of logistics outcome quality are also influenced by how useful customers perceive information technology tools to be. The influence of perceived usefulness of information technology tools on perceptions of logistics outcome quality, while not as strong as the influence of logistics process quality was nevertheless, significant. This result demonstrates the importance of designing information technology tools that customers believe to be useful.

This study also clearly demonstrated that customers' future purchase intentions were strongly influenced by their perceptions of logistics outcome quality, and were also influenced (although somewhat less strongly) by how useful they perceived information technology tools related to logistics services to be. The empirical support for our hypothesized relationships demonstrates how a robust model of technology acceptance can be integrated into an evolving logistics service quality framework. In addition, the study's results have practical implications for organizations interested in understanding how to enhance industrial customers' perceptions of logistics service quality and positively influence their future purchase intentions.

References available upon request

TOWARDS AN INTEGRATED THEORY OF LOGISTICS SERVICE COMPETENCY: ORIENTING FIRMS TOWARDS SERVICE EXCELLENCE

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ABSTRACT

The objective of this manuscript is to encourage marketing and logistics managers/researchers to embrace a multi-level approach to build a logistics service competence. Theoretical and empirical support has been detailed to integrate two strategic competencies, the internal and external market orientation required for superior long-term logistics gains.

INTRODUCTION

In reviewing the literature on antecedents of logistics service competency, we identified two separate streams of research. The first one is the external market oriented approach, where the focus is on understanding the needs and the expectations of the customers and other supply chain members so the firm can provide solutions to meet such needs and/or expectations in a more efficient and effective manner (e.g. Mentzer, Rutner, and Matsuno 1997; Min and Mentzer 2004; Lambert and Burduroglu 2000; Zhao, Droge, and Stank 2001). The other research stream that investigates the antecedents of logistics service competency is the internal market oriented approach, where the focus is on satisfying the employee needs and expectations since they are the ones that interact with customers during the service experience (e.g. Keller 2002; Keller and Ozment 1999; Autry and Daugherty 2003; Gammelgaard and Larson 2001). To this point, no research has been done to investigate the interplay between the two research streams. Hence, the objective of this manuscript is to develop a theory of logistics service competency by integrating the two schools of thoughts and illustrating the relationship between them.

PROPOSITIONS

P1: External market orientation is positively associated with internal market orientation.
P2: External market orientation is positively associated (a) directly with the operational aspect and (b) indirectly (mediated through internal market orientation) with the relational aspect of the logistics service performance.
P3: Internal market orientation is positively associated directly with both (a) the operational aspect and (b) the relational aspect of the logistics service performance.
P4: The interaction between internal and external market orientation is positively associated with both (a) the operational aspect and (b) the relational aspect of the logistics service performance.
P5a: Firms that excel in all three phases of external market orientation would have a superior logistics service performance over those that overlook at least one of the components.
P5b: Firms that excel in all three phases of internal market orientation would have a superior logistics service performance over those that overlook at least one of the components.

IMPLICATIONS AND CONCLUSION

Logistics and supply chain managers have known for years that customer service goals will not be met if frontline employees are not hired, trained, and motivated to meet and exceed customer firm expectations (Richey and Bachrach 2004). For a firm to be a truly superior performer, it must commit to external market orientation supported by consistent internal market orientation.

Twenty first century supply chain management philosophy is transitioning from an operational focus on transactional cost reduction and service trade offs to a more long-term relational perspective. More and more emphasis is being placed on supply chain partners and supply chain competitive positioning based on both consistent operational AND relational performance outcomes. Leading firms will adapt to reflect market orientation across internal/operational and external/strategic levels. Failure to do so will result in a strategic misfit between top management teams and operations management/frontline employees. What will the results be?

References available upon request

BROADENING THE CONCEPT OF RELATIONSHIP MARKETING

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ABSTRACT

Despite high expectations for relationship marketing's impact on the field of marketing (Morgan and Hunt 1994, Webster 1992), those expectations have not been fully realized. Relationship marketing has primarily focused on buyer-seller relationships, and has excluded most other relationship types. This paper proposes that the concept of relationship marketing be broadened in the same way that the concept of marketing was broadened in the late sixties (Kotler and Levy 1969). The rationale for this broadened concept is presented, along with ideas for new research. This is an important topic as non-buyer relationships (e.g., with activist groups) can significantly impact firms, which are dedicating resources to these other types of relationships. Yet empirical research beyond the seller-buyer dyad is scarce – especially in some top marketing journals.

Berry (1983, p. 26) first formalized and defined the term "relationship marketing" as "attracting and maintaining and – in multi-service organizations – enhancing customer relationships." He emphasized the concept that there is value in developing and maintaining long-term relationships, versus focusing simply on one-time exchanges. Morgan and Hunt (1994, p. 22) proposed a new definition: "relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges." Implicit in this definition is that the relationship is not necessarily the primary focus; rather it is the "marketing activities *directed toward*....relational exchanges." Gummesson (2002, p. 2) further expanded the definition to incorporate networking concepts: "relationship marketing is marketing based on interaction within networks of relationships." However, some researchers feel that these recent definitions extend relationship marketing too far. Peterson (1995) suggested that including so many relationship types would dilute the value of relationship marketing in its contribution to marketing. Sheth and Parvatiyar (2002, p. 9) said "relationship marketing must be limited to...understanding and managing consumers and their buying, paying and consuming behaviors" and that it should not be extended beyond business. These views diverge from the general field of marketing, which seems to have accepted a broader view of *marketing* that "includes the transactions between and organization and *all* of its publics" (Kotler 1972, p. 46).

It is possible to reconcile these views if one takes a closer look at some key terms and concepts within marketing: the customer, the product and the exchange. "Customers" are not just buyers with money or cash, but are a firm's clients, trustees or directors, active publics, and the general public (Kotler and Levy 1969). "Products" are also conceived of more broadly than a tangible item or a service. A product is anything of value involved in exchange (Kotler 1972), e.g., time, energy, cash, ideas, services, etc. More recently, Vargo and Lusch (2004) talked about "products" as values cocreated by two or more parties. Although "exchange" once simply referred to the transfer of a product to a consumer for a monetary payment, it now includes essentially any type of exchange – that is, any exchange or cocreation of values between two or more actors (Vargo and Lusch 2004). Thus relationship marketing should analyze relationships beyond those with buying customers who exchange money for tangible products. Relationships with constituents such as nongovernmental organizations, activists, influencer markets, referral markets and internal markets (Kotler and Levy 1969; Payne, Ballantyne and Christopher 2005) are important to relationship marketing.

Several conceptual models and frameworks have proposed a broader view of relationship marketing that include markets, relationship partners, constituents and network effects in addition to the seller-buyer dyad. However these models have not gained much traction in marketing literature – particularly in North America. In order for relationship marketing to truly reshape the marketing field (Webster 1992), it needs to grow beyond the seller-buyer model; it needs to explore the applicability of its concepts to *all* of the relationships experienced by the firm or organization. As Payne et al. (2005, p. 859) said, "The key assumption is that organisations can only optimise relationships with customers if they understand and manage relationships with other relevant stakeholders." Only as these other relationships are empirically examined will relationship marketing reach its full potential of being a discipline, as envisioned by Sheth and Parvatiyar (2002).

The above suggests several areas of research. Work should be done to expand empirical analysis of the frameworks suggested by authors in the relationship marketing field (e.g., Gummesson 2002; Morgan and Hunt 1994; Payne et al., 2005) – in particular, these frameworks need to be extended beyond the seller-buyer dyad. Studies can examine how firms function in a network of relationships, not just in dyadic relationships. Researchers should develop measures of other types of relationships beyond the exemplary customer lifetime value models, and perhaps develop a general "relationship equity" construct.

References are available upon request

A REVISIT OF THEORETIC MODEL OF STORE IMAGE FORMATION AND ITS APPLICATION IN CHINESE CONSUMERS

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ABSTRACT

A positive impression of a store, or store image, is vital to retailers as prior research suggests a positive relationship between consumer perceptions of store image and likelihood to shop in the store. (Baker, Grewal, & Parasuraman, 1994; Donovan & Rossiter, 1982). While the literature is dominated in Western, developed countries, such as the United States, other countries, such as China, provide retailers with greater market potential (Bordier, 2003). An understanding of how Chinese consumers perceive a store or form store image is essential. The goal of this research is to systematically compare the formation of store image between Chinese and American consumers.

To make valid cross-cultural comparisons, several types of cross-cultural equivalency were taken into consideration. Functional equivalency was achieved by using department store format that is common to both Chinese and Americans. Back translation and de-centering technique were used to ensure translation equivalency (Brislin, 1970). Three levels of measure invariance are suggested as crucial to the validity of any cross-national research: configural invariance, metric invariance, and scalar invariance (Steenkamp & Baumgartner, 1998). LISREL 8 was used to test for measure invariance in all the scales used in the study. To achieve response equivalence, a uniform data collection procedure was followed in both cultures, which involved participant exposure to a photo album containing both text and graphic information to simulate a department store.

A survey was conducted with a matched sample of Chinese and American consumers. It measured cognitive responses, affective responses, overall evaluation of store image, shopping intention, and demographics. The usable surveys include 220 American consumers and 225 Chinese consumers. First, the theoretical model of store image is tested in either country respectively with LISREL. The results suggested while consumer evaluation of store attributes or cognitive responses had no effect on perception of store image, their affective responses did. Furthermore, overall store image evaluation was found to have no significant effect on intention to shop. Second, this theoretical model of store image was compared across two samples. No store image formation difference was found between the American and Chinese sample. For international retailers, this study has provided practical implication of retailing in China. This study indicated that those practices that evoke positive store image may also work in Chinese market. These practices include enhancing consumer evaluation of store attributes and improving consumer feelings about a store. Although no difference was found in terms of image formation when building a trustworthy store image, further exploration of cultural differences in consumer shopping behavior still remain as an interesting subject for future research.

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A CONSUMER ETHNOCENTRISM MODEL OF FOREIGN RETAIL STORE PATRONAGE: AN INITIAL EMPIRICAL TEST OF EXTRINSIC CUES AND MODERATING EFFECT IN BEIJING

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INTRODUCTION

Consumers often face retail store patronage decisions involving tradeoffs between domestic-owned and foreign-owned retailers due to conservative or patriotic reasons (e.g., Good and Huddleston 1995; Zarkada-Fraser and Fraser 2002). The most widely used construct to explain this phenomenon is consumer ethnocentrism (CET). CET is defined as the beliefs held by consumers that it is inappropriate (and maybe even immoral) to purchase imported products (Shimp and Sharma 1987). The CET concept originated from the country-of-origin (COO) research stream, where past COO studies found that COO, as a country image cue, is an important extrinsic cue in which consumers draw inferences from this cue in forming their perceptions and evaluations of product quality and purchase intent, particularly when they lack information about and/or are unfamiliar with products of foreign origins (c.f., Papadopoulos and Heslop 1993). Nonetheless, previous COO research was generally inconclusive, in part due to the use of single-cue versus multiple-cue models (Bilkey and Nes 1982). For instance, brand name has a negative effect on the saliency of the COO cue in some studies (e.g., Chao 1989; Teas and Agarwal 2000), but not in others (e.g., Ahmed and d'Astous 1996; Han and Terpstra 1988). Moreover, we are not aware of any COO studies that simultaneously assessed the impact of COO cue and store brand cue on consumers' willingness to shop in foreign retail stores (WTS), i.e., store-specific. Hence, these two constructs were included in our conceptual model as antecedents of WTS.

Another factor that has shown to have a strong impact on WTS is utilitarian and hedonic values, where utilitarian-oriented consumers relate shopping trips as task-specific whilst hedonic-oriented consumers seek emotionally rewarding shopping trips (Babin, Darden and Griffin 1994). More importantly, we propose that the negative effect of CET on WTS will interact with the moderating effect of utilitarian value. Utilitarian-oriented consumers tend to find value only if their shopping trips are completed successfully. However, domestic retailers in developing countries are generally less competent than foreign retailers in providing these consumers with quality goods and services (e.g., Good and Huddleston 1995; Lo, Lau and Lin 2001). Hence, the ability of foreign retailers to meet the functional needs of utilitarian-oriented consumers better than domestic retailers in developing countries is likely to moderate the influence of CET on WTS. Our conceptual model also includes customer loyalty as a consequence of WTS, i.e., WTS is positively related to store loyalty intention (i.e., attitudinal loyalty), and store loyalty intention is positively related to customer share (i.e., behavioral loyalty) (Reynolds and Arnold 2000). To sum, the aims of our study are: (1) examine the moderating effect of utilitarian value on the relationship between CET and WTS, since little is known about variables that may offset the impact of CET (Sharma, Shimp and Shin 1995); (2) provide further insights on the impact of COO cue and store brand cue on WTS; and (3) assess the impact of WTS on loyalty.

RESULTS

Our conceptual model was investigated via Structural Equation Modeling and the data (i.e., n = 250 questionnaires) was collected from store-intercept surveys administered in two Beijing hypermarkets owned by a European grocery retailer. Results of this initial study supported most of our research hypotheses. First, as expected, our results showed that CET was negatively related to WTS, but utilitarian value moderated this relationship between CET and WTS. That is, high utilitarian value is a stronger stimulus than consumer ethnocentric attitudes in the Beijing consumers' decision to shop in foreign grocery retail stores. Second, the Beijing consumers did not evaluate foreign retailers from perceptions of the retailers' home country image (COO) or brand image. The low significance of the COO cue may be, in part, due to contextual differences (i.e., foreign products versus foreign retailers), and in part, due to the European retailer having a strong record of adapting its operations to foreign markets and sourcing many of its products locally. In contrast, the low significance of the store brand cue may be due to the strong utilitarian motives behind the PRC consumers' shopping behavior (e.g., Li et al. 2004). That is, they are primarily motivated by purchasing needs and are thus less likely to be concerned about the retailers' store image. Our results also indicated that customer share was predicted by store loyalty intention, which in turn was predicted by WTS. Therefore, foreign retailers who desire to have a greater share of the Beijing market will first have to attract the consumers to their retail stores and then, proactively increase their marketing efforts to enhance loyalty of their customers. In conclusion, although the initial test of our CET model focused on Beijing consumers and their views of foreign hypermarkets, this model has important implications for international retailers venturing into countries where CET is prevalent. The impact of CET confirms the belief that consumers evaluate foreign retailers on ethnocentric grounds, and a foreign retailer's success depends on an equation that accounts for different levels of this effect.

CONSUMERS' NEED FOR UNIQUENESS AND CUSTOMIZATION BEHAVIOR AMONG CHINESE CONSUMERS

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ABSTRACT

Consumer research shows that personality characteristics are useful for identifying core market segments (Engel, Blackwell, and Miniard 1995). One of the personality traits that have received much attention is consumers' need for uniqueness (Lynn and Harris 1997; Snyder and Fromkin 1977, 1980; Tian, Bearden, and Hunter 2001). Consumers' need for uniqueness (CNFU) is defined as "the trait of pursuing differentness relative to others through the acquisition, utilization, and disposition of consumer goods for the purpose of developing and enhancing one's personal and social identity" (Tian, Bearden, and Hunter 2001). Evidence from research suggests that the form of the need for uniqueness may vary according to the extent to which a given culture is individualistic or collectivistic. It is argued that while in the Western cultural systems individuals who score high on a need for uniqueness scale seek to apply different choice strategies because of consumer's desire for counter conformity, such a desire does not fit with the cultural norms of many Asian countries (Herrmann and Heitmann 2006). Further, it is noted in the literature that the characteristics of customers' preferences are the antecedents to and main drivers of the response to marketers' offers including individually customized offers (Simonson 2005). Customization plays an important role in changing the competitive situation (e.g. putting downward pressure on a competitor's prices) (Syam, Ruan and Hess 2005) and will be expected in most of the markets in the future (Simonson 2005). The literature has called for further research on the factors that influence customers' acceptance of or tendency to act on customized offers to fit individual preferences (Simonson 2005). Despite the current trend in customization of consumer goods to the individual's own requirements (Fiore, Lee, and Kunz 2004), the possible relationship between CNFU and customization behavior remain untested. In this respect, there is little empirical evidence or insight into how consumers in a collectivist society such as China embrace the notion of uniqueness and their ability to express counter-conformity in preferences of customization without high social cost given the fact that the collectivist culture of China highly values social approval. Thus, the present paper addresses two issues: how Chinese consumers demonstrate the psychometric characteristics of need for uniqueness, and how this is related to the tendency towards customized product features. In the present study the construct of CNFU was based on Tian et al.'s (2001) three-dimensional theorization and operationalized by their CNFU scale. The CNFU scale was tested and its relationship with consumers' customization behavior was explored based on the data collected from a convenience sample of 352 university students in Southern China.

Using confirmatory factor analysis (CFA), it was found that the original 31-item scale were not a good measure of CNFU among Chinese university students. This suggests that the CNFU trait may not be cross-culturally stable and there is a need to examine and establish the cross-cultural validity of CNFU measurement when using them in a different cultural context. Using exploratory factor analysis method, the original 31-item measure was altered into a 17-item 4-dimension measure of CNFU. The CFA of the modified scale showed satisfactory fit with the data from China. This provides a tentative, but potentially useful, measurement scale for measuring Chinese young-adult consumers' need for uniqueness. Regarding the relationship between CNFU and customization behavior, this study found a strong influence of Chinese students' creative choice counterconformity on their customization behavior. However, all other three dimensions of CNFU showed non-significant influence on such behavior. Since creative choice counterconformity reflects the desire to be different through selections that others are likely to approve of, this indicates that when it comes to customization behavior, the important motive behind such behavior is related to the recognition from peers. The implication of this is that in China marketers should encourage customization behavior which is regarded as socially acceptable and preferable instead of customization behavior against group norms and thus risk in social disapproval (e.g. unpopular choice counterconformity). With avoidance of similarity of brands or products turns out to be non-significant predictor of customization behavior among Chinese students, this indicates that the loss of interest in or discontinued use of a given consumer good that has become popular among the general population may not play an important role in deciding whether or not to customize goods among Chinese students. The structural equation further indicates that CNFU as a totality fails to explain a significant portion of variance of CUST. The results from this study point to three important areas for future research. First, it is important to test the modified scale of CNFU with new sample data as well as on different consumer segments in China. Second, the relationship between CNFU and other marketing variables can be further explored to provide useful practical guidelines for marketers targeting the market. Third, since Chinese students' need for uniqueness has rather weak relationship with their customization behavior, it is necessary to identify other factors that can influence such behavior in the future.

THE EFFECT OF PRICES FOR INCIDENTAL PRODUCTS IN WEB PAGE PROMOTIONS ON CONSUMER PRICE PERCEPTIONS FOR AN UNREALTED TARGET PRODUCT

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ABSTRACT

The Internet has increased in its level of importance in promoting diverse products to consumers. Research in marketing has demonstrated that product judgments are affected not only by the promoted product's characteristics but, also, by the characteristics of other products judged concurrently or retrieved from memory (e.g., Farley, Katz, and Lehman 1978). The web-based environment provides for quick comparisons between products, online retailers, and prices. The price-perception literature is particularly concerned with this phenomenon as researchers attempt to explain how consumers' reference prices are formed and how these reference prices affect product price perceptions.

Consumers' internal reference prices can be influenced by both memory-based and contextual information. The former aspect suggests that consumers adapt to or assimilate past prices of the brands into memory. Product prices, therefore, are compared to internal, memory-based standards. The contextual aspect, on the other hand, suggests that consumers evaluate prices by utilizing information available in the immediate environment or at the point of purchase (e.g., external reference prices).

Both adaptation level theory (Helson 1964) and assimilation-contrast theory (Sherif and Hovland 1961) have been used to explain how external reference prices affect consumers' price and offer-related perceptions. Adaptation level theory and assimilation-contrast theory both propose that when a plausible external reference price is present, this new price information is incorporated with consumers' internal reference prices (Kalyanaram and Winer 1995; Biswas, Wilson, and Licata 1993; Rajendran and Tellis 1994). The external reference price serves as an anchor that is used in adjusting consumers' internal reference prices.

The purpose of this study was to examine the effect of incidental products and their prices on internal reference price perceptions for a "target" product promoted in a web-page environment. More specifically, we examined two primary research questions. First, can incidental product prices serve as external reference prices for target products? Second, does the presence of other products and their offering prices interact with the target product price to influence internal reference price standards?

We examined these questions using a three-factor experiment manipulating an Internet webpage that features both target and incidental product categories and prices. Factor manipulations included: (1) incidental product exposure (none (a control condition), PDA, or HDTV), (2) price of the target product (low or high), and (3) price of the incidental product (low or high).

Findings indicated that one (incidental) product's offering price can influence the price perceptions for a product in another category on an Internet merchant's webpage   Importantly, the present study also demonstrated that an incidental product's prices can influence target product price perceptions both positively and negatively (i.e., up and down). While previous reference price studies generally have focused on raising price perceptions by setting an advertised external reference price higher than the offering price and showing the product in isolation from other products, prices of various products in different categories are often displayed on a single webpage. The present study extends the reference pricing and online retail literatures by demonstrating that the context created by prices for products outside the target product category potentially can serve as reference prices for a target product. Thus, the ability of the price of one product to affect price perceptions of a different product is viewed as both managerially and conceptually relevant.

References available upon request

CONGESTION PRICING IN AN INTERNET MARKET

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ABSTRACT

Internet markets are usually under the command of a market intermediary. The market intermediary acts as a necessary catalyst for the transactions to occur, and for this reason it can charge fees for its services. In particular, it is likely that the intermediary will want to use market imperfections, like congestion, to its advantage in order to extract additional profit. Congestion in an Internet market occurs when the cost of trade increases with the presence of additional agents, new sellers most likely. For several years now eBay has been using a rudimentary form of congestion pricing, or as they call it "Featured Plus!." This type of congestion pricing works by giving sellers the option to incur an extra fee at the time of posting their items for sale and in return having these items listed first when buyers search for specific features, or categories. The basic idea is that potential buyers incur a lower cost of search when looking at "featured items." The objective of this paper is to quantify the effect of market congestion and congestion pricing strategies implemented by the market intermediary on buyers, sellers, trade, profit and welfare.

We analyze data from art auctions by "self representing" artists. This group is composed of artists who sell their own artwork through eBay. We use this data along with a novel structural empirical framework to quantify the economic impact of the simple congestion-pricing scheme implemented by eBay. When studying auctions on eBay we need to be aware of the following facts: the number of potential bidders is stochastic, a function of the auction characteristics and in most cases larger than the observed number of actual bidders; the time of arrival of bids and their magnitudes matters; and some potential bids will not be realized. All these issues are addressed in our empirical methodology. Our empirical framework combines a model of choice on the part of the artist as to whether to feature or not to feature a painting with a model of demand in an auction market environment. Because we explicitly model the process of arrival of new bidders, we can estimate the effect of congestion pricing on the number of bidders, the distribution of bidders' valuations, and the final selling price. Using the structural model we can also measure the impact of congestion pricing on the revenues of the artists and the market intermediary, as well as its effect on consumer surplus.

Fees to eBay consist of three components, insertion fees, computed based on the minimum acceptable bid, final value fees, which represent a percentage of the final selling price, and listing upgrade fees which include the fees associated with featuring the painting. The largest fee by far is usually the $19.99 "Featured Plus!" fee. Thus, it is not surprising that the average fee paid to eBay for a featured item, $28.21, is about ten times the average fee paid for a non-featured item. In fact, although featured items represent only 11% of our sample they also represent approximately 60% of the revenues collected by eBay from the transactions taking place in our data. Featured items also provide close to 50% of all artists' revenues, and close to 50% of the buyers' surplus, according to the model's predictions. Given the significance of the feature choice as a source of revenue for eBay, and for artists, as well as a source of welfare for buyers, it is interesting to ask what would be the effect of disposing of this option. Focusing our attention on those items that are featured under the status quo, the model predicts that average fees paid to eBay would be reduced substantially from $28.21 to $6.35. Average revenues for sellers would also decrease substantially from $166 to $119, and average Buyer surplus will be reduced from $208 to $170. These effects are due to a decrease in the number of potential buyers in these auctions and a decrease in the quality of the buyer/seller match. Overall, the dollar value of revenues and consumer surplus would be reduced by 27% of the value generated by featured items, or 14% of the overall value generated in this market. Finally, even in a market without the feature choice, objects from the "Featured Plus!" sub-sample command a much higher price and have a much higher probability of being sold that other objects in our sample. This is clear evidence of selection of the best artist and the best artwork in the "Featured Plus!" category. Thus, our results indicate that the congestion pricing policy acts as a coordination mechanism that facilitates the match between buyers and sellers.

MODELING THE ROLE OF POWER DISTANCE AND SOCIAL FORMALITY IN BUSINESS-TO-BUSINESS RELATIONSHIPS IN INDIA

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ABSTRACT

This study explores the effect of power distance and social formality in the manager's perception toward a business-to-business relationship. First, power distance, as cultural factor has been related to the way individual perform business, and develop business relations (Hofstede, 1980). Second, social formality, also known as social etiquette or social grace, refers to the way individuals conduct themselves in social groups; such as dress code, table manners, and greetings (Burgoon et al., 1996). Finally, business-to-business relationship refers to all activities directed toward establishing, developing and maintaining successful relational exchanges (Hunt and Morgan, 1994), committed to engage in an ongoing relationship with other business (Sheth and Parvatiyar 1995).

This study was conducted in India which is considered to be: (1) high power distance, (2) high-context culture and. (3) highly collectivist. High-context cultures emphasize the need to establish relationships before any business arrangement (Hall, 1966). Collectivist cultures tend to emphasize the cultivation of an in-group relationship and bonding before actually getting down to business (Hui and Triandis, 1986; Triandis, Brislin, and Hui 1988).

The authors proposed: (**H1**) there is a relationship between "power distance" and the "attitude toward a business-to-business relation"; (**H2**) there is a relationship between "power distance" and "social formality;" and, (**H3**) there is a relationship between "formality" and the "attitude toward a business-to-business relation" in India. Overall, the authors proposed a model to study the effect of these variables.

The data were collected from high and middle level managers in two main cities; Delhi and Bangalore, with a total sample of 130 responses. Confirmatory factor analysis was conducted to assess construct validity. The reliability of the scales exceeded the minimum standards recommended by Bagozzi & Yi (1988). Structural equation model was employed to test the model and hypotheses.

The results indicated that, contrary to what authors expected, "power distance" was not significantly related to the "attitude toward a business-to-business relation;" **H1** was rejected. Then, in order to test **H2** and **H3**, a nested model was run excluding the correlation between "power distance" and "attitude toward a business-to-business relation." The results showed a model fit improvement and as predicted, H2 and H3 were supported. "Power distance" was significantly related to "social formality" (sig.=.000 and R^2=.80), and "social formality" was significantly related to "attitude toward a business-to-business relation" (sig.=.000 and R^2=.69).

In summary, theoretically, the results of the model showed power distance to be an indicator of social formality, and social formality appears to be an indicator of attitude toward business relationships. In addition, the results go beyond providing support for the contention that the proposed model may or may not be effectual regarding the culture. Practically, the finding revealed that manager who are highly susceptible to social formalities are very concern about building relationship before signing a contract with a counterpart. In addition, power distance was found to be an indicator of social formality; this suggests that business-to-business relationships might become ever more important in those countries where the level of power distance is high.

References available upon request

A CONCEPTUAL FRAMEWORK OF MUTUAL AND INTERACTIVE VULNERABILITY IN BUSINESS RELATIONSHIPS

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ABSTRACT

The objective is to describe a conceptual framework of mutual and interactive vulnerability. The paper applies a dyadic approach to the vulnerability construct in supply chain dyads. One of the theoretical contributions of this research is the facets of mutual and interactive vulnerability in supply chain dyads. These facets may be used in management practice to analyse, describe and position different views of vulnerability. Another theoretical contribution is a conceptual framework that distinguishes between the constructs of mutual vulnerability in supply chain dyads, and those of interactive vulnerability.

One of the theoretical contributions is the facets of mutual and interactive vulnerability in supply chain dyads. These facets may be used in management practice to analyse, describe and position different views of vulnerability. Another theoretical contribution is a conceptual framework that distinguishes between the constructs of mutual vulnerability in supply chain dyads, and those of interactive vulnerability.

THE INFLUENCE OF GAMBLING BENEFITS AND ACCEPTABILITY ON CASINO GAMBLING SATISFACTION

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ABSTRACT

The main objective of this study was to investigate the influence of gambling benefits and acceptability on casino gambling satisfaction and views on entertainment amongst guests at a local casino in the Eastern Cape. Confirmatory factor analysis showed significant relationships between various determinants influencing respondents' gambling experience at the casino with adequate fit indices (AGFI=0.941 and RMSEA=0.052). These results confirmed the convergent and discriminant validity of a model comprising *Gambling Motives, Gambling Acceptability* and *Gambling Satisfaction.*

INTRODUCTION

In South Africa casino gambling and the related recreational activities have exhibited an explosive growth rate over the past five years. Thirty-one casinos were in operation by 2003, running a total of 17,773 gambling machines and 641 gambling tables. Although the South African gambling industry is still in its infancy compared worldwide, gross gambling revenue for all provinces totalled approximately $1400 million for the financial year ending 31 March 2004 with casinos constituting 89,1% of this revenue (National Gambling Board 2004). Today with the expansion of the gaming industry in South Africa casinos have to compete with other forms of gambling such as the National Lottery, Limited Payout Machines at shopping centres, hotels and taverns, Bingo, Horse Racing and Internet Gambling. Casino management needs to identify consumers that will be most receptive to their communications and explore their gambling experience at the casino, in order to attract a much broader share of the gambling market (Phillips et al 2004) This study investigated the relationship between satisfaction and perceptions regarding gambling experiences and views on entertainment amongst guests at a local casino in the Eastern Cape. A theoretical model consisting of intangible factors, e.g. gambling motives and gambling acceptability, related to recreational gambling satisfaction is proposed. Tangibles, such as the type of games and machines offered at casinos, were excluded from the model thus enabling the results to be generalised to the international gambling environment.

LITERATURE REVIEW

The concept of recreational gambling is described as harmless recreational fun, performed by responsible consumers that does not affect their family or work life, nor does it get them into financial difficulty (Reinecke 2000). Gambling satisfaction is a complex construct consisting of various determinants. It was hypothesized in this study that these determinants are related to perceptions regarding gambling benefits, acceptability and knowledge. A theoretical model was consequently constructed to serve as a guideline for investigating the relationships between recreational gambling satisfaction, perceptions and knowledge. The model further served as a basis for formulating and testing hypotheses in this regard.

In the model gambling motives have been categorized as economic, symbolic and hedonic based on previous research by Lee et al 2005) and two surveys by Rousseau and Venter (2002). A factor analysis showed that these motives were important drivers of gambling benefits. Based on these findings it was hypothesized that *perceived gambling benefits* are related to *perceived economic gambling motives (H_1), perceived hedonic gambling motives (H_2)* and *perceived symbolic gambling motives (H_3)*. Three cultural variables have constantly been identified in the literature (De-La Rosa et al, 2000; Escobar et al, 2000; Oe and Raylo, 2004) as playing a role in mental health problems such as substance abuse and excessive gambling namely, personal, familial and cultural values and beliefs. Personal values and beliefs regarding gambling acceptability can be influenced by legalization and increase accessibility to gambling, parents gambling related cognitions can influence off spring gambling behaviours while cultural values such as religious convictions may discourage involvement in gambling. Based on these results it was hypothesized that *perceived gambling acceptability* is related to *perceived personal (H_4), perceived familial (H_5)* and *perceived cultural (H_6) values* and *beliefs*.

Social exchange theory suggests that consumers make rational choices that maximize rewards (gambling benefits) and minimize costs (gambling acceptability). This theory states that when costs (i.e. acceptability) exceed benefits most people will re-evaluate their circumstances to the extent that they might discontinue activities that are no longer advantages to them (Hope and Havir, 2002). We argue that in the case of casino gambling, levels of acceptability and potential benefits will influence gambling satisfaction / dissatisfaction. Several researchers (McIntire, 1989, Havitz et al, 1994, Schuett, 1993) have

tested different involvement scales and concluded that enjoyment, pleasure and self-expression were sub-dimensions of recreational involvement profiles. These findings suggest that gambling benefits (enjoyment, pleasure) and gambling acceptability (self-expression, ego involvement) may be linked to gambling satisfaction.

Research evidence (Delfabbro and Thrupp, 2003; Ladouceur, 2004) furthermore indicates that problem gambling knowledge affects gambling satisfaction. Problem gamblers can suffer from pre-existing negative affect and losses may be magnified by negative cognitions such as self-blame or overgeneralization. A lack of gambling knowledge, particularly the risk of addiction and false beliefs regarding chances of winning may therefore be related to casino gambling satisfaction.

Based on the above mentioned theories the following hypotheses were formulated: *Casino gambling satisfaction* is related to *perceived gambling benefits (H_7)*, *problem gambling knowledge (H_8)* and *perceived gambling acceptability (H_9)*.

METHOD

Instrument

A questionnaire was constructed based on items used in previous studies (Rousseau and Venter, 2002; Oei and Raylu, 2004; Strong Breen and Lejuez, 2004) as well as new items derived from literature on gambling. The questionnaire consisted of 40 five-point Likert type items relating to the variables portrayed in the model. The first fifteen items focused on gambling motives, the next fifteen on values and beliefs regarding gambling, followed by five items on problem gambling knowledge and five items on casino gambling satisfaction. The intervening variables in the model, i.e. *Gambling Benefits* and *Gambling Acceptability*, were measured as the summated scores of the independent variables relating to gambling motives and values and beliefs, respectively. The questionnaire concluded with measures of several demographic variables: home language, age, gender, education, household income per month and frequency of visits to the casino.

Sample

A non-probability convenience sample (n=345) was drawn from casino guests while visiting the casino during a three-week period in March 2005. Respondents had to carry a MVG-card (most valued guest) to ensure that only regular guests were included in the sample. Respondents were representative of the various age, income and language groups.

Data collection

Students from the Nelson Mandela Metropolitan University carried out the fieldwork. Casino guests were approached on a convenience basis for interviewing upon entering or leaving the casino. Few declined to participate as a lucky draw for a prize was offered to those who agreed to be interviewed.

Data analysis

To access the reliability of the summated scores of the various determinants portrayed in the model the statistical package *BMDP* program 4M (Frane, Jenrick and Samson, 1979) was used to perform exploratory factor analysis and to calculate Cronbach's coefficient alphas. Descriptive statistics (mean, standard deviation, frequency distribution and correlations) were also calculated. Confirmatory factor analysis was subsequently performed using the SEPATH routine in *Statistica* to assess whether the measures in the model were related to facets of the intended construct *casino gambling satisfaction* (construct validity) and were all distinct from each other (discriminant validity). To determine the goodness of fit of the model and to ensure that it is an adequate representation of the entire set of causal relationships Joreskog Adjusted Goodness-of-fit Index (AGFI) and Root Mean Square Error of Approximation (RMSEA) were selected as most appropriate.

RESULTS

The results of the confirmatory factor analysis portrayed in Figure 1 are for an adjusted model based on an original model that included *Problem Gambling Knowledge* which was omitted due to its poor correlation with *Casino Gambling Satisfaction* ($r=0.013$). Based on the descriptive statistics it was apparent that this was due to the majority of respondents obtaining high scores for this measure. Respondents thus possess sufficient knowledge on the dangers of addiction to gambling that it does not influence their gambling satisfaction at casinos. We could therefore found no support for Ladouceur's (2004) comments that problem gambling knowledge affects gambling satisfaction.

The fit indices for the adjusted model meet the requirements for acceptable model fit, i.e. AGFI>0.90 and 0.05<RMSEA<0.08 (Browne and Cudeck, 1992). Thus we are able to conclude convergent and discriminant validity of the model comprising *Gambling Motives, Gambling Values & Beliefs* and *Casino Gambling Satisfaction* with *Gambling Benefits* and *Gambling Acceptability* as mediating variables. Note that for completeness the traditional chi-square fit statistic is also reported, although it was not regarded as a valid statistic for this study due to its sensitivity for large samples (Browne and Cudeck, 1992).

Figure 1 indicates that the strongest correlations relating to the intervening variables were between *Hedonic Gambling Motives* and *Gambling Benefits* and between *Personal Gambling Values* and *Gambling Acceptability*. These results suggest that the pleasure and personal acceptance of gambling as a form of entertainment are the strongest influences on the level of gambling satisfaction experienced by casino guests. A positive relationship between *Gambling Benefits* and *Gambling Acceptability* of 0.909 was furthermore observed. The strong relationship between *Gambling Benefits, Gambling Acceptability* and *Casino Gambling Satisfaction* confirm the importance of the mediating role of the intervening variables in conceptualising casino gambling satisfaction. It is interesting to note that *Gambling Benefits* and *Gambling Acceptability* were almost identically correlated with *Gambling Satisfaction,* implying equal causal relationships between these factors.

Hypotheses testing

Based on the results of the study portrayed in figure 1 all the hypotheses formulated with the exception of H_8 stating a relationship between *Problem Gambling Knowledge* and *Casino Gambling Satisfaction* were confirmed.

CONCLUSION

The main objective of this study was to investigate the relationship between satisfaction and perceptions regarding gambling experiences and views on entertainment amongst 345 guests at a local casino in the Eastern Cape. Confirmatory factor analysis was used to test a model of gambling satisfaction. As expected, high positive correlations between gambling motives and gambling benefits were found to exist in the proposed model (Rousseau and Venter, 2002) as well as between gambling benefits and casino gambling satisfaction (McIntire 1989, Havitz et al 1994). Regarding the relationship between gambling values and beliefs and *Gambling Acceptability, Personal Values* correlated strongest, supporting the findings by Raylu and Oei (2004).The high positive correlation observed between *Gambling Acceptability* and *Gambling Satisfaction* may be explained as an outcome of enduring involvement in gambling that influences gambling acceptability and satisfaction as alluded by Schuett (1993).

Marketing implications

Results of this study suggest that casino management should focus on hedonic motives as major gambling benefits and on personal beliefs about gambling acceptability if they wish to enhance casino gambling satisfaction in their promotional strategies. It appears that the pleasure, excitement, novelty seeking as well as personal acceptance of gambling as a form of recreation, need to be highlighted in promotional material aimed at casino guests, rather than the potential danger of problem gambling caused by addiction. It seemed that guests in the casino are already aware of "when to stop" and need therefore rather be reminded of the enjoyment they experience during their visits, to ensure continuous patronage. The lesser importance of familial and cultural values and beliefs in the proposed model warrants further investigation to determine the significance and causes of multi-cultural differences with regard to recreational casino gambling acceptability. It may be found that a homogeneous marketing strategy may suffice for all or most cultural groups, thus eliminating the necessity of diverse strategies to target multi-cultural market segments.

The above marketing implications are also relevant for the international gambling environment due to the fact that only intangible factors related to gambling satisfaction were included in the proposed model. With regard to tangibles it should be noted that South African casinos are modelled according to international standards.

FIGURE 1: CASINO GAMBLING SATISFACTION MODEL

INDEPENDENT VARIABLES   INTERVENING VARIABLES   DEPENDENT VARIABLE

GAMBLING MOTIVES

VALUES & BELIEFS

Model Fit Indices:
RMSEA = .052
AGFI = .941
χ^2 = 107.865, d.f. = 41, p < .0005
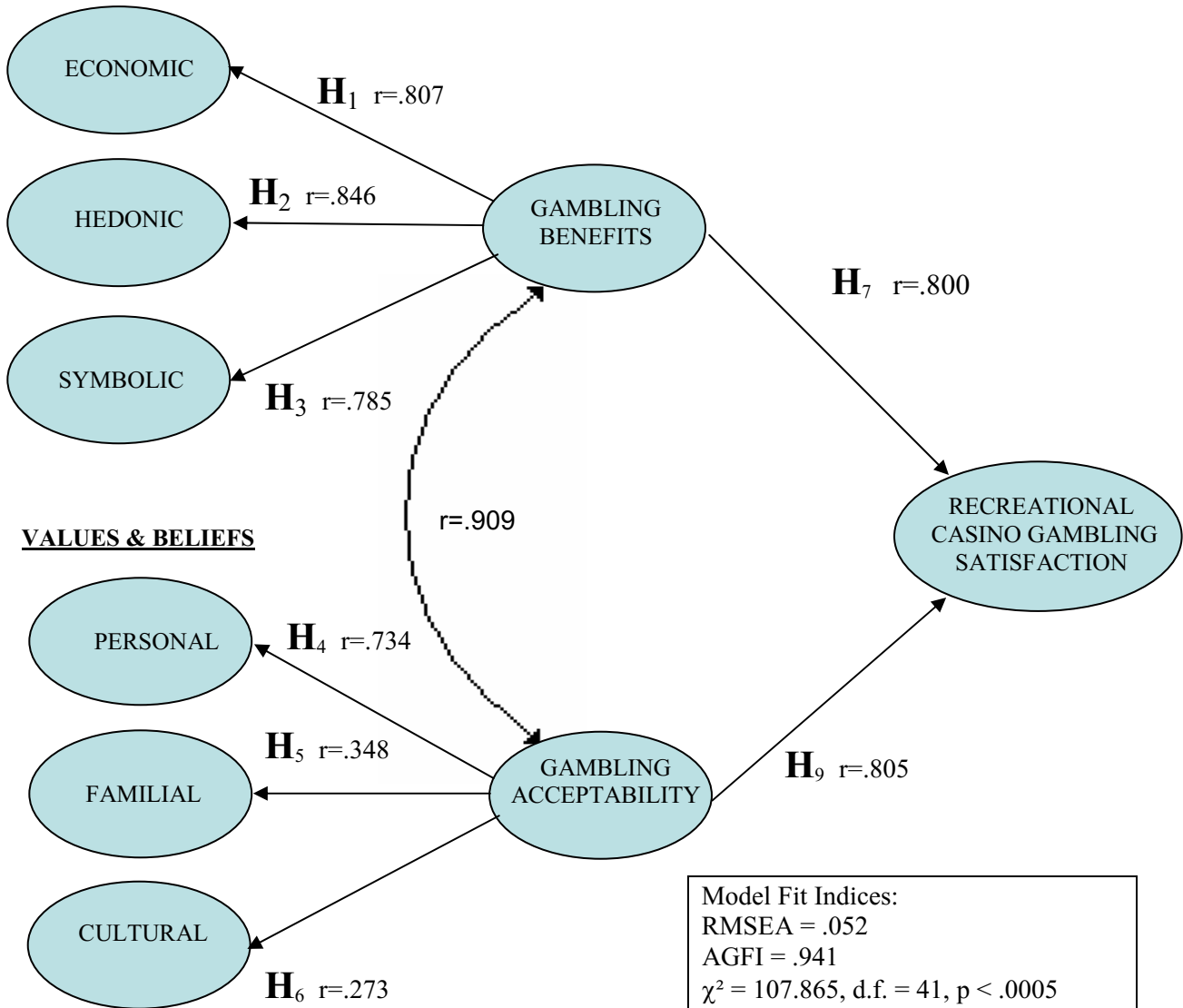
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MULTIRACIALS VERSUS MONORACIALS:
TOWARDS A FRAMEWORK FOR CONSUMER TRAITS AND ARTWORK CONSUMPTION

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ABSTRACT

The Zolfagharian (2005) study used identity formation and symbolic interactionism theories to show that multiracial consumers, compared to monoracial ones, (1) have higher levels of needs for social acceptability and group identification, (2) have equal levels of need for uniqueness, and (3) consume more Artworks, Collectibles, and Antiques (ACA). Therefore, racial mix is an indicator of the needs for social acceptability, group identification, and ACA consumption.

The three focal consumer traits have been shown to also influence artwork consumption. Park and Lessig (1977) suggest that consumers' identification with their frames of reference influences their ego-related consumption. Bearden and Etzel (1982) and Bourne (1957) propose the reference group influence on the consumption of conspicuous products, characterized by exclusivity and public visibility. Both of these studies find that consumers' level of conformity with their frames of reference determines the extent to which they use publicly and privately consumed luxury products. Brinberg and Plimpton (1986) and Price, Feick, and Higie (1987) reach similar conclusions. Some works of art such as paintings are consumed in private; and some, such as jewelry and musical instruments, are consumed in public. In either case, artworks are closer to luxuries than to necessities. Therefore, needs for social acceptability and group identification are expected to impact artwork consumption. This expectation is further supported by Bhattacharya, Hayagreeva, and Glynn (1995) study, which suggests consumers' needs for social acceptability and group identification are positively associated with their membership in art institutions.

Need for uniqueness has also been linked to artwork consumption. Chief among social psychologists, Lynn's (1991) meta-analysis as well as Fromkin & Snyder (1980), Lynn and Harris (1997), and Snyder (1992) show how consumers with high need for uniqueness are especially attracted to scarce products. These products provide a vehicle for fulfilling one's level of need for uniqueness. Special scarce possessions such as artworks, thus, are strong mediums for consumer's to express their personal values and meanings. In consumer research, Tepper-Tian, Bearden, and Hunter (2001) show that, whereas consumers with low need for uniqueness see their uniqueness in relations with people and pets and objects, those with high need for uniqueness purchase more aesthetic products for higher prices to secure an objectively unique and different identity. These arguments suggest that needs for (a) social acceptability, (b) group identification, and (c) uniqueness are significant predictors of artwork consumption among multiracials and monoracials.

The previous arguments, taken together, point to an important observation: the relation between racial mix and artwork consumption can be modeled as a mediated relation. In other words, racial mix can predict artwork consumption both directly and indirectly. The direct impact was supported in Zolfagharian (2005). The indirect impact is mediated through consumer traits. These variables not only depend upon racial mix, but also predict artwork consumption. Although need for uniqueness has been found to predict the consumption of scarce and conspicuous products (Richins 1994; Snyder 1992), it was found unrelated to racial mix (Zolfagharian 2005). Therefore, needs for social acceptability and group identification, but not uniqueness, are expected to mediate between racial mix and artwork consumption.

An empirical study was undertaken to substantiate the above contentions. The procedure suggested by Baron and Kenny (1986) and Judd and Kenny (1981) was used to test (1) whether the racial mix–ACA consumption relation is mediated and, if so, (2) whether the mediation is partial or complete. According to this procedure, mediation exists if all of the β weights in the respective regression equations are significant; and the mediation is complete if all but β representing the direct relation are significant. Consistent with Semeijn, Riel and Ambrosini (2004), Sobel tests were used for validating the predicted mediation effects (MacKinnon and Dwyer 1993; MacKinnon, Warsi, and Dwyer 1995; Sobel 1982). The test statistic Z was calculated per $(a * b) / ((b^2 * s^2_a + a^2 * s^2_b + s^2_a * s^2_b) \wedge 0.5)$; where a represents the unstandardized path coefficient of a regression of racial mix (indicator) on each of the consumer traits (mediator), one at a time; and b and c the unstandardized path coefficients of a regression of the mediator and the indicator on ACA consumption (the dependent variable). Both of the needs for social acceptability ($Z = 7.14$, $p < .001$) and group identification ($Z = 8.34$, $p < .001$) were found to be valid mediators of the racial mix–ACA consumption relation. In conclusion, the empirical study found general support for the hypothesized direct and mediated relations.

References available upon request

THE APPLICATION OF A MUTUAL CYCLICAL GROWTH MODEL OF ROMANTIC RELATIONSHIPS TO INVESTIGATE CONSUMER BRAND COMMITMENT

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ABSTRACT

We argue that brand loyalty involves much more than general beliefs and feelings about brands and that brands can be studied in a manner that is similar to dyadic relationships. Subsequently, we applied the "consumer side" of the Wieselquist et al. (1999) mutual cyclical growth model of romantic relationships to the domain of brand loyalty. Wieselquist et al. provided empirical support for mutual cyclical growth of commitment in a relationship in which both partners' levels of commitment are affected by each other's pro-relationship actions and subsequent trust in each other. Applying the "consumer side" of this model to the domain of brand commitment, results of a structural equation model provided support for such an application. Discussion of this study pointed to the further investigation of the "brand-side" of the model.

FIRST-MOVER ADVANTAGES: A CROSS-NATIONAL COMPARISON OF MATURE AND EMERGING MARKET CONSUMERS' ATTITUDES TOWARD PIONEER AND FOLLOWER BRANDS

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ABSTRACT

A number of hypotheses examining the underlying beliefs, attitudes, and purchasing intentions of consumers in the U.S. and India as they relate to pioneering vs. follower brands were formulated and tested. Results indicate that consumers in the emerging market have much more positive perceptions of the pioneer brand in terms of global and multiattribute-based attitudes as well as intention to buy.

INTRODUCTION

The theoretical explanations of first-mover advantages (FMA) have traditionally been found in the barriers-to-entry literature. More recently, however, a number of significant conceptualizations have suggested that these advantages transcend typically economic explanations and are, at least in part, the result of psychological processes in the mind of the consumer (e.g., Carpenter and Nakamoto 1989). This so-called behavioral paradigm of analysis has been increasingly acknowledged as a robust source of conceptual explanations for this complex phenomenon. Moreover, a number of scholars suggest that competitive advantages that accumulate from entering early often do not apply to others because of differing exogenous forces specific to the first-mover situation. That is, the potential for generating any FMA is in fact a function of the *market* being entered (Kerin, Varadarajan, and Peterson 1992). As such, it is surprising that relatively little research has been devoted to addressing entry timing in international markets. Even more surprising is the lack of empirical research in so-called emerging markets (EMs) where environmental conditions differ significantly from more mature markets. Consequently, given the relatively fragmented and under-researched nature of the behavioral paradigm (Rettie, Hilliar, and Alpert 2002), the situational nature of the entry-timing decision (Meyer and Estrin 2001), the growing importance of EMs in today's globalized economy (Arnold and Quelch 1998), and the impact of structural and cultural conditions in such markets on local consumer behavior (Arnold 2004), there is a clear need for extending current behaviorally-based FMA literature beyond its typically domestic framework of analysis.

RESEARCH OBJECTIVES

This study attempts to address the aforementioned gap in the literature by extending the current behavioral research domain vis-a-vie a survey-based comparative study of mature market (U.S.) and emerging market (Indian) consumers' attitudes towards pioneer and follower brands. Two fundamental questions serve as the basis for the study: (1) Are there significant attitude and intention differences between mature market and emerging market consumers based on order of entry? and (2) If so, would firms considering doing business in emerging markets be better off entering early despite all the start up problems, or postpone their entry until the pioneer "takes it on the chin" and then enter, with the expectation of better performance? Based on the earlier work of Alpert and Kamins (1995) and utilizing the Fishbein and Ajzen (1975) Theory of Reasoned Action, 12 hypotheses examining the underlying beliefs, attitudes, and purchasing intentions of consumers in both countries as they relate to pioneering vs. follower brands were formulated and tested using paired-sample *t*-tests, multiple regression analysis, and structural equation modeling.

RESULTS

A number of significant conclusions were drawn from the analyses. First, while consumers in both countries have favorable attitudes towards the pioneer, Indian consumers tend to exhibit much more positive perceptions in terms of both global and multiattribute-based attitudes. Second, attitudinal preferences for the pioneer brand are positively related to intention to buy the pioneer brand. Finally, in both countries, the preference for the pioneer is a function of a series of causal relationships where attitudes and social norms play dominant roles. In the U.S., individual attitudes play a more significant role in formulating purchase intention than social norms. However, societal norms tend to discourage the purchase of the pioneer brand. In the case of India, social norms play a more dominant role in intention formation.

References are available upon request

GLOBALISATION, LEVITT AND THE EVIDENCE FROM JAPAN AND SINGAPORE

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ABSTRACT

Levitt's 1983 paper, "The Globalisation of Markets" (Levitt, 1983a), has provided an insightful conceptual framework since first publication. However, its acceptability as a template for globalisation has, in recent years, been questioned by a number of scholars. While globalisation has provided corporations with an opportunity to widen their geographical coverage, it could also be argued that these same opportunities have made the business environment more competitive and the business strategies that need to be adopted, more complex. This is because of the differences that exist, firstly, among the *needs*, *wants* and *aspirations* (Maslow, 1970) of consumer groups; secondly, because of the knowledge and sophistication of consumers today, who are increasingly well informed and sophisticated; and, thirdly, in response to the cross cultural preferences that exist between markets (Chen, 1995; Trompenaars, 1997). Levitt believed that consumers everywhere were waiting to access internationally branded and standardised goods but mainly American goods, at a low price. His theory, though, was not about economies of scale but of the economies of scope and the international availability of standardised, often branded goods of internationally acceptable quality at a low price, which represent a good value for money proposition. In this paper, we revisit Levitt's theory and assess whether it is applicable to present day international marketing given the cultural diversity that now exists both across and within markets.

In this research, we examined Asian managers in the context of a hypothesised Japanese template for business standardisation within Asia. We also investigated whether traditional cultural values continue to be powerful influences upon business decision making or whether the globalisation of markets had led to the erosion of traditional management practices in Asia? In particular, we were interested in ascertaining whether cross cultural differences impacted on how Asian managers perceive decision variables when transplanting business into new markets. For example, are the reasons for international business expansion the same between cultures or do socio-cultural differences act as key influences in transnational decision making? We sought to determine whether a "*one size fits all*" approach is a realistic option, given the historical diversity and cultural differences that characterise the region. If Asian managers perceive that regional benefit can be found through standardisation, what are the implications for management practice and what does this tell us about cross cultural marketing?

The study investigated the attitudes of employees working for Singaporean and Japanese corporations. The mail questionnaire design was modelled around conceptual structures that support a variety of academic theoretical arguments on socio-cultural values and the drivers of market orientated production in global markets. Questions were designed to investigate the interrelated variables and location-specific factors that have been and are driving international investment in response to the globalisation of markets.

Accordingly we hypothesize that either there is a difference between the way Japanese and Singapore managers perceive and approach global marketing strategy or there is not. The mean scores and standard deviation were calculated to gain an impression of the response profile for each group. The profile scores were correlated and *t/z* tests were done to test the relationship between attitude and each independent variable. ANOVA tests were also used to test for differences in mean. There were differences in opinion between the two groups as to whether cheaper labour and productivity were motivating factors for international expansion in Asia. In the case of the Japanese, the weightings that were given to the *Likert* scale scores were higher than those given by the Singaporeans. The difference in emphasis was statistically significant. In addition, it should be noted that in the case of the Japanese, respondents demonstrated their willingness to move away from traditional management practices, in response to the globalisation process. Despite this acknowledgement, partnership preference favoured collaboration with the Japanese.

References available upon request

MODERN VS POSTMODERN CONSUMER SEGMENTATION IN INTERNATIONAL BUSINESS: A COMPARATIVE ANALYSIS AND RESEARCH AGENDA

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ABSTRACT

Wendell Smith (1956) stated that segmentation "…consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets." A more recent definition states that segmentation is "The process of subdividing a market into distinct subsets of customers that *behave in the same way* or have similar needs" (AMA 2005, emphasis added). The underlying assumption of these definitions is one of stability, premised upon the belief that customers *behave in stable patterns like one another*, thereby justifying segmentation according to shared characteristics. In addition, and perhaps more importantly, these so-called 'modern' segmentation methods assume that customers *demonstrate stability in their own individual attitudes and behaviors*.

These assumptions have long been accepted by modernists who look for universal designs and absolute truths to explain all features of existence. For modernists, discovery of truth occurs through continuing observation, accumulation of knowledge, and scientific study (Turner 1990, Thomas 1997). In contrast, postmodernists question these notions of stability, predictability, and sameness which lie at the heart of the modern theories of segmentation. Where modernists claim that there is a single universal truth which can explain any given event, postmodernists are comfortable accepting any number of explanations for that same event (Goulding 2003). Where modernists accept only measurable scientific results, postmodernists also accept non-measurable intangibles. Thus, principal differences between the two schools of thought can be summarized as follows: modernists seek homogeneity whereas postmodernists accept heterogeneity (Brown 1993). In short, postmodernists disagree with modernists' aims of explaining and controlling everything through scientific analysis. More specifically, postmodernists disagree with the proposition that individual consumers can be categorized once and for all into discrete market segments. This is a critical concern for international marketers who have traditionally relied on segmenting world markets simply on the basis of geography and demographic measures.

In this paper, we revisit our familiar understanding of market segmentation assumptions and methods. Based on a review of the marketing and international marketing literatures, we examine current thought and practice in segmenting international consumer markets. We explore assumptions behind modern segmentation methods and show how these methods fall short, especially in regard to segmenting sophisticated consumers across global markets. By means of analysis, discussion, and use of practical examples, we argue that cosmopolitan consumers are taking on increasingly complex and changing identities which defy simple categorization. Consumers' increasingly complex search for meaning, rather than simple product / service benefits, renders obsolete the modern belief that that consumers have only one stable, predictable, individual identity. We conclude our discussion by presenting a research agenda of questions for attention by global marketing managers, advertisers, and academic researchers.

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METAPHORS AND SALES MANAGEMENT: A REVIEW AND THE DEVELOPMENT OF KNOWLEDGE GRAFTING AS A THEORETICAL METAPHOR FOR KNOWLEDGE-BASED SALES MANAGEMENT STRATEGY

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ABSTRACT

The marketing literature is rich with research explicating the usefulness of metaphors. However, in the context of sales management, there is little research that investigates metaphors. Therefore, this article identifies and discusses several literary and theoretical metaphors that are relevant to sales management and discusses their usefulness. Furthermore, the article defines knowledge-based sales management strategy and develops *knowledge grafting* in the context of knowledge-based sales management strategy. Also, this article presents strategic normative imperatives based on the knowledge grafting metaphor. Along with knowledge grafting, the theoretical metaphors that are identified in this article can contribute to theory development for knowledge-based sales management strategy. Future research directions are discussed.

References available upon request

A CONFIGURATION-THEORY ASSESSMENT OF HOW INCONGRUITY IN SALES FORCE CONTROL SYSTEMS DRIVES SALESPERSON PERFORMANCE

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ABSTRACT

This study draws on configuration theory conceptualizations and methodologies to propose a new construct --incongruity in a sales force management control system—and develop and test an index of it. Analysis of archival and survey data from 2532 salespeople in 38 companies on 5 continents reveals that the lack of co-alignment (incongruity) of the constitutive elements of sales force control systems is associated with inferior performance on objective, customer-generated performance measures. Using the Varying Parameter Methodology, results indicate that a salesperson's tenure in the organization moderates this relationship. Two mechanisms (misdirection of effort and de-motivation) are shown to underlie, in complementary fashion, the negative impact of incongruity on customer-generated individual performance. Multiple implications for management and for future research are presented.

LOGISTICS' ROLE IN INTERDEPARTMENTAL INTEGRATION

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ABSTRACT

Logistics departments may act as integrators for other departments. Tactically, they integrate other departments through carrying inventory and through direct coordination. Operationally, they integrate through implementing strategies which involve several other departments, such as postponement. Strategically, they help to implement supply chain management which focuses the firm towards key relationships.

INTRODUCTION

The integration of functional departments is widely recognized as an important prerequisite of successful supply chain management and, ultimately, firm performance (Ellinger et al. 2000; Morash et al. 1997; Murphy and Poist 1996). Although integration is important for all business functions, no academic discipline has been more prolific in researching integration in the past decade than those studying logistics. Logistics departments occupy a unique position in the firm because they span virtually every other line department from inbound supplies to manufacturing to outbound sales (Rodrigues et al. 2004). This position in the organization gives them a vantage point to see the organizational "big picture," and highlights how integration can improve internal processes and facilitate supply chain management. It is well documented that logistics integration with other departments has many benefits and can be critical to firm success (Stank et al. 1999). However, it is likely that logistics departments have a deeper and more complex role in firm integration that has yet to be explored. Logistics departments often act as boundary-spanners between other business functions. In particular, the logistics department acts as glue between the often disparate goals of other departments such as sales and manufacturing. Thus, it may not be enough for logistics departments to be integrated with other departments- in some cases they may have to act as integrators *between* departments.

Logistics strategies, such as postponement, can also help to directly integrate other departments through formalizing the interfaces of communications and processes with multiple departments. The use of postponement can facilitate market orientation in a firm without sacrificing manufacturing efficiency or effectiveness (Waller et al. 2000).   Additionally, logisticians often spearhead supply chain strategies which focus on primary supplier and customer relationships. It is possible to use focused integrating mechanisms for these primary relationships which would ordinarily be too cumbersome or expensive to implement. The purpose of this paper is to explore under what conditions the logistics department becomes an efficient and effective integration mechanism for other functions of the firm.

INTEGRATION

Interdepartmental integration is defined by Kahn and Mentzer (1996) "as a process of interdepartmental interaction and interdepartmental collaboration that brings departments together into a cohesive organization." Lawrence and Lorsch (1967) noted that the relationship between performance and integration is complex. Departments that have similar processes are able to integrate more easily than departments with greater differences and interdepartmental integration leads to better performance (Ellinger et al. 2000). However the most interesting finding in Lawrence and Lorsch's (1967) study was that the departmental specialization in high performing firms was significantly greater than that of poorly performing firms.

Departments differ in more than just processes. Each department faces a different set of goals and environmental conditions. Each department has its own desired goals, time-orientation, formality and culture (Nauta and Sanders 2001). Departmental specialization increases the performance of individual functions because the more customized a department is to its environment, the more efficiently and effectively it will be able to function. For example, the sales department must have the flexibility to find new customers and meet their needs while the manufacturing department must hold to stricter processes in order to facilitate economies of scale. As uncertainty increases, the relationship between departmental specialization and individual departmental performance increases as well. Thus, it is not the ability to integrate by itself that leads to performance but the ability to specialize each departmental division as much as possible while still being able to make sure that departments operate as one cohesive unit.

Since departments need to be differentiated to perform effectively, integration between departments is not simply a matter of aligning processes. Rather certain integration mechanisms need to be in place in order to integrate the interfaces between departments without forcing each department to loose its differentiation. Integration mechanisms are formally defined as the

strategies and organizational structures that facilitate integration between differentiated but interdependent departments. Examples of integration mechanisms include bureaucracy, integration departments, centralization, alignment of reward systems and strong leadership (Lawrence and Lorsch 1967).

DEVELOPING PROPOSITIONS

Logistics as Integration Mechanisms

Logistics departments can act as integration mechanisms at different levels of the organization 1) by directly acting as an integration department between two or more departments (tactical level integration), 2) by implementing design strategies that facilitate integration between multiple departments (operational level integration), and 3) by managing relationships in the supply chain (strategic integration). Each mechanism is appropriate for certain situations and they are not mutually exclusive.

Tactical level integration mechanisms have short time horizons and provide quick solutions to discrepancies in integration for a short specific time-frame. Tactical level integration mechanisms are best for adjusting to temporary demand fluctuations or supply availability rather than long term changes in demand or availability. They almost always take place between the employees of interdependent departments rather than higher level managers.

Operational level integration mechanisms have a medium length time frame and provide longer term solutions to discrepancies in integration. They are best for adjusting to longer term changes in the environment such as higher annual demand from customers or changes in the regulatory environment. However, these mechanisms are much slower, more costly and risky to implement than tactical level solutions. They take place at the departmental level and may span several departments.

Strategic level integration mechanisms have the longest time horizon and encompass the entire organization. They are organization-wide strategies that may entail multiple goals beyond integration. They are the most costly, slowest to implement and riskiest integration strategies but they provide the longest term solution. They are analyzed at the organizational level.

Tactical Level Logistics Integration Mechanisms

On a tactical level, logistics departments can directly manage relationships between two or more functions. Generally, the logistics department coordinates between line departments, those departments that directly handle the firm's products- from purchasing raw materials to manufacturing to generating sales (e.g. sales/marketing, manufacturing and purchasing departments). The integration of the line departments is defined as the aggregate cohesion and communication that exists from inbound raw materials to manufacturing to outbound sales.

There are two primary means that the logistics department can tactically integrate the line departments, 1) by directly coordinating the efforts between other departments and 2) by holding inventory. The logistics department often acts as a middleman between the disparate goals of other departments. For example, often the primary goal of salespeople is to make as many sales as possible while the manufacturing department's primary goal is to make adequate quality goods at the lowest possible cost. Generally, in order for manufacturing to meet their goals they need smooth production, but the sales people usually have little or no incentive to strive for smooth sales and this can cause conflict. The logistics department is caught in the middle. They have to satisfy customer needs but they also need to utilize economies of scale. Rather than having the sales department directly communicate with the manufacturing department for all transactions, both departments can deal with the logistics department to coordinate sales. The logistics department is more likely to be able to negotiate a "compromise" between sales and manufacturing goals because of their inherently more neutral position and, since they also physically exchange products with the customer, they may be in the best position to balance the cost of lost sales/poor customer service versus the cost of rush manufacturing and delivery.

As a second tactical integration mechanism, the logistics department can hold inventory to buffer sales fluctuations and smooth manufacturing. This classic function of the logistics department should be thought of as an integration mechanism because it allows line departments to be differentiated on the amount of product made and sold while still operating effectively. Without buffer inventory other line departments would have to negotiate for the amount of product to make which would likely cause considerable conflict.

P1a: The greater the role of logistics in coordinating and communicating between interdependent departments, the greater the integration of the line departments.

P1b: The more effectively logistics manages inventory to smooth random demand fluctuations in sales, the greater the integration of the line departments.

While inventory as an integration mechanism is effective for smoothing random demand fluctuations, failure to use other integrating mechanisms effectively may result in this being the "default" integrating mechanism for other line functions-pushing all of the cost of integrating onto the logistics department. Rather than viewing excess inventory as purely a sign of logistics inefficiency, it may be a warning signal that there is a larger integration problem.

Even communication may not be effective if there is a larger underlying problem. If demand shifts on a larger and more permanent basis and longer term integration mechanisms are not updated, tactical level logistics integration mechanisms will decrease in effectiveness over time because of the effort and time investment in continuous "emergencies." The frequency of "emergencies" occurring will increase as demand shifts while the ability to handle each successive emergency decreases because logistics managers will lose credibility with higher level managers and colleagues in other departments. Also the performance of the logistics department will diminish because they will be forced to carry greater inventory and spend more time negotiating with other departments.

P2: the continued reliance on tactical level logistics integration mechanisms for large integration discrepancies will,
A) increase departmental conflict;
B) decrease the effectiveness of the integration mechanism over time;
C) decrease the performance of the logistics department.

Operational-level Integration

On an operational level, logistics managers help design innovative operational designs to create a win-win situation for line departments. These processes are often started and managed by the logistics department. They are longer term strategies which are more effective for demand changes and other more permanent environmental shifts than tactical integration mechanisms. An example of this type of operational-level integration mechanism is using a postponement design.

There are two types of postponement that can act as a buffer between the sales and manufacturing department, form postponement and geographic postponement (Cooper 1993). Form postponement is when the final form of the product is not completed until an order is received. For example, the final package size can be delayed until orders are received reducing the number of stock keeping units in inventory. Also final finishing touches on the product itself can be delayed such as waiting to paint the product or waiting to assemble a modular product. Often these final changes are done close to the final destination. Geographic postponement is when a product is completed but stored in a centralized location to await orders from specific regions. Postponement strategies allow sales people to have considerable flexibility and speed in ordering while smoothing manufacturing orders.

P3: The greater the role of logistics in implementing operational design strategies, the greater the integration of the line departments.

Strategic Level of Integration

When the supply chain is actively managed it is possible to utilize more expensive and complex inter-functional integrating mechanisms. Supply chain management focuses on developing deeper and stronger relationships with a few select customers and suppliers. In these relationships more information is shared about strategies and demand forecasts. This can reduce customer demand uncertainty. If firms create unique customized processes for these relationships, it may be possible to decrease required departmental differentiation while still maintaining high departmental performance. Also, mechanisms that would be ineffective for highly differentiated departments such as direct communication and centralized managerial control (e.g. key account representatives) would become effective for customized relationships. Since there are fewer of these deep relationships and a high percentage of profit comes from these customers (or savings/quality for suppliers), more expensive integrating mechanisms can be employed as well such as cross-functional teams and cross-functional training which further enhances integration. Although environmental uncertainty would be reduced, it can still be considerable and it is possible to have logistics departments still acting as integrators at a tactical level as well.

P4: The greater the role of supply chain management, the greater the integration of the line departments.

Firm Performance

There is strong empirical evidence that integration leads to firm performance (Ellinger et al. 2000). However, as noted by Lawrence and Lorsch's (1967) study it may not be a simple link between integration and firm performance. Departmental specialization mediates the relationship between integration and firm performance. Differentiation allows departments to best meet the needs of the environment for their individual tasks- each department can have unique cultures and goals that allow them to meet their goals optimally. Yet if the departments do not communicate or coordinate, the efficiencies gained from differentiation are lost due to excessive conflict, poorly managed processes and multiple conflicting interfaces for customers. Integration should be though of more as coordinating the processes and information between specialized departments than making departments similar. This leads to the following proposition.

P5: Departmental specialization mediates the relationship between integration and performance.

DISCUSSION

While many of the integrating mechanisms proposed by Lawrence and Lorsch's (1967) study are still relevant today (e.g. cross-functional teams), one important change has been the increased firm salience and sophistication of logistics departments (Zacharia and Mentzer 2004). Logistics departments very likely have a central role in integrating other firm functions at multiple levels. The primary implication for the logistics department is that as an integrating mechanism in the firm they also have a central role in firm profitability beyond directly enhancing customer service and reducing costs.

If top management assigns an organizational structure which places the logistics department as an integrating mechanism but fails to give them adequate authority to implement strategy, engage in supply chain management or negotiate compromises then the logistics department will be forced to hold high levels inventory. This has the effect of making the logistics department appear to be ineffective when in fact a deeper problem with integration is at the root of the excess inventory. Thus, if management uses logistics as a monitor for integration, they have to support their agent.

Figure 1: **The Role of Logistics in Departmental Integration**
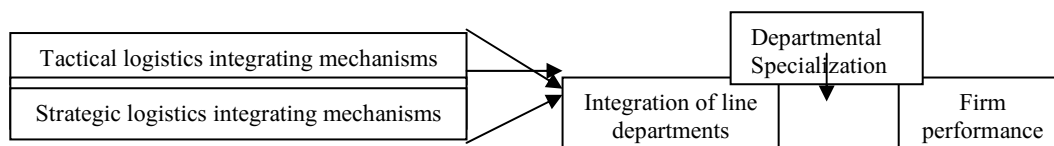
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THE MODERATING IMPACT OF TOTAL QUALITY MANAGEMENT ON SUPPLY CHAIN MANAGEMENT: IMPLICATION OF COMPETITIVE ADVANTAGE

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ABSTRACT

Organizations are always looking for ways to sustain competitive advantage over others. One method to gain that advantage is to have an efficient Supply Chain Management process. Despite the efforts of implementing supply chain management, organizations find themselves with an inefficient supply chain management process and search for solutions to improve their supply chain management tasks. Previous researchers have suggested Total Quality Management as a plausible process for improving supply chain management. In addition, prior research has suggested methods of implementing Total Quality Management solutions that possibly overlap the Supply Chain management process. The overlap between the two processes could either enhance or damage an organization's current supply chain management processes that have been fulfilling organization requirements. Depending on the organization's relationships with third party logistics groups (3PL) and other supply chain partners, the implementation of total quality management could have a positive or negative impact on the supply chain management process. This study provides a conceptual framework for assessing the impact of TQM implementation in supply chain processes. Testable research hypotheses are presented for future empirical study.

INTRODUCTION

Companies are continuously in search of providing optimal products and services that satisfy customer needs, and therefore recognize the ability to meet customer needs well can be a viable source of competitive advantage in a global marketplace. One way of sustaining this advantage is having an optimal Supply Chain Management (SCM) process. Although there have been ideas and technology implemented to improve the supply chain process, the performance of the supply chain has never been worse (Fisher 1997). In some instances costs have risen to unprecedented levels because of adversarial relations between supply chain partners as well as dysfunctional industry practices such as overreliance on price promotions (Fisher 1997). The proposed solution to these challenges has been to implement Total Quality Management (TQM) and its relevant components. TQM has been known to resolve issues that prevent the distribution of information and products to the final destination. The TQM process involves decision makers focusing on abstract components like relationships with customers and on continuous improvement (Curkovic et al 2000).

The theory of TQM and other solutions that focus on quality such as Six Sigma and the Business Excellence Model provide accurate solutions for organizations to resolve issues related to quality. However, the implementation of these components may not provide each organization with the best solution to sustain a competitive advantage in their supply chain. Depending on the market on which the company is focused or its current relationships with supply chain members, implementing these services may increase the process time of meeting the demands of the market. Alternatively other companies could immediately benefit from the TQM components, particularly to improve the relationships and improve on quality of the SCM process. The paper will focus on the overall impact of TQM implementation and its impact on the "market responsive" and "physically efficient" supply chains types, and the subsequent impact on the firm's sustainable competitive advantage. The remainder of this essay is organized as follows: the following section reviews both selected supply chain and TQM literature. Next a conceptual model depicting the relationship of TQM and supply chains is presented, along with testable research propositions. Last the article is concluded with future research directions.

A REVIEW OF THE LITERATURE

Total Quality Management

Based on a literature review, some management principles have been known to be useful for improving the performance of a company (Kanji and Wong, 1999). They include management principles such as process management (Kanji & Asher, 1993; Zari, 1997), customer satisfaction (Fornell, 1992; Gorst et al., 1998), teamwork (Schotes, 1992; Tjosvold, 1993), strategic leadership (Edgeman & Dahlgaard, 1998; Kanji, 1996; Tribus, 1998), systems thinking (Senge et al., 1994), continuous improvement (Imai, 1986), and scientific management as advocated by Fredric Taylor (Kanji & Wong, 1999).

The management principles mentioned above are components identified in TQM. Total quality management (TQM) has been identified as the most important input for world-class manufacturing and has become a prerequisite for success in the global

marketplace (Stundza 1990). Based on the pioneering work of Deming (1981), the term TQM emerged in the 1980's in the United States and embodied a broad scope of activities within the framework of world class manufacturing (Deming 1981, 1982, 1986). TQM itself is an integrated management philosophy and set of practices that establishes an organization-wide focus on quality, merging the development of a quality-oriented corporate culture with intensive use of management and statistical tools aimed at designing and delivering quality products to customers (Melnyk and Denzler 1996). TQM also involves benchmarking, product and service design, long-range thinking, and problem solving tools. (Curkovic et al., 2000). TQM has various definitions which could change its purpose depending on the organization implementing TQM or systems with TQM qualities. Since organizations have the ability to alter the definition of TQM, there are several methods of applying these principles to organizations. These variations could develop issues within organizations who have developed partnerships prior to the implementation of TQM standards. Ahire, Golhar, and Waller state that the level of commitment to the implementation of the TQM process can have an impact on the improvement TQM contributes to processes in an organization (Ahire, Golhar, and Waller 1996). The commitment to TQM has been observed in Japanese organizations.

However, the level of commitment by leadership to TQM in the United States seems to be different. TQM has been implemented but doesn't seem to have the same level of commitment at the leadership level (1996). Without the full commitment of leadership to TQM, the organization's commitment to improving on processes such as SCM seem to become part of the tasks needed to be performed in the organization. TQM has been embraced by organizations in the west to compete with Japanese organizations and satisfy customer demands. Although TQM activities are performed, the satisfaction with TQM has not been clearly defined in United States organizations. Even with quality standards such as Six Sigma which provide equal measurements for processes that develop defects (Dasgupta, 2003), organizations generally have their own interpretation as to satisfaction levels with the improvement of SCM by TQM components that are dictated by leadership. The satisfaction levels with SCM can change depending on the level of customer satisfaction with product delivery process and the fluctuation in profit margin. TQM has been implemented in organizations. However, TQM implemented on SCM of organizations depends on its interpretation of the SCM process. In order to determine the impact of TQM on SCM, the SCM process needs to be interpreted.

Supply Chain Management

Supply Chain Management (SCM) has similar components as TQM depending on the definition used. For this study we will use the definition of developed by Mentzer et al (2001), defined SCM as the systemic, strategic coordination of the traditional business functions and the tactics across the business functions within a particular company and across businesses within the supply chain, for the purposes of improving long-term performance of the individual companies and the supply chain as a whole. The definition involves marketing, finance, sales, research and development, forecasting, production, purchasing, logistics, information systems, and customer service. The business components are mentioned to provide an emphasis on the relationships between organizations and inside organizations.

Impact of Total Quality Management on Supply Chain Management

In examining the conceptualizations of both TQM and SCM, it is clearly evident that both definitions focus on business process improvement and business excellence. However, some scholars have determined that there is a disconnection between SCM and business processes. In particular, Kanji and Wong (1999) determined that the inadequacies of the SCM model include: 1) creation, cooperation and quality culture, 2) the way to develop a close relationship, 3) managing processes other than logistical processes, 4) leadership's role in SCM, 5) quality and cost requirements of customers, and 6) initiatives to improve continuously. The inadequacies mentioned were generated from the observation of the traditional SCM model. The SCM model focuses on long term relationships, information sharing, and integrated logistics processes. The traditional SCM model has long term relationships being essential to components having a positive long term relationship between SCM parties. Kanji and Wong observe that there isn't a measure for interorganizational relationship and operation (1999). The SCM process doesn't mention the difficulty in developing a long term relationship. Activities such as changes in organizational culture may be implemented to secure the relationships and improve the SCM process (1999). Kanji and Wong argue that SCM writers exclusively focus on the management of the material flow and related information flow as the goal of SCM (1999). Kanji and Wong claim have SCM writers focused on components such as the high customer service level. They also claim that writers don't focus on quality and cost as components of customers' needs (1999). Kanji and Wong also argue that the information being shared among supply chain members should expand to more than logistical information (1999). They argue that quality and cost information should be shared. Since sharing components such as quality and cost would develop a transparent supply chain environment, it is vital that the close relationship is developed prior to implementing these activities in order to deliver products and supply accurate information to suppliers to sustain an

advantage against competing organizations. Information being shared should be expanded to more than logistical information. The information should describe details of the design process, production process and distribution process within the supply chain in order for all organizations involved in the supply chain to be aware of their role in delivering product to consumers. The operations process of partnerships should be integrated to the extent of no gaps in the relationship between buyer and supplier to reduce disruptions in the supply chain process. Finally, continuous improvement efforts should be committed to meeting everyday needs of the ultimate consumers.

However in another vein, Fisher (1997) claims that the market targeted determines the supply chain that will implemented within a particular firm, specifically "market responsive" and "physically efficient" supply chains. Market responsive supply chains are designed to quickly respond to unpredictable demand in order to minimize stockouts, forced markdowns, and obsolete inventory (Fisher, 1997), whereas efficient supply chains function to supply predictable demand efficiently at the lowest possible cost (1997). Fisher's typology of supply chains raises several questions in regards to TQM and SCM: Does the TQM process improve the effectiveness of Supply Chain? If TQM does improve the effectiveness of SCM, which supply chain would TQM fit best to improve SCM?

CONCEPTUAL MODEL

In figure 1, the author presents a graphical representation of the model that describes the TQM process being implemented into Fisher's (1997) typology of supply chains. Meaning, TQM is conceptualized to be implemented in both market responsive chains and efficient supply chains. The proposed relationships of the conceptual model are presented in the following section.

Total Quality Management

The original components of total quality management as defined by Deming consist of: Continuous improvement, increased employee improvement, process management, closer relationship with customers, and management commitment. Continuous improvement in the supply chain is used to meet the ever changing needs between partner organizations as well as customers. Increased employee improvement provides organizations and their partners with competent workers that are able to observe ways to improve the supply chain or gaps that may leave the organization vulnerable to competitors. Process management allows organizations observe and facilitate the process within supply chain functions and transactions of a supplier or a customer. A closer relationship with the customers will allow organizations to focus on functions required by customers that give organizations a competitive advantage. Management commitment is the level of involvement of leadership with suppliers, distributors (3PLs), and customers.

The components of TQM mentioned above should improve the SCM functions within corporations such as Campbell and retailers giants such as Wal-Mart and Target and the relationships they have with 3PL organizations. Therefore, the following propositions have been developed:

P1:   Continuous improvement will have a positive impact of overall supply chain management.
P2:   Increased employee improvement will have a positive impact of overall supply chain management.
P3:   Process management will have a positive impact of overall supply chain management.
P4:   Close relationship with customers with have a positive impact of overall supply chain management.
P5:   Increased commitment by management will have a positive impact of overall supply chain management.

Supply Chain Management

SCM consists of the following components as defined by the model of supply chain management in Mentzer et al., The SCM process consists of listing all parties involved in the manufacturing and delivery of the goods and services being offered to the customer. This group is listed as follows: Supplier's Supplier, Supplier, Focal Firm, Customer, and Customer's Customer. The functions that are involved in the delivery and management of the goods and services are coordinated with the groups involved in the SCM process. After the goods and services are distributed, the end results should be customer satisfaction, profitability, and a competitive advantage (Mentzer et al. 2001).

Physically Efficient Supply Chains. The physically efficient supply chain process exists in a company that has ties to an established market. Its primary purpose is to supply predictable demand efficiently at the lowest possible cost (Fisher, 1997). The organization has determined manufacturing focus, an inventory strategy, a lead time focus, an approach to choosing suppliers, and a product design strategy. Their focus is on having a lean supply chain process. An example used by Fisher is Campbell's soup. Campbell's product has not had significant changes for many years. Campbell's also has a high customer satisfaction rate (1997). Therefore it focuses on having an efficient supply chain to reduce cost and meet customer demand.

P6:   Close relationship with customers will have a positive and direct impact in both physically efficient supply chains and in market responsive supply chains.

Market Responsive Supply Chain. The market responsive supply chain exists in a company that must be able to quickly respond to unpredictable demand in order to minimize stockouts, forced markdowns, and obsolete inventory (1997). Their organization focuses on the same components as organizations involved in managing the physically efficient process. However, their focus is different from their counterparts that follow lean production operations because their focus must be to maintain their supply by having excess products and having suppliers that are flexible, fast, and produce quality products.
The reason for this is most products with market responsive supply chains are innovative products. The demand of an innovative product is difficult to determine. Therefore, having excess products is important for companies with innovative products that depend on the market response.

P7:   Process management will have a greater positive impact in physically efficient supply chains than in market responsive supply chains.
P8:   Increased employee improvement will impede physical efficient supply and have a positive impact on market responsive supply chains.

Impact on Competitive Advantage

TQM's impact on the supply chain will affect the competitive advantage of the organization and their partners. The impact of TQM on an organization will have a competitive advantage with the right relationships with suppliers and the best strategy in delivering products and services to customers. However, if the implementation of TQM slows down the SCM process, it could damage the relationships with partners within the supply chain and with customers. Depending on the type of supply chain that an organization is utilizing for its products, the TQM process could improve the SC process or damage the SC process. In the case of Campbell's soup, the current SC process for its soup products is effective for its customers. Applying TQM could change its SC process or have no effect on the process and not having an impact on the organization.

Discussion

The implementation of TQM components into SCM sounds ideal in theory but has issues in the implementation. The level of transparency required for TQM to be effective between organizations may leave them feeling vulnerable reducing the level of trust and commitment, which are components of SCM. The relationship between the supplier and the partner organization could potentially become destructive and lead to organizations being ambiguous about its future relationship with the supplier. An example of this would be a foreign supplier of parts to U.S. weapons manufacturer. Depending on the location of the organization, the quality of the product and its leadership the partnership may deteriorate. The U.S. weapons manufacturer may choose to select a supplier that is in the U.S. with acceptable quality. This selection would decrease opportunity for infiltration by terrorist organizations. With these issues in mind both organization would have to create a strategy to protect both organizations from vulnerability issues in the event the partnership is dissolved. The TQM process can be utilized in the scenario above to determine that products from suppliers are being produced by suppliers in nations strongly aligned with the US. The suppliers can deliver components to US weapons manufacturers with supply chain security technology at a high quality level and significant lower costs than US suppliers.

The two established types of supply chains could or could not benefit from TQM changes. The manufacturer involved in physical efficiency would be the most reluctant in accepting TQM because the manufacturer may have its own quality measure in place which meets its margin to satisfy partners and customers. The manufacturer such as Campbell's Soup who has a 98% customer satisfaction rate (Fisher, 1997) may be satisfied with their current quality levels and determine that TQM would not significantly improve their levels of customer satisfaction nor their relationship with suppliers. Market responsive supply chain may be open to the implementation of TQM because of excess products it has to develop to sustain inventory levels. Since market responsive organizations are focused on penetrating the market with their innovative products, TQM could benefit their relationships with suppliers. If the organization has experience with penetrating the market with innovative products (i.e. Brookstone) they may have a successful supply chain strategy that satisfies their customers and suppliers. If the organization is comfortable with its partners and willing to develop transparency between the organization and suppliers, implementing TQM could benefit organizations with market responsive supply chain processes by improving the relationships and improve the prediction of consumer demand for products.

Conclusion

Although there are studies that support the implementation of TQM to improve SCM, there are overlapping functions in both concepts. To understand the full impact of TQM on SCM, the author will follow up with an empirical study that involves interviewing SCM teams that have experienced the implementation of TQM in their environment. This qualitative work should provide a foundation for further analysis

FIGURE 1 Implementation of Total Quality Management Within the Supply Chain Management Process
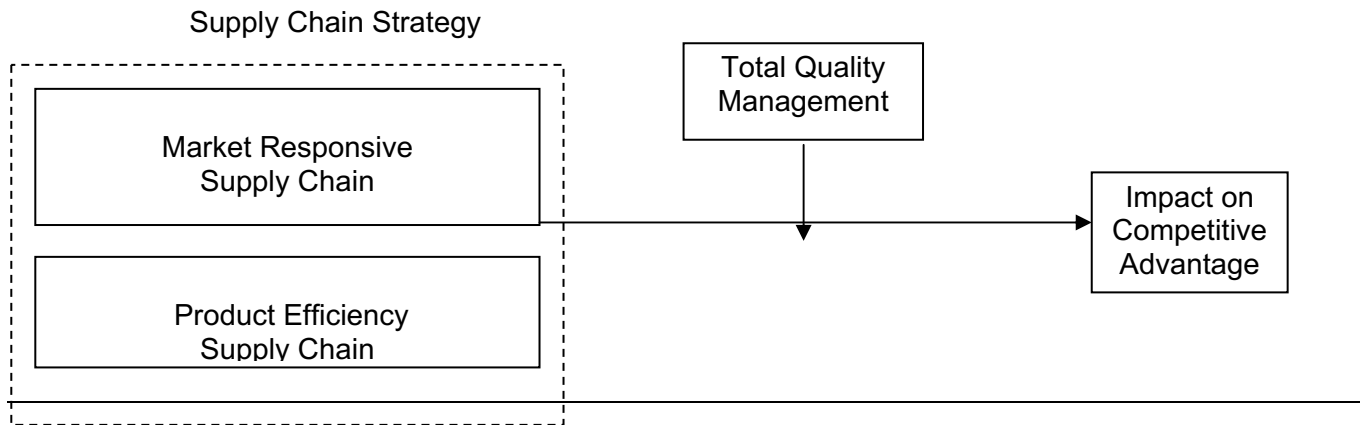
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CAPITAL EQUIPMENT PURCHASING: A STOCHASTIC MODEL OF INDUSTRIAL BUYING BEHAVIOUR

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ABSTRACT

This paper explores buying behaviour for an infrequently purchased capital equipment product. The extent to which the observed data fits a Negative Binomial Distribution of purchase incidence is assessed. The analysis shows that repeat buyers account for a relatively small proportion of purchases.

INTRODUCTION

Research into organisational buying has tended to focus on the complexity of the buying process, rather than describing and modelling observed purchase behaviour, an approach that has been a significant element of consumer behavioural research. The few studies that have addressed this issue have focussed mainly on fast moving and regularly purchased industrial products such as chemicals and packaging materials (Easton 1980), aviation fuel (Uncles & Ehrenberg 1990) and foreign exchange services (Bowman & Lele-Pingle 1997).

This paper analyses capital equipment sales data over a twenty year period in order to determine purchase patterns and to test the applicability of the types of stochastic modelling typically seen in analysis of consumer buying behaviour.

MODELS OF BUYER BEHAVIOUR

The ready availability of consumer panel data has facilitated the observation of patterns of purchasing behaviour and the development and use of empirical generalisations to describe such behaviours (Ehrenberg 1959, Ehrenberg 1988). Patterns have been observed in the a range of brand performance measures (penetration, purchase frequency per buyer, proportion of repeat buyers, purchase frequency per repeat buyer and proportion of solely loyal buyers) across many frequently bought packaged products (Ehrenberg et al 2004).

Bass (1995) presents an overview of some of the empirical generalisations that have been identified to describe these patterns. A number of the generalisations assume a stochastic distribution of purchase probabilities. These include the Negative Binomial Distribution (NBD) of purchase incidence and the Dirichlet (Uncles et al 1995). The use of such stochastic models to analyse and predict purchasing behaviours for both single brands and multi-brand purchasing situations has been demonstrated in many applications, primarily for frequently purchased consumer products but also for consumer durables, doctor's prescriptions and credit card subscriptions (Ehrenberg et al 2004). The models have been extended to industrial purchasing situations for regularly purchased goods and services ut not to infrequently purchased capital goods.

The tradition in industrial marketing research has been to explain why organisations behave as they do rather than describing their behaviours. This may be as a result of limited access to data – there is no consumer panel equivalent for industrial purchasing (Easton 1980). Barclay (1992) proposes a two-dimensional framework to classify organisational buying research, depending on whether the study is within organisations or between organisations or focused on a single purchase decision or over a series of decisions. This taxonomy includes models that describe the nature of organizational buyers and the decision-making processes within which they operate (Sheth 1973, Anderson & Chambers 1985) as well as the body of research that focuses on the nature of the buyer-seller relationship. Barclay (1992) identifies the nature of this relationship during and immediately following the purchase decision as a key determinant of buyer behaviour, in particular the extent of supplier loyalty. The Industrial Marketing and Purchasing (IMP) Group has focused on the interaction between buyers and sellers within business relationships and the wider network context within which these relationships exist (Ford et al 2003, Ford 1997).

The focus on the importance on the relationship to buyer behaviour and in particular buyer loyalty is reflected in the adoption of customer relationship management techniques to improve customer retention (Pine et al 1995). The lack of a quantitative understanding of industrial buying behaviour means that there are few benchmarks against which to judge whether such interventions are successful.

THE NBD MODEL

Ehrenberg (1988) sets out the theoretical and empirical background to the NBD model of repeat buying. Individual buying organisations (or buyers) will differ in the frequency with which they purchase a specific item in a given time period. The distribution of purchasers making 0, 1, 2 or more purchases in the period is typically highly skewed i.e. there are many more non-buyers than buyers, more single purchase buyers than two-time buyers and so on. The NBD has been shown to fit consumer purchasing data exhibiting these characteristics in a wide range of cases.

The NBD model can also be used to compare purchase behaviours in different time periods and in periods of varying duration. Two assumptions underpin this use of the NBD:
(a)   The "long run" average buying rate for an individual organisation (or buyer) is specified by a Poisson distribution, and
(b)   Organisations (and individuals) differ in their buying rates and the frequency distribution of the long run purchasing rates should follow a Gamma distribution.
Taken together these two assumptions result in a NBD for a single time period and provide expressions for purchase behaviour in successive periods of equal length and for periods of different length.

The basic assumption of a Poisson process for individual purchase incidence implies that purchase incidence is independent of previous purchase behaviour and that purchase behaviour is so irregular that it appears "as if random" (Goodhardt et al 1984). This does not mean that individual organisations roll a die to decide whether to purchase or not. The model is silent about individual organisations and their behaviours: it is a descriptive model of aggregate behavioural regularities across a population of organisations.

Full mathematical details of the NBD can be found in Ehrenberg (1988).

INDUSTRIAL PURCHASING BEHAVIOUR DATA

In order to establish whether similar patterns could be observed in purchases of high-value capital equipment, reference lists for the period 1983 to 2002 from a single supplier company were used as the primary source for global sales data. Table 1 presents summary statistics for the data set.

The unit of analysis is the buying occasion rather than the sales volume. This approach has been adopted for consumer purchasing situations (Ehrenberg 1988) because it allows multi-unit purchases to be dealt with by the same theory. The minimum time period for analysis is one year as the data has been collected annually. With a mean inter-purchase time of 3.4 years, this level of aggregation is not expected to affect the analysis except for very short analysis periods.

The analysis is also carried out at the level of the multi-national or multi-site purchasing organisation rather than at individual site level. Thus purchases by the same customer in two different locations in successive time periods are classed as repeat purchases. If these occur in the same time period they are captured in the average purchase frequency per buyer but not classed as period to period repeat purchases.

The NBD requires stationary conditions i.e. no significant trends in sales level, penetration or purchase frequency. The data is highly non-stationary although it is not known whether this is due to irregularities in the collection of the data or representative of the actual sales performance. The effect of this non-stationarity on the analysis will be explored in the next section.

The aim of this analysis is to examine the sales data for a single supplier, single capital equipment purchase category to see what, if any patterns exist. Repeat buying analysis at single brand (supplier) level has been demonstrated by Ehrenberg (1988) as a reasonable precursor to multi-brand product class analysis.

EMPIRICAL RESULTS

Repeat purchase behaviour is analysed in two equal time periods of ten years, five equal time periods of four years and in twenty equal time periods of one year. A summary of the results is shown in Table 2 with the values averaged across all the time periods in each analysis. This summary shows that almost all of the measures increase with increasing length of analysis period. The proportion of purchase occasions that are repeat purchases and the proportion of purchases accounted

for by repeat buyers is higher in the four year period than for either the one year or the ten year periods. This may be because the mean time between purchases is close to four years.

Table 3 shows the observed purchase figures compared with theoretical values calculated from the NBD for the four year analysis period. The goodness of fit is tested by a Chi squared test (3.764 compared to 11.070 from tables for 5 degrees of freedom at 5% significance). It appears that the NBD provides an approximate description of the purchase behaviours across the period of study.

The NBD model can now be used to predict a range of measures of buying behaviour (Ehrenberg 1988). Table 4 shows penetration in different time periods using four year data as the base case as this is close to the mean inter-purchase time. The theoretical values over-estimate penetration in the one year period and under-estimate it in the ten year period. Ehrenberg (1988) reports a tendency to overestimate penetration close to the minimum inter-purchase time. In the one-year period short term effects that are aggregated in longer periods of analysis are observed, perhaps relating to budgeting or investment cycles. Lead times for major capital equipment purchases may be one year or longer. Sales data may be recorded on the basis of the purchase order date or the date of installation of the equipment. This difference between date of purchase and date of installation can also result in deviations from the model at very short periods of analysis. The population has been defined as the total number of customers who made at least one purchase over the twenty year period. Thus by definition the entire observed population are buyers and penetration for the twenty year period would be 100%.

The high degree of non-stationarity in the data will also have an impact on this analysis. As can be seen from Table 3, penetrations across the five four-year periods range from 5.5% in 1983 – 1986 to 50.9% in 1995 – 1998. For the two periods of ten years, penetration in the first (1983 – 1992) is 25.2% and in the second (1993 – 2002) penetration is 81.8%. This increasing sales trend will clearly affect any attempt to extrapolate between analysis periods of different duration.

Table 5 shows the period-to-period repeat buying behaviour for the four-year data analysis periods. The number of repeat buyers in this table is the actual number of buyers who purchased in the succeeding time period, having also purchased in the immediately preceding time period. This demonstrates the high levels of non-stationarity in the data with repeat purchase rates ranging from 7.69% to 35.5% over the whole twenty year data set. The proportion of population who buy in two successive time periods shows a consistent theoretical over-estimate compared to the observed data. The observed rate of repeat buying is not as high as theory would predict. It is not clear whether this is because the NBD does not fully describe the observed behaviour, there are errors in the data, non-stationarity in the data means that the assumptions behind the NBD model do not hold or the data demonstrates that there is an opportunity for the supplier to improve customer retention. In no period does the period-by-period repeat buying rate approach the theoretical prediction of 65.6%.

The data in Table 4 show an increase in purchase frequency per repeat buyer with increasing length of analysis period. This corresponds to the increase in purchase frequency per buyer with increasing time period as seen in Table 2. In all analysis periods the purchase frequency per repeat buyer is higher than the average purchase frequency across all buyers.

DISCUSSION

The NBD has been shown to provide an approximate fit for the observed purchase frequency distribution for purchases of a high value, infrequently purchased item of capital equipment. Deviations have been observed when the NBD model is used to compare purchase behaviours in different time periods and periods of varying duration. It is not clear whether these deviations are due to errors in the data, violations of the assumptions underpinning the model or some specific deviations from a "theoretical norm" of purchase behaviour. Further data may clarify these discrepancies or point to another distribution that will provide a better fit.

In addition to non-stationarity in the data as evidenced by an increasing sales trend through the period of study, potential errors can arise through the methodology for sampling and measurement. Reference lists are valuable data sources but are produced by companies to promote their own capabilities. Some purchasing organisations may request anonymity and not appear on reference lists. The members of a reference list are all buyers of a particular product from a particular supplier. If an individual customer does not appear to make another purchase in the period of study we have no way of knowing whether that customer has purchased from another supplier, has ceased to trade or has merged with another company (who may or may not already be a customer of the particular supplier) or has simply not bought again. Measurement errors can arise by incorrect data recording or definition. These may include identification of the same customer by different names, attributing an incorrect customer location, identifying several phases of a single purchase as multiple purchase occasions, recording the period when the equipment was ordered rather than when it was installed (or commissioned, or paid for).

A single research study on data for a single capital equipment item from a single supplier is not sufficient to draw any generalisable conclusions. It remains to be seen whether the discrepancies observed in this analysis are actually deviations from a theoretical benchmark. If they do turn out to be deviations this analysis is a powerful tool for industrial marketers seeking to assess the effectiveness of customer retention interventions such as account management or customer relationship management. Is it normal, realistic or acceptable to have 65% of buyers in one period buying again in the next? Should it be higher? Or lower? How does the marketer explain the current data showing average repeat purchase ratios of 26%? Is this symptomatic of attrition of buyers (the so-called "leaky bucket" theory (Ehrenberg 1988)) or evidence of a particularly effective campaign to acquire new buyers?

This analysis has shown that it may be possible to model industrial purchasing behaviours for capital equipment items using the type of stochastic techniques commonly found in consumer behaviour analysis. The approximate fit of the NBD with this highly non-stationary data suggests that with further data or slight modification the model will be shown to hold. Further work is required to establish the generalisability of these findings for different industries, equipment types and geographies. If this further analysis confirms the validity of the NBD model, then by the inclusion of modelling of supplier choice it should be possible to extend the range of conditions under which the NBD Dirichlet model will hold. This will provide an opportunity to establish norms for industrial marketing in competitive capital equipment markets.

TABLES

Period of analysis	1983 – 2002
Number of purchasing organisations	330
Number of organisations purchasing again at least once in 20 year period	113
Average inter-purchase time (for repeat purchases)	3.4 yrs
Maximum inter-purchase time (for repeat purchases)	16 yrs
Minimum inter-purchase time (for repeat purchases)	1 yr

Table 1 Summary statistics

	1 yr	4 yr	10 yr
Penetration (proportion of population who buy product at least once in period)	8.43%	27.33%	53.48%
Purchase Frequency per buyer	1.87	2.15	2.99
Average Number of Period to Period Repeat Buyers	5	24	43
Proportion of purchase occasions that were repeat purchases	16.33%	21.09%	15.93%
Purchase frequency per repeat buyer	1.99	2.79	4.14
Proportion of purchases accounted for by repeat buyers	23.58%	28.20%	23.21%
Proportion of total population that repeat buy in each time period	1.32%	7.50%	13.03%

Table 2 Summary of analytical results

Number of Purchases	1983-86	1987-90	1991-94	1995-98	1999-2002	Observed (ave)	Theoretical
0	312	264	232	168	223	**240***	**240**
1	14	31	54	95	72	**53**	**45**
2	3	12	17	30	20	**16**	**20**
3	0	9	16	13	5	**9**	**10**
4	0	6	3	7	3	**4**	**6**
>5	1	2	1	5	3	**8**	**4**

* Used in fitting

Table 3 Fit of 4 year data with NBD

Period of length (years)	1		4		10	
	Obs.	**The.**	Obs.	**The.**	Obs.	**The.**
Penetration (%)	8.4	**11.5**	27.3	**27.4***	53.5	**40.0**
Proportion of population who buy in two successive	1.32	**4.7**	7.50	**17.9**	13.0	**40.7**

time periods (%)						
Average purchase frequency for repeat buyers	1.99	**2.34**	2.73	**2.79**	4.14	**3.34**

* Used in fitting

Table 4 Observed and theoretical comparisons

	1983-86	1987-90	1991-94	1995-98	1999-2002	Observed (Ave)	**Theoretical**
Number of buyers	18	66	98	162	107	90	**90***
Number of repeat buyers	--	8	13	38	38	24	**59**
Period by period repeat buying rate	--	12.1%	7.69%	23.5%	35.5%	26.7%	**65.6%**
Repeat buyers as percentage of population	--	2.42%	3.94%	11.5%	11.5%	7.50%	**17.9%**

* Used in fitting

Table 5 Repeat buying statistics (four year period of analysis)

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LOCATION EFFICIENCY MEASUREMENTS AND DIAGNOSTICS:
A DATA ENVELOPMENT ANALYSIS APPROACH

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ABSTRACT

Some of the more recent strategies of seeking new sources of competitive advantage for retail establishments include the carrying of much more specialized product assortments designed to appeal to an increasingly subjugated clientele, or eliciting competition through the propagation of the perceived quality of the store itself. One often-overlooked mode of competition, however, occurs when companies decide to place stores. Most retail operations often choose to devote very few resources to the location decision, either due to a lack of perceived benefit of location analysis, or due to potential difficulty constraints in performing such analyses properly.

Nonetheless, optimal location choice pays a residual benefit for the retailing establishment. The retailing firm invariably finds that poor location choice is often met by an offsetting strategy of increased advertising and promotional expenditures to counteract the poor choice, ultimately leading to an elevated chance of the mortality of the retail outlet at that locale. Thus, the questions for the business analyst are: a) how to tell which locations are maximizing their effect in a given location, and b) what sort of diagnosis can be made to determine where the next store should be opened in order to maximize the effect of its location. This paper analyzes grocery companies in several metropolitan areas in order to attempt addressing such questions. The purpose of this research is to explore new methods of tracking the relative efficacy that grocery companies possess in selecting and serving the municipalities they do. This project invokes an output-oriented data envelopment analysis (DEA) to gauge efficiency measurements for different stores in several municipal markets. In doing so, ultimately the goal of the paper is to address three research questions:

1.   Which grocery *companies* are optimizing their market share through location efficiency?
2.   Which grocery store *classifications* are optimizing market share through location efficiency?
3.   What diagnostic measures can expansion-seeking grocery companies employ using the location efficiency DEA approach?

For this project, data from grocery chains in twelve cities in the American Midwest and South was gathered from secondary sources. The model of Data Envelopment Analysis selected for use in this project is the CCR (Charnes ,Cooper, and Rhodes, 1978) output oriented model, or CCR-O. This method was chosen over the Baker, Charnes, Cooper model (BCC) because this research does not attempt to gauge the overall technical efficiency by assuming a variable returns to scale for all of the types of grocery categories. For each city region, there were four input combinations that were run, each one representing a different a incrementally different sets of inputs used when retail establishments make location choices.

Having run the four CCR-O models for the twelve city areas provided a large cross section of data in which to analyze. In order address the first research question it was found that the mean efficiency score for each of the four models. This told us: 1) which stores were the most location-efficient in a particular municipality and 2) which grocery companies tend to have the most efficient stores, for all cities. In order to address the second research question all of the grocery stores were placed into their correct classification, and the market share output variable was recalculated for each store to represent the market share of all of the stores in the particular sample of the twelve cities, instead of the market share of any individual city. Once this proper output variable was attained, a composite record for each store classification was generated through a cross section of all of the stores within each classification. The third research question was approached under the following assumption: The expansion decision of a location efficiency cognizant analyst implies a wish to avoid areas saturated with institutions who are location efficient. In other words, knowing that an area has a high number of stores that tend to capitalize on their location placement, a rational analyst would choose to discount such an area appropriately. Using cumulative efficiency scores for the select sample of cities, a three-step diagnostic was created that generates a numeric ranking order of cities, higher numbers in the ranking representing cities that are least served by location-efficient retail outlets.

References available upon request

CUSTOMER SATISFACTION AND PRICE ACCEPTANCE IN THE CASE OF A HUNGARIAN ELECTRICITY SUPPLIER

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ABSTRACT

The paper reports about an empirical research aiming to explore the relationship between customer satisfaction and price acceptance in the case of a basic utility. The research was based on the questionnaire survey of a representative sample of randomly selected 1384 residential consumers in Hungary. The statistical model developed for the analysis of this relationship proved to be reliable and significant.

INTRODUCTION

Service quality, satisfaction and loyalty have received an enormous large attention in the marketing literature especially since a conceptual model of perceived service quality was proposed by Parasuraman et al. (1985). One of the important issues was the development of measurement tools, like SERVQUAL developed by Parasuraman et al. (1988). Although SERVQUAL has evoked lot of contradicting theories (Carman 1990, Cronin and Taylor, 1992, Brown et al., 1993, Fisk et al. 1993), it has remained as a starting point of almost all theories about service quality. When customers consume a product, they compare the quality with their prior expectations (Swan and Comb, 1976), which leads to an emotional reaction manifested in the satisfaction/dissatisfaction with the products or services purchased (Woodruff et al. 1983). The customer's perception of quality of a service is based on the degree of concordance between expectations and experience. Where comparability is apparent, the customer is deemed to be satisfied, however, in many cases, it will not be enough to create a competitive advantage (Kandampully, 1998). There is a need to offer superior service (Parasuraman, 1995) and to exceed customer expectations (Berry and Parasuraman, 1991). Less attention has been devoted however to the investigation of relationship between customer satisfaction and price acceptance in the case of services. Some of the exceptions are the writings of Zeithaml (1988), Injazz et al. (1994) and Huber et al. (2001). Basic utilities offer another challenge to researchers because their characteristics distinguish them from other regular services. The objective of the paper is to prove above hypothesis in the field of a basic utility.

THE SPECIAL CIRCUMSTANCES OF THE EMPIRICAL RESEARCH ON THE SATISFACTION WITH THE ELECTRICITY SUPPLY

The sector of public utilities has undergone widespread changes Hungary. Privatisation and reorganization of the electricity industry from a traditionally centrally owned and operated system towards a market-based decentralized system has become an important issue. The Hungarian parliament following the guidelines of the European Union decided to liberalize the electricity market. It has started in 2003 with opening the market for the biggest industrial users, and will be finished in 2007 making the market totally liberalized for residential customers, as well. Today, in this 'quasi' monopoly environment, the residential consumers cannot switch from one supplier to the other; so the level of their satisfaction has little impact on their profit or market share of the distributor companies. Therefore the need has emerged from the part of the market regulator (the Hungarian Energy Office) to require in regular intervals consumer satisfaction surveys. With this measure the regulator intends to protect consumer interest and wants to control and supervise the quality of service provided by the distributor companies. Regular surveying of customer satisfaction started in 1996, but the methodology of it had to be modernized in 2003, after the partial liberalization.

THE METHODOLOGY FOR MEASURING CUSTOMER SATISFACTION AND PRICE ACCEPTANCE

While selecting the methodology to measure customer satisfaction the special requirements of the local conditions and the regulating body (The Hungarian Energy Office) had to be taken into account about the method used. The following models had an influenced on the methodology applied. (1) The sc. 'Nordic' model of Grönroos (1984); (2) the most widely used model, the SERVQUAL (Parasuraman, Zeithaml and Berry 1988); (3) the model of Rust and Oliver (1994); (4) the multilevel model of Dabholkar, Thorpe and Renz (1996) and (5) the performance-importance analysis (Martilla and James, 1977, Duke and Mount, 1996).

After several focus group discussions with consumers the researchers identified five areas of attributes which constituted the quality of 'electricity package' offered by the distributors. These were: (1) the quality of the core service, (2) Technical relations with the customers, (3) Billing, (4) Customer service, and (5) Communication with customers. Each area was built up by several subgroups; while each subgroup contained several items Altogether 57 items were asked. Then a multilevel model together with the PI (performance-importance) analysis has been used for plotting the most critical areas of satisfaction or dissatisfaction.

Looking at the five components of the service package it can be observed that the evaluation of prices (tariffs) was not part of satisfaction index. The reason was that the research introduced the "value-concept" in its investigation. 'Value is the utility what I get for the price I pay' — concept has been used (Zeithaml, 1988, Caruana et al., 2000). So, the price acceptance of the residential customers was asked separately with a Likert scale of 1 to 5, where 1 meant that the price they pay was absolutely not in line with utility they received, and 5 meant that price perfectly corresponded to the utility they received.

SPECIFICATION OF THE MODEL, ESTIMATION

Since the satisfaction index was constructed from a large number of items it can be considered as a quasi continuous variable while the price acceptance is a discrete variable. In spite of the different scales the intensity of their relationship could be well measured, and it was appropriate for constructing a model for it.

The continuous nature of the independent variable and the discrete nature of the dependent variable justify the use of the probit ordered response model (Greene, 1997; Verbeek, 2002). It has to be taken account however that the values of the dependent variable (PA) were measured on an ordinal scale. The price acceptance is indicated with 'PA' while the individual satisfaction index with the letters 'SAT'

The general formula of this model is:

$$y_i^* = \mathbf{x}_i^T \boldsymbol{\beta} + \varepsilon_i$$
$$y_i = j \quad if \quad \gamma_{j-1} < y_i^* \le \gamma_j$$

where: y_i = observed ordinal values of dependent variable (1,2,3,....N)

y_i^* = latent variable, the so called utility index

$\mathbf{x}_i^T$ = vector containing the independent variables

$\boldsymbol{\beta}$ = vector of the regression coefficients

γ_j = limit on point j

ε_i = residual variable

It is to assume that ε_i variable will show a standard nominal distribution. The parameters of the model (β and γ) are estimated jointly by the maximum likelihood method. The model can be formulated as follows:

$$PA_i^* = \beta \times SAT_i + \varepsilon_i$$

The characteristic values connected to the latent variable can be modelled:

$$PA_i = 1 \quad if \quad PA_i^* \le \gamma_1$$
$$PA_i = 2 \quad if \quad \gamma_1 < PA_i^* \le \gamma_2$$
$$PA_i = 3 \quad if \quad \gamma_2 < PA_i^* \le \gamma_3$$
$$PA_i = 4 \quad if \quad \gamma_3 < PA_i^* \le \gamma_4$$
$$PA_i = 5 \quad if \quad PA_i^* > \gamma_4$$

where: PA = price acceptance (1,2,3,4,5),
PA* = latent variable
SAT = customer satisfaction

The parameters of the model cannot be evaluated directly. For the evaluation the estimated distribution of the residual variable can be of help. ϕ should indicate the density function of residual variable! With the help of it the marginal effects of the regression coefficient can be estimated. The maximum value of the marginal effect is 1, while 0 indicates the statistical undependability. The algorithm of calculation of the marginal effects is:

$$\frac{\partial Pr(PA=1)}{\partial SAT} = -\phi(SAT_i^T \beta)\beta$$

$$\frac{\partial Pr(PA=2)}{\partial SAT} = \left[\phi(-SAT_i^T \beta) - \phi(\gamma_2 - SAT_i^T \beta)\right]\beta$$

$$\frac{\partial Pr(PA=3)}{\partial SAT} = \left[\phi(\gamma_2 - SAT_i^T \beta) - \phi(\gamma_3 - SAT_i^T \beta)\right]\beta$$

$$\frac{\partial Pr(PA=4)}{\partial SAT} = \left[\phi(\gamma_3 - SAT_i^T \beta) - \phi(\gamma_4 - SAT_i^T \beta)\right]\beta$$

$$\frac{\partial Pr(PA=5)}{\partial SAT} = \phi(\gamma_4 - SAT_i^T \beta)\beta$$

(Note: It has to be stated the sum of the marginal effects is zero.)

If the cumulative distribution function of the residual variable is indicated with Φ the estimated probabilities of PA are:

$$Pr(PA=1|SAT_i) = Pr(PA^* \le \gamma_1) = \Phi(-SAT_i^T \beta)$$

$$Pr(PA=2|SAT_i) = \Phi(\gamma_2 - SAT_i^T \beta) - \Phi(-SAT_i^T \beta)$$

$$Pr(PA=3|SAT_i) = \Phi(\gamma_3 - SAT_i^T \beta) - \Phi(\gamma_2 - SAT_i^T \beta)$$

$$Pr(PA=4|SAT_i) = \Phi(\gamma_4 - SAT_i^T \beta) - \Phi(\gamma_3 - SAT_i^T \beta)$$

$$Pr(PA=5|SAT_i) = 1 - \Phi(\gamma_4 - SAT_i^T \beta)$$

RESULTS OF THE EMPIRICAL RESEARCH

The model was tested in 2004 on a stratified randomly selected representative sample of 1384 residential consumers. Basic statistics are presented in table 1. Making the estimations the following model could be formulated:

$$PA_i^* = 0,0339 \times SAT_i$$
$$\gamma_1 = 0,233; \quad \gamma_2 = 1,339; \quad \gamma_3 = 2,476; \quad \gamma_4 = 3,814$$

The model proved to be significant and the value of sc. pseudo R^2 was rather strong: 0.0513. The distribution of the residual variable was nearly normal. The model showed that the parameter SAT's effect on the latent variable was fairly strong. Analysis of regression coefficient (β) showed a unit increase of the independent variable that is one point increase in satisfaction would result in increase of price acceptance especially in the upper regions. The estimated probabilities are presented in Table 2. The maximum probabilities of PAs belonging to the different satisfaction values a graph can be plotted (Figure 1). From the data of Table 2. and Figure 1. the tendency is clear that less satisfied customers have a lower level of price acceptance while even perfectly satisfied customers will not have a maximum price acceptance. Using the real data of the questionnaire survey compared with estimation of the maximum likelihood method the size of mistakes can be seen in Table 3. Minimum deviation from the actual values was found in the case of PA=3. Interesting to see that according to the model neither the smallest and nor the largest price acceptance did not get any estimated value. It is natural to raise the question whether the model is applicable for the prediction of price acceptance of customers belonging to the different segments. The survey made it possible to investigate the respondents according to the following characteristics:
- the age of the respondents
- the education level of the respondents
- the place where they live (big cities, small cities, rural areas)
- the income groups and
- the sex of the respondents.

SUMMARY

The statistical model used proved to be reliable and significant. The results proved that the use of the model has a lot of advantages in marketing. It makes possible to estimate the occurrence of an ordinary value; it helps to calculate marginal effects of certain factors or variants. The analyses made according to different segments provide additional information thus helping decision making. The model is useful also in the marketing planning because it can simulate the effect of different factors.

In the empirical research the paper concentrated to highlight the relationship between satisfaction and price acceptance. The results proved the existence of the basic hypothesis that satisfied customers have higher price acceptance. It helps the regulating bodies and the private suppliers to understand that a higher level of service quality will lead to higher satisfaction which then may contribute to accept from the part of the households the inevitable price increase in the electricity industry in Hungary.

TABLES AND FIGURES

Table 1. Basis statistics

Indicators	PA variable	SAT variable
Average	3,476	74,24
Median	4,000	75,00
Maximum	5,000	96,74
Minimum	1,000	26,67
Standard deviation	0,906	11,88

Table 2. The estimated probabilities

	SAT					
PA	0	25	50	75	100	Average:74,24
1	**0,5920**	0,2692	0,0717	0,0104	0,0008	0,0112
2	0,3176	**0,4190**	0,2888	0,1037	0,0193	0,1081
3	0,0837	0,2600	**0,4218**	0,3589	0,1599	0,3642
4	0,0066	0,0502	0,2006	**0,4251**	**0,4839**	*0,4193*
5	0,0001	0,0015	0,0171	0,1019	0,3362	0,0974

Figure 1: The curve of estimated largest probabilities of price acceptance
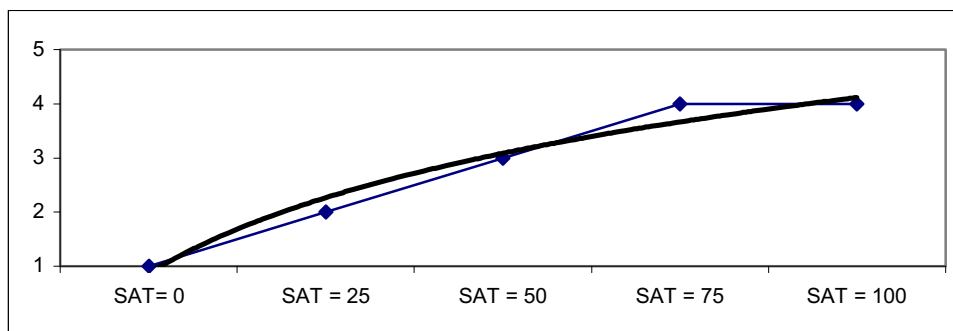
Table 3: Classification of customers

PA	Actual	Estimated frequency with	Mistake

variable	frequency	maximum probabilities	(deviation)
1	23	0	23
2	167	12	155
3	481	448	33
4	554	924	-370
5	159	0	159

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THE ROLE OF CHOICE AND GENDER IN THE SERVICE RECOVERY PROCESS:
A COMPARISON BETWEEN HEDONIC AND UTILITARIAN RECOVERY OPTIONS

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ABSTRACT

The present study examined the benefits of letting customers choose among utilitarian and hedonic service recovery options following a service failure. We were particularly interested in the moderating role of gender in anticipated satisfaction and emotional responses to service recovery. Findings from our study indicate that women were more satisfied with their chosen alternatives and seemed to value the act of choosing more than their male counterparts. Women were also more inclined than men to choose hedonic options. As expected, choice had minimal impact when the service failure was severe. Overall, our findings suggest that service operators and retailers might benefit from gender-specific options to service recovery.

EXPLORING FACTORS AFFECTING CONSUMER INTENTION TO USE MOBILE ADVERTISING

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ABSTRACT

Mobile advertising refers to advertisements delivered through a wireless equipment or network. The present research employs concepts from the Extended Technology Acceptance Model (TAM2) and examines how social influence and past adoption behavior influence consumer intention to use mobile advertising among college students in Taiwan. The paper also examines the relationship between consumer attitude toward and intention to use mobile advertising.

The research used a survey method to investigate consumer attitude toward mobile advertising among 468 college students in Taiwan. Empirical data from several regression analyses demonstrated consistent relationships between attitude toward using mobile commerce, attitude toward mobile advertising, and intention to use mobile advertising. Social influence processes significantly influenced consumer attitude toward using mobile commerce. Furthermore, their attitude toward using mobile commerce also affects their attitude toward and intention to use mobile advertising. The above findings reveal factors affecting consumer attitude toward and intention to use mobile advertising.

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DIRECT-TO-CONSUMER ADVERTISING:
MARKET DRIVING CHANGES IN THE PHARMACEUTICAL INDUSTRY

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ABSTRACT

Direct-to-consumer advertising has dramatically increased in recent years as pharmaceutical companies have continued to target consumers with messages about prescription medications. Critics have argued that these messages increase the cost of prescriptions, confuse patients, and burden physicians with requests for brand-specific drugs. The current paper examines DTC advertising from the patient's perspective, reveals consumers' conflicting views on DTC advertising, and extends prior research on those patient most motivated by these advertisements.

INTRODUCTION

Thanks to greater Internet access and the increased use of DTC advertising on the part of the pharmaceutical industry, a revolution of sorts has taken place in the medical community over the last two decades. As consumers have taken a more proactive role in their own healthcare by searching for health information online, shopping for physicians with greater care, seeking second opinions, self-medicating through legal means (i.e., over-the-counter medications and health food supplements), and inquiring about or requesting medications from their physicians, the doctor-patient dynamic has changed. As a result, physicians are today faced with more patients who seek medical treatment based on marketing information than ever before. This shift in the doctor-patient power relationship to a more interactive, collaborative model of care can be linked, at least partly, to changes in DTC marketing communication.

METHODOLOGY AND RESULTS

Three focus groups were conducted with pharmacy customers to discuss prescription drug users' awareness and opinions of direct-to-consumer pharmaceutical advertising. Further, the influence of these advertisements on interactions with their physician was probed in order to ascertain whether these ads appeared to influence their decision to call or visit their physician, or to discuss/request certain types or brands of medication. Based on this exploratory research, survey items were developed to capture opinions of pharmaceutical advertising, as well as the influence of DTC advertising on their behavior.

The results of this study extend prior knowledge on DTC advertising by confirming Joseph et al.'s (2005) findings that men and women hold different opinions about prescriptions, though our findings suggest that gender alone may not be the best predictor of consumers' views on DTC advertising. Some of the items found to be different in our study were not significantly different based on gender in the Joseph et al. study. Furthermore, this study extends prior work by uncovering consumer views regarding the impact of DTC advertising on consumers' behavior and their relationship with their physician. Most consumers were aware of DTC advertising and viewed these ads on a regular basis. Despite this high level of exposure and the opinion that these ads were effective and informative, few respondents believed that the ads motivated them to request these drugs or put them on a more equal footing with their physician. Although DTC advertising does place greater information in the hands of patients, these respondents do not believe that the ads provide full information or that the FDA adequately regulates them.

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ONLINE INTERACTION READINESS: MEASUREMENT, ANTECEDENTS, AND CONSEQUENCES

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ABSTRACT

Responding to a need to better understand and more actively involve consumers in the Internet channel, this paper draws upon marketing, communication, and psychology literature to present a new construct, online interaction readiness, that captures the levels of willingness consumers exhibit in engaging in reciprocal actions through the Internet. A scale measuring online interaction readiness (IRSCALE) was developed, and antecedents and consequences of the construct were identified and tested. Results show that interaction readiness is driven by consumers' value and risk perceptions and the time pressure they face in their daily life as well as by their technology environment and technology skills. Consumers with higher interaction readiness scores are found to be more likely to participate in online communities and to prefer the Internet as the channel through which they communicate with firms.

INTEGRATING SALES FORCE INTO MARKETING STRATEGIC PLANNING

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ABSTRACT

The intensely competitive pressure and the changing business landscape in the knowledge economy have compelled companies lead the market through proactive understanding of their customers' perspectives, preferences, and decision making process and, on that basis, designing innovative market offerings. The challenge, however, is how marketers are able to capitalize on their investment in the knowledge management infrastructure recently built in response to the technology advancement and to incorporate with it the benefit market segmentation process for discerning customer values propositions in real time and transferring them into actionable marketing strategies.

The industrial market sector traditionally faces difficulties in utilizing benefit market segmentation methodology due to its complex buying processes. This study attempts to provide the usability and validity of the routine sales reporting mechanism whereby customer information can be retrieved real-time via the company's own sales force. As industrial salespeople are in a unique position that allows monitoring and reporting changes in customer needs and competitors' activity, companies should have access to customers' value propositions and hence conduct dynamic benefit segmentation processes through the automated sales reporting mechanism.

A total of 175 customer's value propositions were collected by twenty-three salespeople from two US-based global pharmaceutical companies in China. Four statistically distinctive segments were identified through cluster analysis. They were named as procedure-compliance, product oriented, education oriented, and sales service oriented categories. The multiple discriminant analysis suggested that some demographic and behavioral variables are in fact good predictors for the benefits sought. The authors then simulated a sales force automation program that facilitates incorporation of the benefit segmentation variables in the strategic marketing decision process.

References available upon request

OPERATIONALIZING RELATIONSHIP VALUE:
AN EMPIRICAL STUDY OF ANTECEDENTS, OUTCOMES AND CONSTRUCT DIMENSIONS

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ABSTRACT

A growing challenge facing industrial service providers is how to build collaborative relationships with their customers in a way that maximizes value to the firm. By understanding the factors that create value, suppliers are more likely to build stronger and more enduring relationships by emphasizing the relational dimensions that are difficult to duplicate. This study conceptualizes and operationalizes the relationship value construct through an examination of its dimensions, antecedents and outcomes in industrial service settings. The study represents perspectives of buyers across 42 countries engaged in the purchase of aviation component repairs. Results demonstrate that relationship value adds more explanatory power to a model that links service quality, relational investments, and customer orientation to affective commitment, future intentions and buyer willingness to invest.

As a higher-order construct, relationship value is operationalized through three dimensions: economic, strategic and behavioral. Each dimension influences intentions and willingness to invest directly and indirectly through affective commitment. Moreover, national culture appears to moderate the degree of influence between these variables. Among societies of high national collectivism, for example, relationship value has a greater influence on future intentions but a lower influence on satisfaction when compared to buyers of individualistic nations.

Using structural equation modeling, a well fit model demonstrated the degree to which relationship value is influenced by its proposed antecedents. Service quality, relationship investments and customer orientation accounted for three-fourths of the explained variance of relationship value. The study demonstrates that buyers from individualistic nations place more importance on service quality assessments, while those from collective nations place more emphasis on relational investments as drivers of relationship value. The study further demonstrates that relationship value contributes more to outcomes than is achievable from just the economic or episodic aspects of perceived value. This further validates that buyers do indeed value the relational aspects of their business dealings. Finally, the study found relationship quality, a similar construct, to be a better predictor of buyer future intentions and resistance to search, while relationship value was found to be a better predictor of willingness to invest.

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CORPORATE ENTREPRENEURSHIP AND RESOURCE RECOMBINATION: A DYNAMIC CAPABILITIES APPROACH TO INNOVATION

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ABSTRACT

This paper delineates the firm resources and firm capabilities as the two major driving forces of competitiveness. Capabilities are probably a more salient factor in maintaining and generating firms' novel competencies. Firm resources can be recombined in an entrepreneurial way to inspire innovation, which leads to positional advantages and superior performance. Corporate entrepreneurship is theorized as both organizational climate and culture, which can effectively and efficiently promote resource recombination. Top management's role is central. It should provide the mid-level managers with an entrepreneurial atmosphere: including autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness. Corporate entrepreneurship can be conceived in two ways: intrapreneurship and interpreneurship. Corporate intrapreneurship includes internal venture, cross-functional integration, and subsidiary initiatives. Corporate interpreneurship involves, among other things, collaborative entrepreneurial alliances and networks, vertically or horizontally. Entrepreneurial resource recombination can recombine and reorient a firm's financial, human, and relational resources so as to improve its innovation capacity, thus result in the firms' positional advantage and superior performances.

Reference available upon request

THE EFFECT OF SCANNING BEHAVIORS ON MARKETNG MANAGERS' REPRESENTATIONS OF COMPETITIVE ADVANTAGE

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ABSTRACT

The market orientation perspective on marketing intelligence states that organizations should strive to achieve higher value and profits through informed decision making based on marketing intelligence gathering and sharing across departments. Market scanning, as the first step in marketing intelligence gathering and sharing efforts, presupposes organizations' consistent efforts for the market adaptation and customer accommodation. Arguably, competitive advantages rest on the ability of organizations to proactively scan the market and make effective responses. However, market scanning itself does not enable organizations to adapt to customers' needs. It is members within organizations who construct market perceptions and dictate the strategic marketing responses. The managerial effectiveness of market scanning determines the organizations' responsiveness towards various market contingencies.

Although increasing evidence points to the importance of managers' scanning behaviors for the generation of marketing intelligence, little is known about the antecedents and consequences of scanning behaviors from a managerial perspective. Drawing on the theory of reasoned action, this study develops a structural model to examine how marketing managers' locus of control and market orientation impact their scanning efforts for marketing intelligence and how these scanning efforts subsequently influence their sense-making of the organizations' competitive advantage. The model is supported by structural equation modeling results of survey responses from 309 marketing managers in US.

The findings suggest that marketing managers' scanning behaviors are driven not only by their desire to monitor the market but also by the organizations' cultural orientation towards the market. Furthermore, marketing managers' sense-making of the organizations' competitive advantage is not formed in a vacuum; rather, it is influenced by the proactive activities with which marketing managers scan the market.

References available upon request

ALLIANCE MARKETING COMPETENCE AND TECHNOLOGY SENSING IN MARKETING ALLIANCES: THE PERFORMANCE IMPLICATIONS FOR ALLIANCE PARTICIPANT FIRMS

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ABSTRACT

This paper conceptually investigates the role of marketing competence in marketing alliance contexts. The relationships between alliance marketing competence (AMC) and its antecedent (collective achievement orientation and role flexibility) and outcomes (performance) are explored. Collective achievement orientation positively impacts the development of AMC but role flexibility exhibits an inverted U-shaped relationship with the development of AMC. The interaction effects between technology sensing (i.e., the alliance participant firm's willingness to respond to technological changes) and the development of AMC is positive and the effect is greater when technology sensing is high than when it is low.

INTRODUCTION

The competence literature is scant in addressing what alliance competence is, how an alliance develops competence, and how competence affects the alliance outcome. In addition, researchers have paid little attention to the concept of marketing competence, the factors which can influence the development of such competence, and the outcomes of marketing competencies in alliance contexts. This paper therefore introduces the concept of alliance marketing competence (AMC) and enables us to understand what factors affects the development of AMC and the possible performance implications for alliance participant firms in marketing alliances.

DEVELOPMENT OF PROPOSITIONS

AMC consists of three dimensions: customer competence, competitor competence, and marketing know-how competence. In proposition 1, these marketing competences are assumed to positively influence the performance of each participant firm. In propositions 2 and 3, in order to understand what factors can influence the development of AMC, collective achievement orientation and role flexibility are introduced and their effects on AMC are investigated. Collective achievement orientation between alliance firms positively impacts the development of AMC. However, role flexibility between alliance participant firms can bring positive effects, but too much role flexibility may negatively affect the relationship between the firms. Therefore, role flexibility and the development of alliance marketing competence show an inverted U-shape relationship between alliance participant firms.

The interaction effects between AMC and technological sensing are investigated because technological environment affects organizational performance. Since the sensing allows the organization to effectively disseminate and utilize market and customer information, which enables it to maintain long-term customer relationships and support its effective decision-makings, the interaction between AMC and technological sensing is assumed to positively influence the performance of alliance participant firms in proposition 4. The sensing also renders the organization's competence more competitive under turbulent market environments. Thus it is suggested in proposition 5 that the effect between AMC and the performance of alliance participant firms is greater when technology sensing is high than when it is low.

FUTURE RESEARCH DIRECTIONS

The concept of AMC can be applied to other inter-firm relationships such as supply chain or buyer-seller relationships in order to understand how AMC can affect the relationship development or performance. Another interesting research avenue can be the investigation of the interaction effects of alliance marketing competencies on the performance of the marketing alliance participant firm.

EMPLOYEE BLOGGING: BUILING BUZZ FROM THE INSIDE

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ABSTRACT

As firms implement relationship marketing programs, they can encourage employees to blog to engage in dialogue with stakeholders. An analysis of employee blogging classified blogs as organic or strategic. Interviews with bloggers revealed the source of blogger's authenticity. Employee blogging will be a powerful method for reaching online consumers.

INTRODUCTION

There is a growing emphasis on the need to build trust with customers and other stakeholders (Cowles, 1997), as the key to relationship marketing (Morgan & Hunt, 1994), which can lead to value creation for a firm (Sharma & Sheth, 1997), which results in access to information, markets and technology. Value creation occurs through relationships with employees (Morgan & Hunt, 1994) as well as with suppliers, customers, and alliances (Sharma & Sheth, 1997). One important way to build those relationships is through integrated marketing communication (Duncan & Moriarty, 1998), which leads to trust and commitment. "When properly done, communication is the integrative element that helps tear down functional silos internally while closing the distance between company, its customers, and other stakeholders" (Duncan & Moriarty, 1998: 3). If employee enthusiasm for a firm's products and/or services can be harnessed, that enthusiasm can be the glue that brings a firm closer to its other stakeholders who in turn become enthusiastic advocates for the firm, or "customer evangelists" (McConnell & Huba, 2002). Bhattacharya & Sen (2003) assert that consumers do identify with firms and advocate for them when their beliefs are congruent with those of their favorite brands. They point out that firms can encourage this congruency by finding ways to "focus on bringing consumers face to face with the organizational identity, while drawing them closer to the center of the organization through co-creation activities." Employees can be the corporate liaison in those co-creation activities, the key to providing source credibility (Morgan & Hunt, 1994) to consumers.

One way to harness employee creativity is through internal relationship building, or internal marketing, which is a key component of integrated marketing communication (Schultz, Tannenbaum & Lauterborn, 1992). Most firms begin with the customer in mind, but internal marketing begins with its employees in mind. This approach leads to "feelings of personal integrity, of self-respect, and independent choice" among employees, leading to more positive feelings by customers of a firm's corporate culture fosters more inclusive corporate culture which fosters (Williamson, 1993: 479). Once an employee is excited about what its own firm is doing, that type of enthusiasm is much more credible to the average consumer than a 30 second spot. As Duncan & Moriarty (1998) point out, the key to creating brand value is to focus on interactivity between an organization and its stakeholders. One way to achieve interactivity is through employee blogging.
Blog credibility is increasing as evidence that more and more employees read blogs at work. Advertising Age estimated that 25% of the time employees read blogs is actually put to good use by helping employees do their jobs better (October 24, 2005). If employees are reading blogs, isn't the next likely step for them to begin blogging themselves?

Blogs and Communication

Duncan & Moriarty (1998) found that an organization's communications process and relationship marketing efforts intersect to build brand value. Morgan & Hunt (1994) also identified communication as central to building trust in the channel. Blogging can be the interactive element that integrates this communications platform.

Relationships and Two-Way Communication

Duncan & Moriarty (1998) describe relationships as being the focus and reason for communication, despite other models that are more focused on providing product information. More specifically, employee satisfaction can be a driver of customer satisfaction: if your employees are happy, your customers will be, too (Carlzon, 1989). Encouraging employees to blog is encouraging them to build relationships with customers, to communicate directly with them, and to build trust. A recent Harris poll reported in Sales & Marketing Management magazine (May, 2005) found that: "Only 17% of Americans trust leaders at major corporations. Compare that to trust in small-business leaders at 47%, and it may be time to rebuild the bonds of trust between sellers from large companies and their clients."

Building relationships with all stakeholders, then, is an important challenge for any firm. Two-way communication includes a focus on creating dialogue, providing feedback, and creating an atmosphere where mutual discourse is valued. Allowing employees to blog provides a signal to external stakeholders that employees' expertise is valued enough that it does not need to be filtered by marketing or public relations and that you trust your employees enough to monitor any feedback that they will receive from your stakeholders. It is a way to build mutual trust with all of your stakeholders. Jackie Huba, blog author of *The Church of the Customer* believes that Microsoft's effort at blogging "has actually made them more humane" in the eyes of their customers because "blogs put a human face on a faceless corporation."

Blogging might allow new ideas to spread more quickly than they would otherwise because there is no editing or lag time as there would be in traditional journalism or corporate media. This is also similar to the concept of viral marketing as discussed by Seth Godin in his book, "Unleashing the Idea Virus" (2001), where you let consumers talk by "word of mouse." Godin believes "marketers should ignite consumer networks and then get out of the way and let them talk" as there is greater perceived credibility in word-of-mouth than in traditional advertising, (IntelliSeek, 2005).

Message

The most important aspect of message, in an integrated marketing communication context, is consistency in the way the brand message is communicated to all constituents. Bhattacharya & Sen (2003) agree that a customer will identify with a firm if it is able to clearly and consistently communicate its identity. If internal marketing is done well with employees, then their authentic voice should come through consistently to stakeholders in a way that reinforces other brand messages. An authentic voice is one that is not necessarily filtered by marketing or public relations, but one where the employee can express him or herself in his or her own words in an open and honest manner (Mishra & Mishra, 1994).

Stakeholders, not just customers

Too often, firms focus on customers to the exclusion of other important stakeholders, such as employees, suppliers, or even community partners. By encouraging employees to blog, a firm can make sure that all stakeholders are included in the communication coming from the firm, setting in place a mechanism for all stakeholders to begin talking to each other (through blog comments, for example) in a way that they might not have had access to each other before.

Interactivity

Duncan & Moriarty (1998) describe interactivity as two-way communication between a firm and its stakeholders. Such communication is made more possible with blogging, as employees are able to present ideas, answer questions, clear up misconceptions, and even address product and/or service concerns in an online environment. Interactivity (Rafaeli, 1988) is becoming increasingly important in human-computer interaction as computer users enjoy the control and reciprocal communication it affords them. As Fournier, Dobscha & Mick (1998) have observed, "marketers serve as the boundary between the consumer and the company. And in that capacity, they are both representatives of the company and advocates for the customer's point of view." This places employee bloggers in a unique boundary spanning role to create an interactive experience for a firm's stakeholders.

METHOD

Blogs, or weblogs, are online diaries written about a variety of topics from a variety of perspectives, organized in reverse chronological order. This study audited Interbrand's Top 25 Brands to determine how widespread employee blogging has become among well-known brands. In addition, a qualitative analysis was conducted of bloggers in Chapel Hill, North Carolina by participant observation of a weekly bloggers meet-up, as well as an in-depth interview of the author of the Sun Microsystem blog software. Sun Microsystems provides an example of a company that is building relationships internally with its employees by encouraging them to blog, which in turn is building buzz (generating excitement) among its other stakeholders. In this analysis, I have categorized blogs along the dimensions of either organic or strategic, and authentic or inauthentic (see figure 1).

An Analysis of Corporate Blogs

In analyzing Interbrand's Top 25 brands (www.interbrand.com), I began by starting at the homepage for each brand to see if there was evidence of a blog on the homepage. Presence on the homepage has been found to be evidence of prominence of a

firm's strategy (Esrock & Leichty, 2000). For all 25 brands, there was no evidence of any blogs on any homepage. Next, I found the search feature on the website and typed in "blog". Eleven brands were identified as having blogs from this search.

Organic vs. Strategic Blogs

After analyzing the content of these blogs, I then differentiated them as either "organic" or "strategic". Organic blogs are those that emerge spontaneously from within a corporate culture to communicate with other stakeholders. Strategic blogs originate with a specific purpose and audience in mind. In six cases, the search feature directed me to blogs within the website that would be classified as organic blogs. Microsoft, ranked 2nd on Interbrand's list, has the largest group of employee bloggers with over 2000, according to a recent Forbes (November 14) article. The same search on ibm.com returned a list of over 800 blog sites, but it is difficult to tell in the case of IBM whether these represent 800 distinct bloggers or just 800 posts. A recent Ad Age article (November 10, 2005), however, mentions that IBM has begun employee blogging in earnest, with an estimated 2,200 employees maintaining blogs accessible by the public. All seven of the GE blogs that appeared in the search are in Spanish and listed under Telemundo. Hewlett-Packard lists the names of their executives with links to their blogs. Dell does not have blogs, per se, but does have several community forums where customers and employees can ask questions and exchange information. Finally, Ford has one blog, Team LS, that has not been updated in awhile, but that was referred to in several press releases, indicating that it might have originated as an organic blog from the LS Team, but has since been utilized by the public relations staff in a strategic fashion to publicize Ford's efforts.

The other five blogs would be classified as strategic because it was clear that they were created for a specific purpose, such as Cisco's blog covering high tech policy affairs. Coca Cola just announced two blogs where consumers can play games and interact with their brands at refreshingwall.com. Intel and Nokia each had how-to blogs on their websites, both promoting the use of their products. Hewlett-Packard, in addition to having executive blogs, also had links to customer blogs on their site. These blogs would fall somewhere between organic and strategic because it is assumed that HP did not create these blogs, but it is nonetheless utilizing them as a communications tool.

The role of authenticity: the voice of the blogger

A recent Forbes (November 14) article cautioned against the use of blogs, citing evidence that some blogs have been used to inflict damage on brands as a result of "flaming" or leveling unsubstantiated charges against a brand or blogger. The article makes it clear that there is a downside to blogs for brands if marketing and public relations professionals are not monitoring the blogosphere. On the other hand, it seems that there still might be a useful place for blogs, if done properly, with the right tools, an agreed upon purpose, and with good intentions.

One way to make sure a brand's good intention comes through is through the authenticity of the blogger's writing or voice. Both organic and strategic blogs can be assessed in terms of the authenticity of their writing. Dave Johnson (http://rollerweblogger.org/page/roller) at Sun Microsystems would be an outstanding example of an organic blogger with an authentic voice. He began blogging while he created the Roller blogging software and continues to blog about his work on the software, as well as keeps an internal Sun work blog. An example of a strategic blogger with an authentic voice would be Robert Scoble at Microsoft (http://scobleizer.wordpress.com/). His title at Microsoft is Technical Evangelist, which is what he does (and was presumably hired for) on his blog, but he speaks/writes in his own voice. He has often mentioned on his blog that what he has said/written has made someone at Microsoft unhappy, but that he is writing what he feels is the truth, despite what others think. Both Dave and Robert have disclaimers in their blogs letting the reader know that they speak for themselves and not their employer.

There are blogs with inauthentic voices, as well, which erode trust between companies and their customers. By pretending to be something they are not, bloggers who are hired guns diminish credibility both in the brand and in the firm. Blogs that are inauthentic are those that are fake blogs, those created to sell something, like Captain Morgan's Rum Blog http://www.thecaptainsblog.com/home.php (see Figure 2). When consumers discover that the blog comes from a place that is not real, they lose trust in the blogger and the company. Andy Lark (http://andylark.blogs.com/andylark/2005/02/the_lincoln_fry.html) wrote about the McDonald's Lincoln fry brouhaha, where a supposed consumer, Mike, found a French fry that looked like Lincoln and started blogging about it. After it was discovered that McDonald's created this fake blog, there was a debate as to whether or not it is all right for marketers to create fake blogs to sell products. Advertisers already have a credibility problem with consumers (IntelliSeek, Sept. 26,

2005) and creating fake blogs will only intensify that problem. Employee blogging is a potential way to overcome a lack of trust and feelings of inauthenticity.

Linking and comments to create dialogue

One way bloggers maintain authenticity is by linking to other blogs. This creates a sense of dialogue and transparency among the blogosphere. By linking certain words or phrases, they are able to create common meaning because everything they "say" is verifiable. If something is verifiable, then bloggers have to maintain honesty or risk impairing their authenticity. Authenticity is paramount to individual bloggers, which may be why they have provided such a challenge to mainstream media (MSM). By providing ways for their own writing to be followed and verified, they ensure that their own work is credible and truthful. In addition, words have common meaning, because links go back to the original source. As I wrote in my field notes from the blogger meeting of March 23rd:

The topics of credibility, linking and trust came up quite a bit and transparency. It is interesting that these guys are all concerned about these topics. They want authenticity. They want truth. They are not into pr hype or making something it is not. I think that is what the division in the news media is about—bloggers see MSM as inauthentic and MSM see bloggers as less credible just because of their lack of credentials.

This is how bloggers use links to create common meaning. They use links within the blog text to link *out* to information and to other blogs. They use links *to* other blogs, as well. By linking to the same information, across blogs, they reinforce their similar understanding of the same information. The links explain what they are talking about, so that there is no misunderstanding.

Pragmatics is the study of speech in context, where discrepancies are eliminated between what is said and what is meant (Putnam & Fairhurst, 2001). This is one unique feature of blogs because of the comment section. This creates an atmosphere of give and take—of dialogue. Even though the blogger might initiate the conversation, a comments section indicates that the blogger is willing to engage in a conversation or two-way dialogue with others about the topic, knowing full well that their views may not always be the same. This is a feature that is quite different from websites, where no feedback or comment space is often allotted. Websites are a one-way conversation—a monologue--not open to customer dialogue. This two-way communications could be a very powerful tool for organizations wishing to engage consumers in dialogue about products and positions, like instantaneous comment cards where the organization can get immediate feedback. Taking comments one step further could lead to the development to of online communities. As Dave Johnson and I sat down to talk about his blog, *Blogging Roller*, he commented about another blog he admired, Orangepolitics.org, and said, it "is more than just a blog, she (the author) is creating a community."

Sun Microsystems Blogs

To benchmark the Sun Microsystems blogs, I began by interviewing the author of Sun's blog software, Roller, Dave Johnson. Dave developed this software before he was on the payroll for Sun. He blogged about creating the blog software and in May of 2004, Sun found his software and began using it. Dave tweaked the blog software for them on weekends, during his free time from his other job. Sun liked his software so much that they offered Dave a full-time job, heading up development for the Roller software. When Dave began working for Sun, there were about 100 employee bloggers at Sun using his software. As of late 2005, there are over 1200 employee bloggers. Dave said that employee blogging at Sun really took off once President and COO Jonathon Schwartz began blogging. One way that Sun has managed this communication process is to provide its employees with the tools it needs to blog: both the software to blog and the guidelines to blog with comfort. Sun's Policy on Public Discourse (http://www.sun.com/aboutsun/media/blogs/policy.html) is an important model to follow about how to get the conversation going and then get out of the way. Dave believes that employee blogging is powerful because "companies are creating employee evangelists." Bloggers have an "informal, authentic voice with an unfiltered viewpoint" that Dave feels is beneficial to building a relationship between a company and its customers.

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DISCUSSION

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While corporate blogging among the Interbrand Top 25 is limited, it is interesting to note that the firms that have engaged in employee blogging are primarily technical in nature. Blog software requires a certain degree of technical expertise, which might explain why the technical firms in the Interbrand 25 have embraced it faster than other non-technical brands.

One question that emerged in the Chapel Hill blogger's group is "If corporations get involved in blogs, will it destroy the hype?" The group consensus is that blogs will be more limiting to corporations than websites because blogs take more human effort, and hence, more money. The blogger group did not feel that corporations will be willing to spend the money (on the tools and people to blog) and so they will not make the effort. Maybe that is why so few firms on the Interbrand Top 25 are actively engaged in blogging to date.

I believe this will change, however, once Chief Marketing Officers (CMOs) see blogging as a better (and less expensive) way of developing relationships and dialogue with customers. By harnessing the talent and expertise of their own employees, brands can talk directly to consumers in a "mass conversation" via blogs. As more and more consumers go online for news and information about their favorite brands, brands will want to be there to participate in that conversation.

Figure 1: Blog Attributes

Blog Origin	Blog Voice
Organic Employee blogs that emerge from their own desire to write about things they are interested in.	**Authentic** A voice that has no ulterior motives. A voice that shares its own experience.
Strategic A planned blog, to promote a certain product or firm; to clear up misconceptions or provide specific information	**Inauthentic** A voice that has a motive, ulterior or even unethical.

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CUSTOMER RELATIONSHIP MANAGEMENT IN PROFESSIONAL SERVICE ORGANIZATIONS: A STRATEGIC APPROACH TOWARDS A SUSTAINABLE COMPETITIVE ADVANTAGE

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ABSTRACT

Customer Relationship Management (CRM) is gaining increased attention from both academicians and practitioners across various products and especially services industries. It has gained primary attention in large service industry sectors such as the banking sector and is gaining widespread attention across different areas in the service-related businesses. Many researches have been conducted highlighting the importance of adopting CRM systems in large service-related industries, such as the financial, telecommunication and hotel industries, but few researches have explored the application of a CRM system in the context of Professional Service Organizations (PSOs), which are usually considered small or medium-sized enterprises. Examples of professional services include: legal, accounting, design, engineering and architectural services. In addition to the characteristics of services in general, being intangible, heterogeneous and inseparable, professional service organizations provide services that are especially high in people-processing features, involve high contact with customers and are high in credence attributes. PSOs sell their skills, expertise and judgment to their customers as opposed to selling manufactured goods or simple services (Delong and Nanda 2003). PSOs have to approach clients wherever they are located in order to develop an "engagement relationship" with their clients, as opposed to relying on mass marketing channels to promote a company's products and services (Cram 1994). These features entail a different approach for CRM application than in the case of larger, transaction-based service organizations. This paper aims to make a contribution to the services marketing field and in particular the professional services area by focusing on CRM as a strategic tool for sustained competitive advantage for PSOs. The objectives of this paper are three-fold (1) to evaluate the evolving nature of the CRM concept (2) examine the application of the CRM approach in PSOs and (3) present a conceptual framework on the use of CRM as a strategic tool for sustained competitive advantage. The application of CRM in PSOs is predicted to result in long-term customer relationships that will become the basis for customer loyalty and retention leading to sustained competitive advantage. This framework provides the basis for future empirical research.

Keywords: Customer Relationship Management (CRM), Professional Service Organizations (PSOs), competitive advantage, customer loyalty, retention.

References available upon request

SLOTTING FEES AND THE MARKET POWER OF MANUFACTURERS

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ABSTRACT

Debates about slotting fees and related ethical and policy issues remain unresolved despite continued scrutiny. One of the key issues is whether large manufacturers use their market power to suppress competition. Analysis using a one-time disclosure of slotting fees supports the contention in that manufacturers' market power relates to the level and use of slotting fees.

INTRODUCTION

While research into slotting fees and related debates has progressed (Rao and Mahi 2003; Bloom, Gundlach and Cannon 2000), the lack of firm-level data has hampered research into slotting fees (FTC 2001). The core of the slotting fees issue was succinctly synthesized by Bloom et al. (2000) who stated, *"two schools of thought currently dominate the debate on slotting fees. One views them as a tool for improving distribution efficiency and stimulating competition, and the other considers them a tool for enhancing market power and damaging competition. Retailers generally hold the former view, whereas manufacturers tend to subscribe to the latter."* (p.92) This research examines slotting fees, particularly in terms of manufacturers' market power using a one-time release of manufacturer-level data on slotting fees paid.

LITERATURE REVIEW

Slotting fees typically are the allowances paid by manufacturers to retailers in order to get new products placed (slotted) onto retailers' shelves (Desiraju, 2001; Bloom et al. 2000). However, slotting fees also refer to pay-to-stay, display fees, failure fees, and presentation fees (Bloom et al. 2000), indicating that slotting fees are paid not only for new SKUs, but also to support existing SKU's. Slotting fee rates may be variable (e.g. as percentage of sales) or fixed, and the fees charged within a given retailer are not necessarily consistent (Desiraju, 2001). Slotting fees are paid as promotional allowances, rebates, free products and other means. "Promotional allowances" in some cases include cooperative advertising monies. Consequently, the traditional definition of a slotting fee as a payment made to place a new product on a shelf is no longer valid; instead, slotting fees are regularly used to support placement in stores.

Legal, ethical, and efficiency arguments over slotting fees have persisted for more than a decade with implications of unfair competition. The legal arguments generally focus on antitrust issues and the potential plaintiffs: small manufacturers (FTC 2001; Cannon and Bloom 1991). Small manufacturers argue that slotting fees are onerous, and they cannot pay the higher rates paid by larger manufacturers to secure shelf space (Cannon and Bloom 1991, Kelly 1991). The Robinson-Patman Act, which addresses with price and promotional discrimination, is the law most likely violated by current practices (Cannon and Bloom 1991). Ethical questions have also arisen as fees may be paid in "cash" as opposed to product (e. g. Rao and Mahi 2003; Aalberts and Jennings 1999) and are negotiated in private (Bloom et al. 2000).

Proponents of slotting fees contend that product failure risk falls primarily on the retailers and that slotting fees shift risk from retailers to manufacturers, thus equalizing distributional efficiency. However, this is only moderately supported in a small study (White et al. 2000) and not supported by Rao and Mahi's (2003) analysis of the efficiency argument in terms of information asymmetry. Retailers have steadfastly refused to release financial data on slotting fees (Rao and Mahi 2003; Wilke, Desrochers and Gundlach 2002) including a request by the General Accounting Office in 2000, which appears suspicious. An FTC workshop on slotting allowances provided few additional insights due to the lack of data (FTC 2001). In its summation, the FTC indicated that slotting fees signal product success and may distribute product risk, however, the summation also indicated that slotting fees may stifle product innovation, reduce variety and availability, and increase prices.

Market power is the relative bargaining position of one firm over another in the marketing channel, and can be either exercised or potential (Ailawadi et al. 1995). A manufacturers' potential market power are "those industry characteristics or conditions having the potential to affect the manufacturer's power in the marketplace" (Butaney and Wortzel 1988 p. 55). Given that market power and bargaining power go hand-in-hand, manufacturers with the higher market power are able to negotiate the best terms with retailers, and may use slotting fees to stifle competition from less powerful manufacturers. Alternatively, high market power manufactures may pay lower slotting fees because of strong brand loyalty and product support (e.g. advertising) (Cannon and Bloom 1991, Kelly 1991). Thus the issue of slotting fees and market power suggests

that the relationship should be examined from various perspectives. Traditional measures of market power have been in economic terms (usually profit) and reflect a firm's ability to influence price. Ailawadi et al. (1995) argue that profits capture some aspects of market power, but that other financial firm variables or multiple measures of market power are needed.

For this research, market power is examined along two lines – "potential" and "exercised" (Ailawadi et al. 1995). Potential market power is associated with a firm's dominance or position in the industry and is generally associated with "size". Larger firms are more powerful in the marketplace and are able to use this power to protect their competitive position. While "size" indicates "potential" market power, profitability proxies for firms' "exercised" market power and the ability to extract excess returns (Ailawadi et al. 1995). When high profitability is used as a measure of high market power, it captures a firm's ability to price its product to earn higher returns. Thus, firms with high profit margins are in a better bargaining position to pay lower slotting fees (Ailawadi et al. 1995). While the nature of the link between market power and slotting fees is not totally clear, the overriding assumption is that firms utilize high market power to limit competition, and we expect that firms with high market power, whether potential or exercised, will pay more slotting fees. Hence:

H1: Manufacturers with high market power pay higher slotting fees.

METHODOLOGY

In 2001, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) adopted Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products." Issue 01-9, which codified and reconciled several previous issues, proscribes the proper income statement classification for promotional expenses (e.g. "slotting fees") paid from a vendor to a reseller. Previously, no specific accounting treatment for slotting fees had been required, but many manufacturers treated the expenses as advertising and promotional expenses. After the change, free products and gifts are treated as a reduction of costs of goods sold, and the other give-backs are treated as reductions to sales. The change had no effect on firms' net incomes, but was merely a reclassification of expenses. The change in accounting method for slotting fees required public firms to disclose the effect of the change in their financial statement footnotes, and most firms adopted the new accounting method for reporting years beginning after 15 December 2001.

We model slotting fees as a function of firm market power as follows:

$$Slotfee = \beta_0 + \beta_1 lnSize + \beta_2 lnROA + \beta_3 lnAdvert + \beta_4 lnSaleG + \beta_5 lnOp\$Flo + \beta_6 lnForeign + \beta_7 SIC_i + \varepsilon_i$$

The equation is estimated using an ordinary least squares and is used to test the hypothesis that high market power results in higher slotting fees. In addition to the model above, several alternative specifications of the model are examined using the strategic profit model as guidance (Evans 2005). The alternative specifications substitute components of return on assets (ROA) to more finely specify which components of ROA effect slotting fees. Model 2 uses a first level breakdown and substitutes net profit margin (a measure of profitability) and turnover (a measure of operational efficiency) into the model for ROA. Model 3 uses a second level breakdown and substitutes gross profit margin (a measure of pricing power) and the total expense ratio (a measure of organizational control) for the net profit margin. Variable definitions are included in Table 1.

Using the Mergent Online database, 164 publicly traded manufacturing firms belonging to SIC code 20xx (foods) and 28xx (consumer chemicals) were identified. The sample is limited to manufacturers primarily selling to grocery stores, which are known for extracting slotting fees. Financial statements of each sample firm were examined. Eliminated from the sample were: terminated or bankrupt firms (34), firms selling directly to consumers or distributors (39), and firms with incomplete EITF disclosures (12). We also eliminated beer, wine and spirit firms since distribution is regulated and governed by state laws (13). The useable sample is 68 U.S. public firms and 195 firm year observations.

RESULTS

Before analyzing results, we tested for outliers and multicollinearity. DFFITS and DFBETA indicated several influential outliers with significant influence over the results. Eliminating these observations had little effect as the problem cascaded down and other outliers became highly influential. Our solution was to logarithm the independent variables to limit the influence of outliers and to winsorize the data to four standard deviations above and below the mean. Several of the variables are highly correlated, but variance inflation factors indicate that multicollinearity is of little concern in the statistical model. Descriptive statistics for the sample are provided in Table 2. While we do not have data for all firms for all years, we can

make some crude estimates for the slotting fees paid for our sample. In 2000, 57 firms paid slotting fees of almost $19.5 billion, and in 2001, 53 firms paid almost $21.6 billion in slotting fees. Slotting fees paid varies by industry so these estimates are not typical across all industries.

Table 3 presents the OLS regressions for the slotting fee models. The first model uses ROA as the measure of profitability; the second model breaks down ROA into net profit margin and turnover; and the third model breaks down net profit margin into a gross profit margin and an expense ratio. The coefficient on *lnSize* is positive and significant in all models. The lowest level of significance is in model three (t=5.06, p<.05). These results support the hypothesis that firms with more market power as measured by total assets pay more slotting. The profitability variables are also positive and significant. In Model 1, *lnROA i*s significant (t=2.08, p<.05); in Model 2 *lnNetPM* is significant (t=2.22, p<.05); and in Model 3 *lnGrossM* is significant (t=1.97, p<.05). Additionally, in Model 3, the expense ratio is negative and significant (t=-2.11, p<.05). These results indicate that higher market power firms, when measured by profitability, pay higher slotting fees.

One control variable is significant in all the models – the percentage of foreign sales (*lnForeign*) is negative and the lowest level of significance was in model three (t=-4.70, p<.05). The only other variable that was significant in the model was operating cash flow, which is negative and marginally significant in both Models 2 and 3 (t=-1.83, p<.10) and (t=-1.73, p<.10). Sensitivity analysis examined market share – an alternative measure of potential market power (the ratio of a firm's lagged sales and sales by three-digit SIC) (U.S. Census Bureau 2002). The market share variable is not significant (t=-.84, p<.50, Model 3) in any model and the other results are econometrically similar.

CONCLUSIONS AND IMPLICATIONS

The findings support the theory that high market power manufacturers pay more slotting fees, and low power manufacturers may be constrained in the market place. Consequently consumer choices and prices may be affected. If slotting fee practices restrain trade and inhibit competition then regulatory intervention and policy changes might be necessary. One limitation of this research is the focus on manufacturers in a single segment of the industry, which limits the generalizability of the results. In addition, more refined measures of market power and distributional efficiency might prove useful. Distributional efficiency measures are more difficult to capture, but one avenue would be to measure new product introductions, because product introductions implicitly have higher failure risk. Future research should examine whether industry affiliation or distributional channels impact slotting fees paid and analyze the amount paid for particular placement in retail stores. In addition, the revenue implications of slotting fees for retailers and the impact of changes in policies have yet to be answered.

Table 1: Variable Descriptions

Dep. Variable	Description		
Slotting Fee *Slotfee*	Slotting fees paid divided by sale, net of slotting fees, paid during the year.		
Explanatory Variables	**Model**	**Description Operationalized**	**Rationale**
Firm Size *lnSize*	1, 2, 3	Natural logarithm of a firm's total assets.	Larger firms have more market power and pay higher slotting fees.
Return on Assets *lnROA*	1	Net profit before interest and taxes, divided total assets.	Firms with higher returns have more market power and pay more slotting fees.
Net Profit Margin *lnNetPM*	2	Net profit before interest and taxes, divided by lagged net sales.[1]	1st level break down of ROA into its components. Firms with higher profitability have more power and pay more slotting fees.
Gross Margin *lnGrM*	3	Net sales less cost of goods sold divided by lagged net sales.	2nd level break down of ROA. Gross profit margin is a cleaner measure of pricing power, and higher margins = higher market power.
Tot Expense Ratio *lnExp*	3	Net sales less cost of goods sold divided by lagged net sales.	2nd level break down of ROA. Expense ratio is the other component that with gross margin makes up net profit margin.
Turnover	2, 3	Lagged net sales divided by total assets.	1st level break down of ROA. Together margin

lnTurns			and turnover make up return on assets.
Advertising *lnAdvert*	1, 2, 3	Total advertising costs, excluding slotting fees, divided by lagged net sales.	A control variable. Firms that pay more advertising may have lower product risk.
Sales growth *lnSalesG*	1, 2, 3	Sales increase in the current year over the prior year (Sales$_0$ - Sales$_{-1}$) / Sales$_{-1}$.	A control variable. Firms with higher sales growth may have lower product risk.
Operating $ flow *lnOp$Flo*	1, 2, 3	Current year operating cash flows divided by lagged net sales.	A control variable. Firms with higher operating cash flow may have more ability to pay more slotting fees
Foreign sales *lnForeign*	1, 2, 3	Non-North American sales divided by total lagged sales.	A control variable. Slotting fees in foreign jurisdictions may differ.
SIC *SIC*	1, 2, 3	Three digit standard industry classification.	A control variable. Controls for industry differences that may affect slotting fees paid (Butaney and Wortzel 1988).

[1] IV's are scaled by lagged net sales, when appropriate, rather than current net sales, as is the DV to reduce correlation.

Table 2: Descriptive statistics

Description[1] *Variable name*	Mean (Std. Dev.)	Minimum Value	First Quartile	Median	Third Quartile	Maximum Value
Slotting Fee *Slotfee*	0.061 (*0.068*)	0.00	0.000	0.038	0.101	0.299
Total Assets *Size*	3.6 bil (*8.3 bil*)	47,655	37.1 mil	466.1 mil	2.9 bil	55.8 bil
Return on Assets *ROA*	0.121 (*0.101*)	-0.339	0.071	0.114	0.169	0.710
Net Profit Margin *NetPM*	0.094 (*0.075*)	-0.237	0.045	0.082	0.145	0.303
Gross Profit Margin *GrM*	0.365 (*0.169*)	0.046	0.231	0.361	0.461	0.998
Total Expense Ratio *Exp*	0.270 (*0.157*)	0.042	0.131	0.264	0.354	0.899
Turnover *Turns*	1.598 (*0.796*)	0.298	1.071	1.459	2.051	4.525
Advertising / Lag Sale *Advert*	0.043 (*0.064*)	0.000	0.000	0.021	0.058	0.500
Sales Growth *SaleG*	0.096 (*0.159*)	-0.243	0.012	0.063	0.138	0.914
Op $ Flo / Lag Sale *Op$Flo*	0.084 (*0.065*)	-0.129	0.041	0.073	0.130	0.266
Foreign Sale / Lag Sale *Foreign*	0.124 (*0.202*)	0.000	0.000	0.000	0.190	0.751

Table 3: Regression results
Dependent Variable (*Slotfee*): firms slotting fees as a percentage of sales.

	Model 1: ROA		**Model 2:** Profit Margin & Turnover		**Model 3:** Gross Margin, Expense Ratio & Turnover	
Explanatory Variables[1]	Coeff. Est.	t-stat	Coeff. Est.	t-stat	Coeff. Est.	t-stat
Intercept	-0.238	-6.69**	-0.196	-3.96**	-0.192	-3.66**
lnSize	0.012	6.77**	0.011	5.45**	0.011	5.06**

	Model 1		Model 2		Model 3	
lnROA	0.105	2.08**				
lnNetPM			0.079	2.22**		
lnGrossM					0.202	1.97**
lnExp					-0.210	-2.11**
lnTurns			-0.010	-0.57	-0.010	-0.56
lnAdvert	0.095	1.12	0.106	1.24	0.119	1.20
lnSaleG	-0.004	-0.12	-0.014	-0.45	-0.011	-0.35
lnOp$Flo	-0.086	-1.22	-0.151	-1.83*	-0.144	-1.73*
lnForeign	-0.165	-5.46**	-0.153	-4.99**	-0.148	-4.70**
N	195		195		195	
R^2 & Adj R^2	0.554	0.516	0.557	0.517	0.556	0.514
F-stat & Prob > F	14.81	0.0001	13.99	0.0001	13.05	0.0001

* Significant at the .10 level (two-tailed) ** Significant at the .05 level (two-tailed)

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CIGARETTE PLACEMENT IN MOVIES: PRIMING TOBACCO RISK-RELATED WARNINGS AND ITS SOCIAL EFFECTS ON YOUTHS

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ABSTRACT

Previous research have stated that cigarette placement in movies seemed to increase the intention to smoke among teenagers and cigarette placement in movies has grown steadily (Dalton et al., 2003; Pechmann et al. 2003). Pechmann and Shih (1999) found that smoking scenes increased their intent to smoke and that an antismoking advertisement shown before the film nullified these effects. We extend this previous research by focusing on the social risk component and by using a social related antismoking warning. This paper investigates whether priming an antismoking warning would affect the social risk perceived by adolescents before viewing a cigarette placement in a movie. The basic question that guides this research is the following: how would adolescents perceive social risks after having been exposed to a cigarette movie placement? Would they perceive social risks as less severe? Is the introduction of a warning message before the smoking scene enough to counter the effects of the cigarette placement on the perception of the social risk endured by smokers?

Pechmann and Shih (1999) found that smoking scenes positively aroused adolescent viewers, enhanced their perceptions of smokers' social stature and increased their intent to smoke. In addition, they found that an antismoking advertisement before the film nullified these effects. However, there was no research on how priming an antismoking warning would affect the social risk perception, which has been confirmed as a key variable in smoking initiation among teenagers (Biglan et al. 1995; Jackson 1997; Aloise-Young et al. 1994; Stacy et al. 1992). Moreover, no "social-oriented" warning has been used in past research, which has focused more on health risks associated with tobacco.

An experiment was conducted. The design was a between-subjects factorial with two factors, cigarette placement (two manipulated levels – the actor smokes and the actor did not smoke), and antismoking warning (two manipulated levels – presence or absence) before the scene. Each of the sixty-nine subjects were randomly assigned for one of the 4 experimental conditions. The subjects were French students and the questionnaires applied at a public school in France. Since the subjects were teenagers between 12 and 16 years old, formal consent from their parents were required to participate in the study. Thirty-seven percent of the subjects were female and eighty-five percent stated that they do not smoke. After the experiment, all the participants went through a debrief session. The debriefing was carried out by a professional that explained the real propose of the research and reminded the students about the dangers of the smoking behavior.

An antismoking warning showing rotten teeth, along with the text "cigarette smoke causes oral cancer, gum disease and tooth loss" was used. This warning was rated by teenagers as the most visually effective to show the negative consequences of tobacco (Nilsson 1999). In addition, most teenagers are more concerned with their physical appearance rather than with possible long term health damage (Nilsson 1999; Smith and Stutts 2003), which made this specific warning more relevant in the present study. The manipulation of the cigarette placement was produced by treating a three minutes smoking scene selected from the movie Pulp Fiction (1994). In this scene, the two characters (John Travolta and Uma Thurman) are chatting in a 50's style restaurant smoking several cigarettes. The control condition was created by a professional editor who deleted electronically any trace of smoking and smoking accessories (i.e. cigarette, ashtray and secondary smoke) from the scene.

The manipulation check of the anti-smoking warning and the cigarette placement was successful. In the warning condition, 97.4% of subjects precisely recalled having seen it before the scene ($\chi2 = 92.836$; $p < .001$). Subjects that have been submitted to the smoking scene correctly recall the cigarette presence in the scene ($\chi2 = 28.886$; $p < .001$). Since teenagers' positive stereotypes associated with cigarette smoking and intent to smoke increase as their age rises (Aloise-Young, Hennigan and Graham 1996; Tyas and Pederson 1998), the age variable was included as a covariate in the analysis.

The cigarette placement produced lower social risk perception, as it was hypothesized, even if this impact was not significant. Moreover, the presentation of an antismoking warning that primes social risks related to the smoking behavior, helped the receivers to focus on the social risks incurred by adolescents who would engage in this behavior. So, even if the perception of social risk possessed by adolescents would not be affected by the cigarette placement alone, the introduction of the warning before the scene resulted in higher scores on social risk perception.

NEED, WANT AND ADVERTISING

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ABSTRACT

The need-advertising relation has not stimulated as much philosophical dialogue as it has provoked ethical debate. This fact is especially intriguing as the cause of social criticism of advertising is philosophy (Kirkpatrick 1986). Whether they realize it or not, advertisers and critics have historically had minimal fruitful dialogue and agreement mainly because their philosophical standpoints are very different. Marketing scholars have the opportunity to elucidate the various philosophical issues related to the need-advertising relation and offer explanations on how to enhance advertising theories and practices.

The core philosophical question arising from need-advertising relation is whether advertising is capable of creating a need. On the one hand, marketing functionalists (e.g., Kirkpatrick 1986, O'shaughnessy & O'shaughnessy 2002, and Kerin et al. 2004) define the concept of a need as an internalized state in a human. They reject the possibility that advertising can create any need. On the other hand, other researchers (e.g., Roy 1980, and Rist 1980, McCracken 1986, and Buttle 1989) view a need as a requirement of a particular social life (Buttle 1989) and argue that advertising does in fact create needs.

The dialogue has had little theoretical progression. This is usually attributed to the notion of 'paradigm incommensurability' since the two sides of the dialogue often have different ontological beliefs: the former believes in realism (characteristic of functionalist perspective) and the latter advocates nominalism (characteristic of relativist perspective). Unlike Jackson & Carter (1991), who consider between-paradigm dialogues to be impossible and who equate the belief in commensurability with the support of imperialistic aspirations of the elite, the author emphasizes the necessity of continued interaction between various philosophical schools of thought within the field of marketing. The current research seeks to contribute to the fruitfulness of inter-paradigmatic dialogues in the field of marketing, especially advertising, by proposing a new direction for philosophical and ethical disputes of advertising.

A review of the contemporary as well as older definitions of need sheds light on an alternative answer to the question of need-advertising relation. This alternative revolves around the distinction that marketing thinkers make between the concepts of need and want. Philosophical dialogues on the need-advertising relation have missed this critical point and, hence, suffer from the error of misplaced emphasis. Summarizing the mentioned review, this paper attempts to demonstrate that many of the functionalistic definitions of want appear to be close to the relativistic definitions of need.

In summary, there is a clear distinction between marketing functionalists and relativists as to whether advertising can create needs. Pragmatists seem not to have a clear position on this issue. A review of the literature on the definitions of needs and wants suggests that the inter-paradigmatic dialogue should focus on wants rather than needs because what marketing relativists define as a need is cited by marketing functionalists as the definition of a want. In other words, the debate between functionalists and relativists on whether advertising can create needs stems from a semantic difference.

The contemporary theories of the characteristics, antecedents, and typologies of needs further support the claim that wants, rather than needs, are to be the focal point when analyzing the role of advertising. As such, need-advertising relation, as a topic for philosophical and ethical debate, is to be replaced with want-advertising relation. Perhaps, this shift of focus and subsequent studies of the role of advertising will lead to a more fruitful philosophical dialogue in the marketing field.

Marketers and advertisers in profit and non-profit institutions, the author suggests, should seek to align their agenda with the broad, long-term objectives of society. Whether marketing practices such as subliminal advertising, puffery, and emotional manipulation create wants that restrain society from achieving its ultimate objective is an important issue and deserves attention from the academe, industry, and government.

References available upon request

UPPER ECHELONS THEORY AND MARKET ORIENTATION:
TMT CHARACTERISTICS AS ANTECEDENTS TO A MARKET ORIENTATION

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ABSTRACT

Several antecedents have been suggested in the development of a market orientation of an organization. Kohli and Jaworski (1990) discuss the senior management factors preceding a market orientation. Upper echelons theory posits that strategic choices and performance levels can be partially predicted by managerial background characteristics (Hambrick and Mason 1984). This theory purports that observable managerial characteristics are reliable indicators of unobservable cognitions, values and perceptions in that they have influence on the process of strategic choice and the outcomes resulting from those choices (Carpenter et al 2004). The values of the top management team can affect perception of a situation, which can then affect a strategic choice (Hambrick and Mason 1984). This paper suggests that some of the behaviors and characteristics of the upper echelon can be factors in the decision of how an organization is oriented, specifically a market orientation. This paper proposes that four areas can be reflected in the behaviors of the top management team in the determination of a market orientation of a firm - age, functional background, top management team tenure, and team heterogeneity.

STRUCTURAL ANTECEDENTS OF MARKET, LEARNING AND ENTREPRENEURIAL ORIENTATIONS

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ABSTRACT

This study proposes a model of organizational structure to strengthen the capabilities and performance of the market, learning and entrepreneurially oriented enterprise. Innovation mediates the effect of structure and cultural orientation on organizational performance.

INTRODUCTION

The structure of an enterprise can substantially influence the effect of its business strategy on organizational performance. Previous research has examined the relation of organizational structure and size to innovation (Damanpour 1996) and market orientation (Kirca, Jayachandran and Bearden 2005), but no research has developed an integrated model addressing the relationship of organizational structure to culture (i.e., market, learning and enterprise orientation) and innovation. Specifically, this study develops propositions to explain how structural factors influence market-oriented culture, innovation and business effectiveness.

ORGANIZATIONAL STRUCTURE

The current study focuses on cultural orientation as an *outcome* of structure (i.e., structure is an exogenous determinant of culture, consistent with the works of Marcoulides and Heck 1993 and Kirca, et al. 2005), and contends that the norms and values of market, learning and entrepreneurial orientations are better supported by some forms of organizing than by others. Based on a review of the literature, the structural constructs that are particularly important in enabling expression of organizational norms and values are centralization, formalization, interdepartmental connectedness, interdepartmental conflict and specialization. Their proposed relationships to market orientation are P1: (a) centralization, formalization and interdepartmental conflict are negatively related to customer orientation; (b) interdepartmental connectedness is positively related to customer orientation, and (c) specialization is not significantly related to customer orientation; P2: (a) centralization, formalization and interdepartmental conflict are negatively related to competitor orientation, (b) interdepartmental connectedness is positively related to competitor orientation, and (c) specialization is not significantly related to competitor orientation; P3: (a) centralization, formalization and interdepartmental conflict are negatively related to interfunctional coordination, and (b) specialization and interdepartmental connectedness are positively related to interfunctional coordination.

Learning orientation involves adaptive learning (i.e., acquiring new knowledge consistent with the organization's traditional activities) and generative learning (i.e., questioning basic assumptions about the organization's goals, core and peripheral capabilities, strategy, and whom the firm serves.) Proposed relationships of structure to learning orientation are P4: (a) centralization, formalization, interdepartmental conflict and specialization are negatively related to adaptive and generative learning, and (b) interdepartmental connectedness is positively related to adaptive and generative learning.

The norms of entrepreneurial orientation are organizational preferences for risk taking, proactivity and innovation. Prior research demonstrates that entrepreneurial orientation is best supported by an organic structure (Slevin and Covin 1990). Structural antecedents proposed for learning orientation also apply to entrepreneurial orientation, with the exception that specialization may well promote risk taking, proactivity and innovation. Personnel who are experts in their field are better positioned to see opportunities and respond creatively to market changes that relate to their area of expertise. Proposed relationships of structure to entrepreneurial orientation are P5: (a) centralization, formalization, and interdepartmental conflict are negatively related to risk taking, proactivity and innovation, and (b) specialization and interdepartmental connectedness are positively related to risk taking, proactivity and innovation.

Organizational structure has a positive effect on market, learning and entrepreneurial orientation, and on innovativeness and capacity to innovate, when the enterprise (1) delegates decisions to lower organizational levels, (2) does not excessively restrict organizational activity with formal rules, (3) has frequent person-to-person contacts across departmental lines, (4) minimizes internal conflicts and (5) promotes interaction of specialists with other specialized areas.

References available upon request

THE IMPORTANCE OF COST SAVINGS FACTORS VS. STRATEGIC FACTORS IN OUTSOURCING DECISIONS

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ABSTRACT

Firms outsource to concentrate on organizational functions that represent their core competences. Outsourcing in marketing has traditionally been limited to advertising and promotion campaigns. But there is a growing trend to outsource marketing operations and analytics as well. For many firms, the motivation behind this outsourcing trend is based primarily on cost savings. Firms that rely solely on cost savings utilize the popular make-or-buy normative model. This paper explores why the make-or-buy model is useful but inadequate in outsourcing decisions. Moreover, this paper proposes why firms need to incorporate strategic dimensions to complement cost savings by exploring Resource Advantage (R-A) theory. R-A theory provides the necessary foundation for explaining the outsourcing phenomenon and the strategic framework for outsourcing decisions.

The decision of whether a firm should manufacture a product in-house or outsource has been researched over the past several decades. The popular make-or-buy model emphasizes on the total costs involved in either producing the entire quantity in-house or buying the entire quantity from a supplier. Firms tend to outsource if the cost savings derived by outsourcing exceeds the costs of providing such services in-house. The make-or-buy decision model is useful from a cost perspective and firms routinely utilize this model. However, as outsourcing continues to evolve, firms need to rethink about their dependence on the make-or-buy decision model because (1) outsourcing decisions based solely on cost savings are inadequate (2) recent outsourcing relationships have become more complex, (3) firms are redefining their core competences, and (4) the make-or-buy model excludes the strategic dimension.

But successful firms utilize outsourcing for strategic reasons and not solely for cost savings. As marketing turns its attention to outsourcing, marketing needs a positive theory that can adequately explain, predict and provide the strategic foundation for outsourcing decisions. This paper considers one such positive theory to help us understand the strategic dimensions of outsourcing. The Resource-Advantage theory of competition (R-A theory) developed by Robert Morgan and Shelby Hunt can adequately explain the phenomenon of outsourcing and provide the strategic framework for outsourcing. How does R-A theory provide the framework for outsourcing strategies? Outsourcing occurs within a context of competition and R-A theory is a general theory of competition and therefore provides the necessary foundation to explain outsourcing. R-A theory provides the strategic foundation to explain the importance of (1) cost factors, (2) quality of market offering, (3) risk associated with outsourcing and (4) outsourcing strategy in outsourcing decisions.

R-A theory provides a foundation for (a) market segmentation strategy, (b) resource-based strategy, (c) competence-based strategy, (d) market orientation strategy, and (e) relationship marketing strategy. Firms must analyze their market segments and decide if outsourcing of their market offering within the segment will be perceived as having superior value. R-A theory through its market segmentation strategy provides the necessary guidance for firms to look beyond cost savings and consider how the market offering is perceived within the market segment. R-A theory posits that firms learn to allocate their resources efficiently and effectively to gain competitive advantage. If firms are able to find other firms that can deliver market offerings of superior value at lower costs, then R-A theory predicts that firms tend to outsource. However, R-A theory also shows that if the resources are common, imitable, mobile and substitutable then the competitive advantage gained by outsourcing cannot be sustained in the long run because competitors will follow with a similar course of action. Because firms need not own resources, rather, resources need only be available to firms. Firms develop organizational ability for finding reliable partners, developing outsourcing managerial capability and managing the outsourcing relationships. Thus, R-A theory explains why some outsourcing relationships fail and why some relationships succeed. R-A theory goes beyond just cost factors in determining outsourcing competences. The firms with market orientation and senior management commitment to outsourcing utilize the knowledge gained from the marketplace to achieve marketplace positions of competitive advantage. This can also mean that firms can choose not to pursue outsourcing because their outsourcing strategy implementation will not yield the desired competitive advantage at this time. A myopic view of solely cost savings will lead to unsuccessful relationships. Even though outsourcing is a contractual agreement between firms, a hostile relationship is detrimental to the firm's outsourcing success. According to R-A theory, for firms to gain superior financial performance, firms should identify, develop and nurture a relationship. R-A theory considers relationships as intangibles and not owned by the firm and therefore developed and not selected. This explains why successful firms in outsourcing underscore the importance of relational factors.

PHD STUDENTS' VALUE PERCEPTIONS OF THEIR EDUCATION: AN APPLICATION OF MEANS-END CHAIN MODEL

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ABSTRACT

Increased competition among Business PhD programs for prospective students forces universities to adapt student-centered approaches to their student recruitment and administrative policies. This qualitative study explores how PhD students perceive the benefits of their education, which would help universities provide these benefits and better "sell" their PhD programs. The researchers conducted individual depth interviews with 16 PhD students from various business-related disciplines in a major university located in southeastern region. Based on these interviews, a means-end chain model was derived that showed what attributes PhDs valued in their education and how they linked these attributes to their personal values. The results could be used to leverage students' value perceptions and satisfaction as well as to improve quality of PhD education in business related disciplines.

INTRODUCTION

Business education consists of a variety of studies including, but not limited to, accounting, finance, management, economics, international business, management information systems, marketing, operations management, organizational behavior, and logistics (AACSB, 2003). In the U.S., 232 universities offer PhD degrees in business-related fields, 214 of which are AACSB (The Association to Advance Collegiate Schools of Business) accredited schools (AACSB, 2005a). These universities award approximately 1,200 degrees each year (AACSB, 2005b; Hoffer et al., 2004). However, as of 2003, according to AACSB's projections reflecting the status quo scenario, there is still a shortage of 486 doctoral faculty members in business-related programs, which is expected to be about 2,400 in 2012 (AACSB, 2003). Current reports indicate two main reasons of this problem: (1) PhD graduates do not want to work in universities and (2) there is not enough number of quality students in PhD programs (AACSB, 2002, 2003).

Since many of the PhD graduates' desire to work in the industry stems from the negative experience of the PhD work in universities, this issue should be seriously investigated. It is recommended that business schools cope with doctoral faculty shortages by hiring professors with a PhD in other academic fields such as sociology and anthropology or by appointing faculty from nontraditional business-related doctoral programs that are based solely on either published research (i.e., some European universities) or coursework (i.e., Case Western Reserve University) (AACSB, 2002). However, beyond such temporary or remote solutions, universities should realistically explore strategies to enhance the attractiveness of doctoral education in business-related disciplines (AACSB, 2002). We assume that the greater value a PhD program delivers to its beneficiaries (i.e., PhD students, society, nation, and industry), the more it would be perceived to be attractive. In this study, we are investigating the value from the PhD students' perspective.

PhD STUDENTS AS CUSTOMERS

Until recently, the dominant view in universities advocated that a student-centered approach would reduce the quality in graduate education because students could alter the educational standards for their own sake yet against the inherent objectives of the institution of education (Driscoll & Wicks, 1998; Scrabec, 2000). Universities are institutions that have responsibilities not only to their students, but also to the society for educating professionals, creating new knowledge, and contributing to the development of professionals. Therefore, educational standards have been typically established by organizations that do not accept any input from PhD students in their decision-making process, such as higher education institutions, accreditation associations, and governmental regulatory boards (Scrabec, 2000). PhD students are usually not allowed to determine many of the components of the core educational services that they pay for. Accordingly, most of the studies on graduate education have been in such topics as curriculum development and effective teaching methods and have focused on how to best transfer knowledge to students and how to shape them in a proper way (Barr & McNeilly, 2002; Oliver & Sautter, 2005; Yazici, 2004). These studies add to the quality improvement in graduate education, but do not contribute to our understanding of students' subjective evaluation of their educational experience and expectations. It is also

arguable that dimensions of quality would be those defined and implied by universities or above mentioned organizations, which may not always be appreciated by PhD students.

Recently, universities have adapted a marketing approach to their student recruitment and administrative policies due to the increased competition among education providers for prospective students (Ponzurick, France, & Logar, 2000; Washburn & Petroshius, 2004). They view students as their customers whose value perceptions they need to discover and whose expectations need to be satisfied (Washburn & Petroshius, 2004). This trend does not ignore universities' responsibilities to other beneficiaries (i.e., society, nation, and industry) of a quality education, but puts more emphasis on the students' perceptions and evaluations of their education as payers and recipients of the education (Rapert, Velliquette, Smith, & Garretson, 2004; Washburn & Petroshius, 2004). Consequently, universities explore students' desired value and aim to deliver it in order to "sell" their universities and to attract more students to their programs. This approach is expected to provide a more enjoyable PhD study experience for the students, thus having more quality students willing to pursue a PhD degree in business and inspiring more PhD graduates to hunt for a job in a university. Universities would also be able to differentiate their programs and stay competitive in the market. In addition, this approach would help enhance the quality of PhD education by augmenting student motivation to devote themselves more to their study, which increases their learning capability as well as research productivity.

THE CONCEPT OF VALUE

Understanding what customers value, delivering the desired value, and communicating the value have long been emphasized as the key to success in business, but have not been stressed in non-profit sectors (Anderson & Narus, 1998; Naumann, 1995; Sawhney, 2003; Woodruff & Gardial, 1996). Some researchers view value to be assessed in monetary terms (Anderson, Jain, & Chintagunta, 1993; Anderson & Narus, 1998; Porter, 1985). Some researchers extend this view to many kinds of benefits gained from the product/service itself and the experience resulting from the relationship with the provider of the product/service (Prentice, 1987; Woodruff & Gardial, 1996; Wyner, 1998), which may comprise trust, dependency, confidence, and understanding (Tzokas & Saren, 1997). Researchers have also pointed out that value is individualistic (Day, 1990; Woodruff, 1997), perceived relative to competitors' offerings (Anderson et al., 1993; Gale & Wood, 1994; Sawhney, 2003), and associated with sacrifices (i.e., money and time) as well as risks (i.e., social and image risks) (Day, 1990; Monroe, 1990; Zeithaml, 1988). Drawing on the extensive literature on value, for the present study, we would define value as a PhD students' assessment of the benefits of a business PhD education, which they estimate by considering the costs they sacrifice as well as other universities and programs' offerings.

MEANS-END CHAIN THEORY

Means-end chain theory assumes that customers are goal-oriented, and that they perceive and assess the value by linking concrete product/service attributes to their terminal personal goals or values (Perkins & Reynolds, 1988). These linkages are displayed in a model called means-end chain, a hierarchical representation of customers' cognitive structures. The means-end model is used to explain how products or services facilitate the achievement of personal goals, which make customers search for certain products and services (Gutman, 1982; Woodruff & Gardial, 1996). As illustrated in Figure 1, a means-end chain model consists of three levels that are hierarchically connected to each other. The actual model would include several concepts and themes under each level and identifies the linkages among them.

Attributes, at the lowest level in this chain, are objectively defined characteristics by which products/services are identified and differentiated such as features, functions, and specifications. Consequences are benefits resulting from using or consuming a product/service. They are not attached to the products/services, but received by the customers. It is argued that customers choose certain attributes based upon the likelihood that these attributes will provide desirable consequences. End-states are goals that customers attempt to achieve or personal values that lead customers in their lives. They are taken as ultimate reference points by customers to determine the significance of both consequences and attributes.

Each concept listed in a means-end chain is essential to the extent that it leads to other concepts at a higher level in the model (Mentzer, Rutner, & Matsuno, 1997). However, a means-end chain model does not rank the importance of the attributes, consequences, or end-states. Rather, it lists them and demonstrates the linkages among them. Generally, the higher the level in a means-end chain, the more stable the concepts in consumers' minds. However, organization of the model is not invariable. It evolves over time as consumers change their values, life styles, and expectations. Therefore, the linkages between attributes, consequences, and end-states should be periodically investigated.

METHOD

We performed individual depth interviews with 16 PhD students in a major university in the southeastern region of the U.S. Qualitative researchers contend that only four or five interviewees usually provide the key concepts that the researchers need to draw a means-chain model (Zaltman, 2003). However, it is also advised to interview about 15-20 participants to make sure what the key concepts are. Purposive sampling, a method widely used in exploratory qualitative research, was used to select research participants who were PhD students in business-related departments in the same university.

Each interview took approximately one hour. Laddering technique was used to elicit participants' cognitive structures on value hierarchies (Valette-Florence & Rapacchi, 1991). We asked such probing questions as "What qualities distinguish your PhD program from a competitive one?" and "Why are those qualities important for you?" An interviewer took notes to capture related information and concepts mentioned by the interviewees. Then, we conducted a content analysis of all the concepts and metaphors and classified them under each level (attribute, consequence, and end-state) in the means-end chain model (Kassarjian, 1977). After the first interview, an initial means-end chain model was constructed. This model was simultaneously extended following the remaining interviews. One benefit of this procedure was to enable the researchers to see the aspects needed to be elicited in detail so that the next participants of the study who may have an insight on these aspects can be chosen. We tried to reach students who had different views of their education rather than to seek confirming views. By doing so, we also maintained a diverse participant demographic profile in terms of age, gender, discipline, and the year in the program.

We continuously made comparisons between the notes taken during the interviews as we developed the final model. When participants used similar but not the same phrases to state the same idea, the phrases were re-stated to provide a condensed yet accurate model. All the concepts repeated by at least four participants are included in the model. An attempt was made to present as much variety as possible in terms of concepts associated with attributes, consequences, and end-states while to provide a manageable model. Therefore, we provide our findings in a table rather than in a figure, which is the typical presentation method of a means-end chain, to make it easy to follow the concepts and their relationships.

RESULTS

The results are summarized in Table 1 that shows the means-end chain model of PhD students' value perceptions of their education. The table, by nature of the means-end chain approach, includes attributes, consequences, and end-states that students either currently or ideally would like to have and/or experience during their PhD study.

When searching for an appropriate graduate program to apply for or assessing their current program, PhD students focus on a selected number of attributes to compare among the alternative universities and do not concentrate on other attributes (i.e., sport facilities, computer labs) which they think that every university has at an acceptable level. Our model categorizes these attributes in seven categories: professors, academic program, classmates, research and teaching, admission, campus life, and career services.

Among PhD students' top priorities are professors and the academic program. They value their professors' feed back on their research papers and their classmates' encouragement during their doctoral work. Image and credibility of the program, professors with strong networks in the academic and business world are also among the important attributes that PhD students value from the graduate education they receive. Students care about these attributes because they think these will make it easier for them to find a job. Quality of the classmates is one of the attributes that a student cannot perceive before they start their PhD programs. However, PhD students want to study with helpful and encouraging classmates. They also want to be challenged by their peers.

If the PhD student has an assistantship, they are assigned to teach a class, assist their professors in their teaching, or conduct research. This is a desired attribute for PhD students, especially for those who have a passion to teach to improve their communication skills. Also, students seem to make a distinction between teaching and research assignments. They either focus on one or the other. Another finding is that PhD applicants want to experience a smooth graduate application process although they do not relate this process itself to any significant end-states. It is arguable that low admission rate is an indicator of a prestigious program. However, this also discourages some applicants from applying. Campus life is one of the aspects that PhDs do not have much expectation about since most of them are busy with their research and teaching assignments. Another reason for not putting much emphasis on campus life is that they had been satisfied with active campus life during their undergraduate years. However, they desire to study in a city with a good social life. Regarding career

services, universities usually do not provide job placement services to graduate students although they host career fairs for undergraduate students. However, some academic associations such as American Marketing Association and Society for Marketing Advances have job placement services for PhD students. It seems that PhD students expect their universities to facilitate their job search efforts because PhDs view a suitable job as one of the most important consequence of their education.

Additionally, some attributes (i.e., high quality gym or aesthetic architecture of the university buildings) do not lead to any consequence in the educational context, but desired perhaps because they are imposed to be desired by media, friends, or family or students look for them just for their own sake. Similarly, some end states are mentioned within our context, but are not linked to any attribute or consequence such as peace of mind. These can be seen to be desirable to reach through PhD education, which suggests that universities can offer attributes to be associated to these end-states.

CONCLUSION

This study can benefit university administrators in attracting more students to graduate programs and in enhancing their value perceptions of their education. We conclude that universities should first and foremost satisfy their customers, that is, PhD students. This study shows that this would not jeopardize educational standards at least at the PhD level because PhD students are not going after only a degree. They are responsible and conscience of their needs as well as society's expectations from them. Additionally, if the society's expectations from PhD graduates and PhD graduates' perceptions of these expectations are contradictory, PhDs should be communicated these expectations rather than be educated against the course of their own will. We may also conclude that universities can attract quality PhD candidates if they could provide the services (i.e., job placement and student organizations) that are provided to undergraduate students.

Attributes in the model can be seen as the important characteristics that a university should have and communicate to prospective students because these attributes play an important role in program selection and evaluation. Basically, graduate students seem to be more interested in attributes that can help lead them to academic achievements. There was little mention of student organizations and their activities, social life on campus, housing opportunities, tuition, and the technology infrastructure.

We should also state that an attribute can always be substituted with another attribute provided that the substitute is linked to the same consequence. This suggests that academic departments can search for less-costly attributes that lead to the same consequences. A similar argument can be made for consequences and end-states. For example, if a university has a working job placement service, then students may not pay much attention to well-known professors whom students think would be good references when they enter the academic job market.

Finally, concepts in one level are dependent on the concepts in the same level as well as in other levels like rings of a chain (Woodruff, 1997). Thus, a means-end chain model may be unsuitable when a ring in that chain changes because students change what they value over time. Therefore, the dynamic structure of customer value calls for a continuous examination of students' value perceptions. Future research can also prioritize the attributes according to their importance to the prospective PhD candidates which may help university administrators allocate their resources among the top attributes.

FIGURE 1. Basic Means-End Chain Model

```
┌─────────────┐        ┌──────────────┐        ┌─────────────┐
│ Attributes  │ ─────► │ Consequences │ ─────► │ End-states  │
└─────────────┘        └──────────────┘        └─────────────┘

(abstract and          (psychosocial and       (external and
physical values)       functional values)      terminal values)
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Example (an excerpt from a means-end chain model for car buyers):

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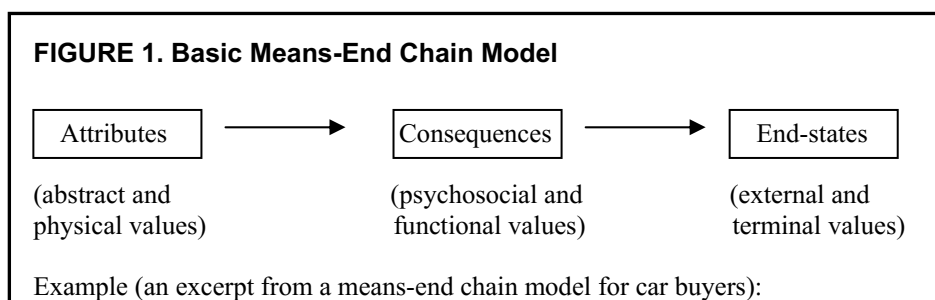
comfortable seats ———→ driving ease ———→ peace of mind

TABLE 1. A Means-End Chain Model for the Students' Value Perceptions of Graduate Education

Attributes	Consequences	End-states
professors		
productive	guidance in research and teaching, better performance	continuous learning
well-known	strong reference when searching a job	finding a good job
from different backgrounds	learning by example	continuous learning
experienced	strong feed-back on research papers	
passionate	inspiration, encouragement, and intimacy	creativity at work
academic program		
flexible class scheduling	schedule one's own time	seize the day
credibility	strong reference when searching a job	being with family
small classes	better learning environment	enjoy free time
professors per student ratio	personal close interaction with professors	intellectual growth
availability of elective classes	time flexibility, learning different things	enjoyment
		contributing to the
financial support	easy life & better focus on PhD work	society
classmates		
encouraging	support	self-confidence
challenging	cooperative competition	dedication
helpful	friendship	
research & teaching		
	improved writing skills & more publication	
variety of research topics	opportunities	
teaching opportunity	better communication skills	passion for teaching
admission		
undemanding application process	easy life	
high admission rate	high acceptance potential	
personal contact	finding an assistantship	
campus life/facilities		
rich library resources	better research, easiness in assignment preparation	
accessible transportation	easy life	
diversity	socialization, learning different things	intellectual growth
career services		
job placement	finding a job	make a living
career enhancement	having a better career	self-fulfillment

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RELATIONSHIPS BETWEEN ARTICLE REFERENCES
AND SUBSEQUENT CITATIONS OF MARKETING JOURNAL ARTICLES

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ABSTRACT

This paper analyzes relationships between the references in an article and successive citations to the article in a dataset of 557 articles published in eight marketing journals during the period 1994 and 1995. Analysis of the sample of articles indicates that there is significant reference/citation correspondence within a journal, across marketing journals, and across disciplinary boundaries. However, different types of references may have varying effects on total article citations. Types of references that lead to most number of citations and those that may have limited effects on subsequent article citations are identified.

INTRODUCTION

Robert Merton (1968) emphasizes that being cited is one of the principle rewards of science. Citations to a particular researcher, an article, or to a journal are viewed as objective indicators of research quality and scientific significance (Garfield 1979). Citation counts are also used for evaluating the productivity and the influence of scholars, scientists, research laboratories, college departments, universities, journals, and disciplines (Garfield 1979). Despite the importance of citations in academic reward and evaluation systems, there are few models that specify the factors that can be used to explain and predict citations of an article, a scholar, or a journal (Lovaglia 1991). Citations are presumed to be objective indicators of intellectual influence, scientific quality, and academic prestige. To assess the validity of this assumption, the correlations of citation measures may be compared to various non-bibliometric indicators of academic prestige or scholarly influence (Zinkhan and Leigh 1999).

In this study, we investigate the relationships between article references and subsequent citations for articles published in prominent marketing and consumer research journals. This will allow us to better understand why some papers get cited more. The study includes the major journals of the field including *Journal of Marketing, Journal of Marketing Research, Journal of Consumer Research,* and *Marketing Science,* as well as the more specialized *Journal of Retailing, Journal of Advertising, Journal of Advertising Research,* and *Industrial Marketing Management.* In this study, the types of article references explain article citations.

REFERENCE AND CITATION RELATIONSHIPS

Stern (1990) studies the problem of research articles that never receive any subsequent citations and finds that uncited papers have fewer references and are less coupled to a research literature. Stern also suggests that the more papers that are cited, the more likely that one will be cited in turn. Lovaglia (1991) also suggests the number of references may be a significant predictor of later article citations. Although the aforementioned studies have generally indicated a positive relationship between references and citations, a study by Bettencourt and Houston (2001) suggests an exception. Bettencourt and Houston find a negative relationship between interdisciplinary references and subsequent citations to articles from the *Journal of Consumer Research.* Thus, certain types of references may have negative as well as positive effects on citations within the field of marketing.

Citation statistics provided by the Institute of Scientific Information (ISI) are based on the assumption that all references in an article are equal and without regard to the purpose or importance of the reference to the article. The founders of the Institute of Scientific Information have traditionally justified their citation counting approach with a normative theory stating that a citation is paying homage and recognizing a debt of intellectual influence (Garfield 1979). A normative theory perspective would suggest that all references in journal articles are essential and can be instrumental in obtaining subsequent citations of the article. However, critics argue that there should be no systematic relationship between article references and subsequent citations (Bavelas 1978; MacRoberts and MacRoberts 1996;). For examples, studies of the functions that references perform in the texts of articles have suggested that large numbers of these cites are inessential or unrelated to the arguments of the text (Cano 1989). Other researchers scrutinize the motivations of authors for making a particular reference,

and suggest that there are many idiosyncratic reasons for citing besides recognizing an intellectual debt (Bavelas 1978; Brooks 1986).

RESEARCH HYPOTHESES

Previous research has emphasized the consideration of the following types of references: home journal references, major journal references, references to secondary and specialized journals of the field, references to other business disciplines, references to non-business disciplines, and references from non-journal sources. Article citations may be classified in a similar manner as home journal cites, citations by major marketing journals, citings by other marketing journals, citations by non-marketing business journals, and citations by non-business disciplines.

References to the publishing journal. The presence of journal self-citation has been traditionally regarded as an indication of scientific significance (Garfield 1979). As journals grow in prestige, then articles increasingly cite other articles in the same journal (Zinkhan, Roth, and Saxton 1992). In contrast are certain lesser-ranked journals that also have very high rates of self-citation of their own products (Baumgartner and Pieters 2003). Baumgartner and colleagues maintain that the presence of home journal referencing may not necessarily indicate the quality of the journal and suggest that it may be a potential bias. Regardless of the quality and specialization of the journal, the incorporation of references to other articles in the publishing journal may influence subsequent article citations.

H_1: The number of references to articles in the publishing journal is positively related to total citations of an article.

References to the major marketing journals. Like many other social sciences, marketing and consumer research are characterized by a situation in which the major journals of the field are frequently referenced producing skewness in the journal citation statistics (Zinkhan and Leigh 1999). Part of this extensive citing of the major journals can be attributed to tendencies of secondary and specialized journals to liberally cite the leading journals. Citation studies in marketing and consumer research have also indicated that there is extensive interciting between the major journals (Zinkhan, Roth, and Saxton 1992). Consequently, we propose that articles in marketing journals make frequent reference to the major journals of the field, and that these references may be instrumental in obtaining subsequent citations. In order to assess intellectual influence between top tier journals, it is necessary to subtract any "home" journal self-citings, if the publishing journal is a top-tier journal.

H_2: The number of references to non-home major marketing journals is positively related to total citations of an article.

References to secondary marketing journals. In comparison to the large number of citations garnered by the major marketing journals, other journals in a field may be infrequently cited (Zinkhan and Leigh 1999). However, other researchers argue that there may be strong currents of influence from conference proceedings and secondary journals that are not captured by aggregate journal citation statistics. For example, Baumgartner and Pieters (2003) find a significantly large rate of citation of the *Association of Consumer Research Conference Proceedings* by the leading marketing and consumer research journals. Again, any home journal self-citations are excluded for articles published in secondary or specialized journals.

H_3: The number of references to non-home secondary and specialized marketing journals is positively related to total citations of an article.

References to journals outside the discipline. Marketing journals have traditionally incorporated a high proportion of references to other disciplinary areas (Bettencourt and Houston 2001; Tellis et al. 1999; Zinkhan and Leigh 1999). Tellis, Chandy, and Ackerman (1999) find as much intellectual diversity in the article references of the *Journal of Marketing Research* as the *Journal of Consumer Research* which has an interdisciplinary mission. Some of the fore-mentioned studies have been concerned with the interdisciplinary relationships between marketing and other business disciplines, whereas other studies are more concerned with assessing connections to various non-business disciplines such as psychology, economics, and sociology.

H_4: The number of references to journals in the other business disciplines is positively related to total citations of an article.
H_5: The number of references to journals in the non-business disciplines is positively related to total citations of an article.

References to non-journal sources. Goldman (1979) found that only about 50% of references in the *Journal of Marketing* and the *Journal of Marketing Research* were to journal articles. Goldman speculated that an unusually high reliance on unpublished working papers and other non-journal sources may be attributed to the relative newness of the discipline. More recently, Bettencourt and Houston (2001) find a significant positive influence of non-journal reference sources on subsequent citations in their analysis of references and citations for a sample of articles in the *Journal of Consumer Research.* Non-journal sources include articles from business and trade periodicals, working papers, dissertations, and books.

H_6: The number of references to non-journal sources is positively related to total citations of an article.

METHOD

The results of this study are based on data downloaded from the Social Science Citation Index produced by the Institute for Scientific Information. Within a particular academic discipline, only select journals are included for coverage. Journal selection is based on the bibliometric principle that the knowledge of a discipline is concentrated in only a small proportion of important journals (Garfield 1979). The choice of journals for this study was limited to a small set of marketing journals that have been tracked continuously by the Journal Citation Reports from the mid 1990's to the present time. This constraint precluded the consideration of some respected marketing journals such as the *Journal of the Academy of Marketing Science* and the *International Journal of Research in Marketing*

For this study, a total of eight marketing and consumer research journals are selected for analysis. We study referencing and citation patterns for the top journals in the field which are generally regarded as the *Journal of Marketing,* the *Journal of Marketing Research, Journal of Consumer Research,* and *Marketing Science.* To provide a contrast to these four major journals, four well-regarded specialized journals are included: *Journal of Retailing, Journal of Advertising, Journal of Advertising Research,* and *Industrial Marketing Management.* Each of these journals has been published for more than thirty years and has been included in the SSCI Journal Citation Reports for many years and rank high in surveys of marketing educators (Hult, Neese, and Bashaw 1997).

The dataset of this study is comprised of article-by-article downloads of both article references and citations to the article from the SSCI database. This study analyzes a total of 557 articles consisting of all articles published during the calendar years 1994 and 1995 by these eight selected journals. This data was downloaded in October-December 2001 and January-February 2002 which provides a six to eight year time frame between date of publication and the tabulation of article citations.

With respect to article references, all 20,824 references from the 557 articles are coded into six mutually exclusive and exhaustive categories. The first category of references is home journal references which consist of references to other articles in the publishing journal. A total of 2,587 references or approximately 12.4% of total references are home journal references in this dataset. The second category is references to articles from the four major marketing journals of *Journal of Marketing, Journal of Marketing Research, Journal of Consumer Research,* and *Marketing Science;* if the article is published in one of these four journals then home references are not included in this category. Total non-home major journal references in this dataset are 3,176 or 15.3% of total references. The third category of references is non-home referencing of any other journal in marketing and consumer research (1,980 or 9.5% of total). References to journals in other disciplines are divided into references to business discipline journals (1,841 references or 8.8%) and references to non-business discipline journals (3,210 references or 15.4%). The final category of references is to non-journal sources including books, unpublished manuscripts, and periodicals such as business-oriented magazines and newspapers or trade publications. This is the largest category of references with a total count of 8,030 references or 38.6% of total references.

The 6,558 citations to these 557 articles are also classified in a similar manner to the references. All citations to an article from subsequent articles in the publishing journal are classified as home journal citations (1,182 citations or 18.0% of total). Citations from any of the four major marketing journals, excluding home journal citations, consist of 713 cites or 10.9% of total cites. The largest category of citations is cites from any other non-home marketing journals (2,523 or 38.5% of total). These 557 articles also received a total of 1,244 citations (19.0%) from journals in other business disciplines and 896 cites (13.7%) from journals in non-business disciplines.

The authors of this study conducted the coding of all references and citations. A system of color-coding permitted each coder to assess the classifications of the other coder to insure consistency in the classifications. For this study general business publications such as *Harvard Business Review* and *Sloan Management Review* are classified as business journals rather than marketing journals although they may publish many marketing articles. References and citings from economics journals are classified as non-business journals.

RESULTS

Results are analyzed using multiple regression. We have six dependent variables in this study with each dependent variable connoting a certain type of citation (e.g., citations in other business journals or citations in major marketing journals). For each of the six dependent variables, we use the transformation log (number of cites + 1) which is a common transformation to apply to citation data because of skewness (Lovaglia 1991). The number of cites + 1 is used because there are 43 articles in the sample of 557 articles that have no citations, and this transformation retains these articles in the sample. Time (the number of months from article publication to the downloading of the citation data) is included as a covariate in the analysis.

The regression results are reported in Table 1. The six regression equations presented in Table 1 indicate that significant variance is explained for each type of citation. The numbers of each type of reference in the article and the covariate of time explain 28.4% of the variance in total citations of these articles. The combination of references and time also predict significant variance for each type of citation, ranging from 15% of variance in home journal citations to 29.1% of variance in article citations appearing in secondary marketing journals. The regressions presented in Table 1 indicate that the most productive type of reference in this dataset is references to other articles in the publishing journal. Home journal references are significant predictors of total citations (H_1). Home journal references are also influential on every type of citation including: home journal citations, citations in major and secondary journals, and interdisciplinary citations in both business and non-business journals.

Another influential type of reference in this dataset is the references to articles in major marketing journals. Non-home major journal references are related to total article citations supporting H_2. Major journal references are positively related to citations from both the non-home major and secondary marketing journals. References to the major journals of marketing are also positively related to citations in other business journals. In contrast, references to the non-home secondary marketing journals do not have a positive effect on total article citations. H_3 is not supported in this dataset. Furthermore, the inclusion of references to secondary marketing journals exhibits a significant negative effect on article citations from non-home major journals.

The results also suggest that interdisciplinary references may have positive influences on article citations, although the pattern of effects differs for business and non-business journals. References to the journals of other business disciplines are positively related to total article citations (H_4). References to the journals of management, finance, strategy, and other business sciences have positive effects on subsequent citations in the home journal, citations in the secondary marketing journals, and citations in the other business journals. However, there is a significant negative effect of business references on citations from the non-business journals. In comparison, references to non-business journals (e.g. psychology, sociology, journalism) also have a positive effect on total article citations (H_5). References to the social science journals have a positive influence on citations in both the major and the secondary marketing journals as well as citations from these non-business journals.

The final type of reference is to various non-journal sources such as business periodicals, trade publications, working papers, dissertations, and books. This type of reference does not indicate a significant influence on total article citations. H_6 is not supported. The only significant effect of this type of reference is on citations from the non-home secondary marketing journals.

In sum, these findings provide support for assumptions that the reference and citation patterns are tracing paths of influence within journals, between journals and across disciplinary boundaries. However, there is substantial difference in the productivity of different types of references for eliciting total citations and other types of citations. Home journal references, major marketing journal references and interdisciplinary references are eliciting generalized effects on article citations. References to secondary marketing journals or to non-journal sources have limited effects on article citations in this dataset.

DISCUSSION

Proponents of the normative theory (e.g., Garfield 1979) advocate that all references in an academic journal article are equal and reflective of intellectual influence. Consequently, there may be a direct relationship between the number of references in an article and subsequent citations to the article (Lovaglia 1991; Stern 1990). Critics of the normative theory and citation indexing argue that journal references may be made for a variety of idiosyncratic and spurious purposes besides recognizing intellectual influence (Bavelas 1978; MacRoberts and MacRoberts 1996). For example, studies of the functions performed by references within the text of journal articles suggest many references are inessential or unrelated to the arguments of the text (Cano 1989). Consequently, these critics may argue there should be no systematic relationship between article references and subsequent citations.

The results of this study suggest there is generally a positive relationship between article references and subsequent article citations for this dataset of 557 articles from eight respected marketing and consumer research journals. In general the results of this study suggest the benefits of incorporating comprehensive scholarship into academic articles by frequent referencing to multiple sources. The results indicate a direct linear relationship between every type of reference (except secondary marketing journal references) and at least one type of citation. Thus, the greater the number of references, the likelihood of being cited increases.

Authors must also make decisions as to which references to select or feature when multiple sources could be cited. When faced with constraints or the need to make choices of references, which types of references are the most productive? One of the most productive types of references is the referencing of other articles in the home journal. Home journal references are positively related to total article citations and every single type of citations. A researcher's ability to draw connections to other articles in the journal of publication is the most productive form of knowledge integration in this study. This result is particularly noteworthy in that only 12% of total references in the whole dataset are home journal references. Other researchers such as Baumgartner and Pieters (2003) have generally argued that journal self-citation is not a measure of scientific status, but instead is a bias characteristic of minor journals and highly specialized journals. Regardless of the quality of the journal, home journal referencing appears to be an effective strategy. The implication of this finding suggests the predominance of a normal science paradigm within marketing (Bettencourt and Houston 2001; Tellis et al. 1999). In order to make large numbers of home journal references, researchers must be firmly enmeshed in the research streams, methodologies, and topics of that journal.

Another important reference type is the referencing of articles in the four major marketing journals. Zinkhan and Leigh (1999) argue the major marketing journals are the seminal sources of knowledge within the discipline. Results in this study indicate a positive influence of non-home major journal references on total article citations as well as citations from non-home marketing journals and business journals. Some scholars express concern that citations do not capture the contribution that conference papers and articles in secondary journal make to a discipline's knowledge (Baumgartner and Pieters 2003). The results of our study indicate there is not a systematic pattern of knowledge being drawn from specialized or secondary journals which is transformed into intellectual influence. Based on journal-level analysis, Zinkhan and Leigh (1999) describe the secondary and specialized journals of marketing as knowledge receivers rather than knowledge sources.

Tellis, Chandy, and Ackerman (1999) argue that diversity of references or interdisciplinary references should lead to subsequent article influence. Bavelas (1978) argues instead that most interdisciplinary references are made for the author's purposes of "showing off" knowledge of unrelated fields. In their study of 228 *Journal of Consumer Research* articles, Bettencourt and Houston (2001) find significant *negative* relationships between their measures of reference diversity and article citings. Based on these findings, they conclude, "... there appears to be little extrinsic incentive for the individual researcher to employ diverse disciplinary perspectives within a single article, given that citations are a key measure of publication quality" (p. 322). In this study, we find a positive influence for both types of interdisciplinary references on subsequent article citations. References to other business journals (e.g., management, finance) and non-business journals (e.g., sociology, psychology) are positively related to total article citations. This dataset does include two advertising journals which have close ties to non-business fields of journalism and communication as well as the interdisciplinary *Journal of Consumer Research.*

If the authors of research articles must curtail the number of references, one possibility is references to non-journal sources such as business and trade periodicals, books, and unpublished manuscripts. This is the largest category of references in the dataset, but the only significant positive relationship is to citations from secondary marketing journals.

A caveat should be added to these results. It is entirely possible that a researcher may find references in secondary marketing journals or non-journal sources that may be critical in providing support for a manuscript. There are several content analysis studies of the roles citations play in manuscripts (Cano 1989). Generally these studies suggest that only limited proportion of cites are critical to the manuscript and a larger number of cites are peripheral or superfluous to the main arguments of the paper. In making determinations as to which references to include or emphasize, authors must take into consideration the importance of the reference in the context of the manuscript.

There are other factors that also may explain article citations. Predictors of an article's citations include: article specific factors (such as number of references); effects of the publishing journal; influence of the author's status and prestige of the author's institution; and, effects of other citations (such as self-citations by the author in other articles). In general, studies by Stern (1990), Lovaglia (1991), and others indicate that the intellectual content of an article's references, the effect of the publishing journal, and various citation effects have stronger influence than the author's reputation or institutional prestige. In this study, types of references as well as the covariate of time account for 28.4% of the variance in total article citations. The addition of other factors such as the prestige of the publishing journal or the author would likely explain additional variance.

TABLE 1
Regression models of reference influences on article citations in various sources
Standardized coefficients (t-value)

DV's: Citations of article Predictors	Total citations of article	Cites in the home journal+	Cites in non-home major journals+	Cites in non-home secondary journals+	Cites in other business journals+	Cites in non-business journals+
References to home journal	.330***	.283***	.279***	.326***	.202***	.259***
	(8.18)	(6.43)	(6.55)	(8.12)	(5.00)	(6.07)
	H_1					
References to (non-home) major marketing journals	.134***	.002	.291***	.150***	.125***	-.028
	(3.44)	(0.05)	(7.09)	(3.87)	(3.21)	(-0.69)
	H_2					
References to (non-home) secondary journals	.023	-.011	-.146***	.060	-.058	.068
	(.564)	(-0.26)	(-3.42)	(1.49)	(-1.43)	(1.60)
	H_3					
References to other business journals	.156***	.143***	.067	.133***	.427***	-.089*
	(4.14)	(3.49)	(1.69)	(3.57)	(11.33)	(-2.23)
	H_4					
References to non-business journals	.149***(3.97)	.025	.099**	.089*	.033	.263***
		(6.07)	(2.48)	(2.37)	(0.88)	(6.59)
	H_5					
References to non-journal sources	.039	.082	.004	.101*	-.047	.030
	(0.99)	(1.90)	(1.07)	(2.20)	(-1.18)	(0.71)
	H_6					
Time	.106**	.102**	.053	.080*	.118***	.108**
	(2.94)	(1.37)	(1.38)	(2.21)	(3.24)	(2.82)
Constant	-.137	-.372	-.286	-.593	-.931**	-.644
	(0.30)	(-1.09)	(-0.92)	(-1.40)	(-2.61)	(1.95)
Adjusted R^2	.284	.150	.202	.291	.281	.199
F (p)	32.54(.000)	15.00(.000)	21.14(.000)	33.60(.000)	31.99(.000)	20.78(.000)

+ Transformation log (number of citations + 1). N = 557 articles.
***significant p<.001; **significant at p<.01; *significant at p<.05

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A NEW STATISTIC FOR ITEM ANALYSIS

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ABSTRACT

The conceptually ideal distribution of responses to distractors, i.e., incorrect response options, of multiple-choice questions is rectangular; ideally, each distractor is selected by an equal number of examinees. Several descriptive measures of this "qualitative dispersion" of responses to distractors exist. The present study introduces a new measure, angsta, not subject to some limitations of existing measures.

ANGSTA

Among the many forms educational tests may take is the ubiquitous multiple-choice form of question. Today, banks of multiple-choice questions routinely accompany textbooks in many, if not most, academic disciplines. An integral process in the development and refinement of individual multiple-choice questions is that of item analysis, including the analysis of distractors, i.e., incorrect response options. "There usually is no problem in writing the stem of the question or framing the correct response; the trick is to write good distractors." (Murphy and Davidshofer 1988, p. 137) For the entire set of distractors, the ideal distribution of responses has each being selected by equal numbers or proportions of examinees (Aiken 1991, p. 79; Kline 1993, p. 209; Murphy and Davidshofer 1988, p. 129; Weitzman 1970, p. 71).

Numerous measures of dispersion of qualitative variables have been developed, beginning as early as 1912 (Gini). Dickinson (2004) provides an overview of measures of qualitative dispersion, while others present selected measures (Agresti and Agresti 1977; Plackett 1974). Representative of the genre are Mueller and Schuessler's (1961) Index of Qualitative Variation (IQV), the Index of Relative Uncertainty (H', Reynolds 1977, p. 30), and the Deviation from the Mode (DM, Reynolds 1977, p. 30). Let:

n denote the total number of observations, i.e., the number of examinees,
J denote the number of categories comprising the qualitative variable, i.e., the number of distractors, and
n_j denote the number of observations in category J, i.e., the number of examinees selecting distractor j.

For a given set of data, under the condition of maximum dispersion of n examinees among J distractors, a maximum dispersion value is defined as the sum of the squared frequencies: MAXDISP = $[(J-[n \bmod J]) (n\backslash J)^2] + (n \bmod J) ([n\backslash J]+1)^2$. Under the condition of minimum dispersion, a minimum dispersion value is defined as the total number of observations squared: MINDISP = n^2. In actual numeric value, MAXDISP is less than MINDISP. Angsta is defined as:

$$\text{Angsta} = 1 - \frac{\sum_{j}^{J} n_j^2 - \text{MAXDISP}}{\text{MINDISP} - \text{MAXDISP}} = 1 - \frac{\sum_{j}^{J} n_j^2 - \text{MAXDISP}}{n^2 - \text{MAXDISP}}$$

When all n observations fall into a single category angsta equals 0. When n is an integer multiple of J and each category contains $n\backslash J = n/J$ observations, then angsta equals 1. When n is not an integer multiple of J, i.e., (n Mod J□0, but the J categories contain as nearly equal n_j as possible, then angsta also equals 1, a property unique to angsta. No existing measure of qualitative dispersion known to the author can achieve its theoretical maximum value when n is not an integer multiple of J. A second desirable property of angsta is that, unlike H', it is defined when any $n_j=0$, a condition seemingly common with multiple-choice question banks. Angsta is undefined in the anomalous case when n=1.

This study reviews traditional analyses of distractors, presents examples of deviations of existing measures from their theoretical maxima when (n Mod J□0, reveals the material ambiguity of the DM measure, and uses angsta to analyze the distractors of a popular consumer behavior bank of multiple-choice questions.

References available upon request

THEORETICAL PERSPECTIVES OF ONLINE COMMUNITY: MANAGERIAL INSIGHTS AND RESEARCH AGENDA

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ABSTRACT

Defining true "community" (community appropriately conceptualized with its myriad of unique effects) is *critical* for understanding 1) when online communities serve as potential substitutes for traditional local communities, and 2) when businesses are able to benefit from community dynamics. Unfortunately, community "is deceptively simple, as long as one does not require a rigid definition" (Warren 1978, p.1). That said, it appears that there are commonalities among extant conceptualizations of community, regardless of the research discipline: the notions of *shared interest* and *locality* (Balasubramanian and Mahajan 2001; Landry et al. 2005; McMillan 1996; Mohammed et al. 2002; Warren 1978).

In this research, we review the insights from the extant community-related literature from marketing and e-commerce, contrast them with established sociological frameworks of functioning communities, and derive both research and managerial implications for online business. A series of unanswered research questions is outlined, and several overarching conjectures are offered for future empirical consideration.

Unanswered research questions about the shared interest notion of community include: Are the proposed types of shared interest identified in the electronic commerce literature (e.g., information, activity, commonality) complete? Perhaps more importantly, what are the underlying dimensions of shared interest that might prove helpful in establishing a more complete typology and in measurement of the concept? What type(s) of shared interests exhibit the greatest influence on community-related dynamics? Finally, what social roles can and should businesses play in the development and maintenance of online community? Addressing these questions empirically and with new theoretical perspectives would help advance our understanding of community.

Research questions that have yet to be addressed with regards to the concept of locality include: Will instantaneous or continual connectivity to the Internet give rise to a greater sense of online community? What types of online spaces best provide the "locality" for true community dynamics? To what extent does the online anonymity of users hinder the development of community? What related theoretical perspectives, from outside the community literature, can be brought to bear to better understand both the interconnectedness implied by locality and the concept of shared interest?

To begin to address some of these critical questions, we propose the introduction of core sociological "functions" of community to the electronic commerce literature. By virtue of being clustered together with community members in a given space (either physical or virtual), it is implied that any *institution* has the opportunity to impact the behavior of community members just as any *individual* may impact the behavior of another within a group (Warren 1978). Indeed, the premise for the importance of shared interest derives from the proposition that institutional members of a community establish their place and value in society through the performance of major *social functions* that have locality relevance (Warren 1978), thereby generating a level of shared assets with the community (Dyson 1998). These overarching, community-building social functions include: 1) *socialization*: the transmission of prevailing community knowledge, social values, and behavior patterns to community members; 2) *social control*: the influence of community members' behaviors toward conformity with the norms of the community; 3) *social participation*: facilitation of, or involvement in, the informal interactions or gatherings among members of the community; and 4) *mutual support*: the creation of alliances that are valued by members of the community. Though a given member of a community may not perform every social function, the performance of multiple functions by an individual member of the community increases the likelihood that the member will be perceived as a crucial element for community viability (Warren 1978). Thus, a community member's performance of these functions has a direct impact upon the overall success of the group and upon the eventual loyalty of the group members to the community.

The introduction of the sociological functions within community to the business literature provides a cohesive theory for understanding community by exploring what communities do. Well-defined functions are imperative not only for better understanding of community, but also for better understanding of how community relates to business patronage. It is hoped that exposure to sociological theory provides a useful contrast between online and offline communities and community's overall relevance to business marketing.

A CHARACTERISATION OF CONSUMER EMPOWERMENT DRAWN FROM THREE VIEWS OF POWER

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ABSTRACT

This paper develops a general model of consumer empowerment based on three different but overlapping views of power and empowerment. Theories from psychology, economics and social relations suggested that four key factors described the complex concept of consumer empowerment. These factors are: ability to customise and personalise a product/service; ability to tailor price and pre and post purchase services; extent and ease of communication relevant to the purchase decision; and degree of regulation and trust in the purchase environment. The first two factors have to do with the consumers' ability to control the environment to produce outcomes that they desire, while the last two factors have to do with interrelationships. The nature of the relations between these four factors and consumer empowerment needs to be empirically investigated.

INTRODUCTION

There has been growing interest in the concept of consumer empowerment amongst practitioners and researchers, particularly in the e-commerce area (e.g. Jarret, 2003; Urban, 2004; Pitt *et al*, 2002; Kaiser, 2002). The term "consumer empowerment" occurs often in descriptions of changes in consumers' expectations and behavior brought by an Internet environment of abundant choice. Wathieu et al (2002; p298) describe consumer empowerment as "Helping consumers choose what they want, when they want it, and on their own terms". Yet a literature review reveals no consistent definition of the term, even though it is sometimes used without definition as though it were a well understood and unambiguous concept.

Empowerment is the gaining of power in particular domains of activity by individual or groups and the processes of giving power to them, or processes that encourage and facilitate their taking of power. The academic literature dealing with power has used a diversity of approaches adopted from disciplines including psychology, economics and management, and contains a corresponding range of views of the concepts of the power and empowerment. Three views relevant to an investigation of consumer empowerment are: (1) the psychological view of power and empowerment; (2) the social relations view; and (3) the economic view. This paper looks at these three theoretical bases for understanding the concept of consumer empowerment, then draws them together to provide a preliminary model of consumer empowerment.

THE PSYCHOLOGICAL VIEW OF POWER AND EMPOWERMENT

The psychological view of power concerns an individual's ability (or belief that they have an ability) to produce desired changes or affects. It is considered as a human need that individuals seek to satisfy (Kanuk and Schiffman, 2000). Thus Greenberger et al. (1989; p 31) define power as an individual's beliefs, at a given point in time, in his or her ability to effect a change, in a desired direction, on the environment. Empowerment is the process of supplying the individual with the ability to produce such affects, in order to satisfy the power desire. Rappaport (1987; p122) describes empowerment as the process of becoming able or allowed to do some unspecified thing.

Power and empowerment are also linked with control. Kanuk and Schiffman (2000; p102) define power as an individual's desire to control his or her environment. Fatout (1995; p56) defines empowerment as a process for providing individuals with more control by placing boundaries around an area of potentially acceptable behavior and allowing the individual to test and experiment with a variety of choices. Rappaport (1987, p121) said that the concept of empowerment "conveys both a psychological sense of personal control or influence".

The psychological view of empowerment has been adopted and assessed extensively in the management field. Notions of empowerment are derived from theories of participative management in which managers share decision-making power with employees to enhance performance (Cook and Macaulay, 1997). Therefore staff empowerment concerns organizational behavior that gives employees more power to serve customers; typically, staff empowerment transfers power and responsibility to employees so that, within specified limits, they will be better able to provide the best possible service at their own judgment (Cotton et al 1988 , Kinlaw, 1995). In services marketing, empowerment has been linked with both attitudinal and behavioral changes in employees, including increased job satisfaction and increased self-efficacy of employees (Zeithaml et al., 1988).

The consumer behaviour literature has themes that are part of, or closely related to, the concept of power. These include perceived control, perceived locus of control, self-efficacy and choice (eg Hoffman and Novak, 2000, Botti, 2004). Notions of control or power have been used in several theoretical frameworks with a common sense, namely that control /power is a human driving force, and is the sense of being in control over one's environment (Botti, 2004). The concept of control has been operationlized by Hui and Bateson (1991) as behavioral control, cognitive control, and decisional control. Consumer behaviour has associated the concept of power with that of perceived choice. Botti suggests perceived choice is one of the important types of control, and Hui and Bateson argue that any behavioural or emotional effects caused by the availability of choices can be considered as outcome of perceived control. In this context, control has been defined as the freedom of choosing an alternative from among a choice set, instead of being assigned to the same alternative by an external agent (i.e. other individuals or chance). Thus, providing a consumer with more choice is one of the principles of empowering consumers (Wathieu et al, 2002).

THE SOCIAL RELATIONS VIEW OF POWER AND EMPOWERMENT

The Social Relations view of power assumes that individuals and groups are dependent upon each other for the satisfaction of their needs, so that power stems from this state of interdependence. Bacharach and Lawler (1980, p.20) said that power is a function of dependence. More specifically, the power of an actor is a function of the other person's dependence on the actor. The greater the other person's dependence on the actor, the greater the actor's power in the relationship, Emerson (1962; p32) describes power succinctly: The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A. He says "Social relations commonly entail ties of mutual dependence between the parties. A depends upon B if he aspires to goals or gratifications whose achievement is facilitated by appropriate actions on B's part. By virtue of mutual dependency, it is more or less imperative to each party that he be able to control or influence the other's conduct. At the same time, these ties of mutual dependence imply that each party is in a position, to some degree, to grant or deny, facilitate or hinder the other's gratification. Thus, it would appear that the power to control; or influence the other resides in control over the things he values. " (ibid).

Outside the context of the relationship marketing paradigm and buyer -supplier relationships, this Social Relations view of power has been relatively neglected in the marketing literature, even in investigations of business to consumer interactions. This view of power has however often been used to describe conditions of dependence and interdependence between buyer and supplier. Ramsay (1995, p 128) said that buyers possess power if they are able to produce intended changes in a supplier's products specification, that both create a closer match between that specification and the buyer's purchase specification, and incur increased sellers costs without increasing buyer costs. Therefore, in order to empower buyers in a competitive market-place, suppliers may try to increase the perceived attractiveness of their products by offering product specifications (quality) that exceed the buyer's purchase specification, or that exceed the specifications offered by their competitors. Anything that increases a seller's need or desire to deal with a specific buyer, or that increases the customer's freedom or their conversion capability, tends to increase the customer's power.

Luhmann (1979, 1988) noted that individuals are essentially independent agents whose behaviour is not always understandable or rational. Individuals have to consider an enormous number of potential behaviours that other individuals and organizations might display in their interactions. One important factor that determines interaction with others is Trust. According to Luhmann, a core aspect of human behaviour is the need to control and predict the social environment: individuals have a need to predict how their behaviour will influence the behaviour of others, and hence affect themselves. Rules and customs are instigated to reduce social complexity and improve predictability, but if these do not exist or are not strongly enforced, people have to rely on trust.

THE ECONOMIC VIEW OF POWER AND EMPOWERMENT

The notion of power is important within the discipline of the Economics. Buyer power plays a central role in economic theory, and the literature has captured notions of consumer power in terminology such as "consumer bargaining power" (Porter, 1980, 2001) and "consumer sovereignty" (Pitt et al, 2002). Popular theories and models in economics generally portray consumers as passive rational decision makers, and discuss consumer power in the situation when a consumer, or group of consumers, is able to obtain more favorable terms from a seller. For example, Porter (1980) proposed that consumers compete with the industry by forcing down prices, bargaining for higher quality or more services.

Wathieu et al (2002; pp299) say that one assumption of control-related definitions of empowerment from classical economic theory is that consumers will perceive any increase in control as a benefit, noting this resembles standard axioms. However, these authors question the assumption that a larger choice set would necessarily constitute an improvement of a consumer's situation as the impact of choice set enlargements on the experience of empowerment is ambiguous. Dhar (1997) demonstrated that increased choice, when it creates conflict, will lead consumers to defer choices, even when the available

options are all acceptable. Thus the experience of empowerment derives not from more choices, but from one's flexibility in defining one's choice.

Classical economic theory assumes that in competitive market-places, buyers have perfect information about prices, their own tastes and preferences, and their available budget. In addition, a perfectly competitive market is characterized by many independent buyers and sellers, homogenized products, and relatively easy entry and exit of buyers and sellers, with no single seller large enough to generate monopolistic controls (Varian, 1984). In such a market, no seller can lock in the customer, and there is no need for any strategy toward the market place because full information about market conditions and offerings is assumed to be available at no cost to everyone involved. As market-places move further away from this ideal competitive market-place, the customer has less ability to effect their desired change (transaction), and hence less power. In practice, the consumer may need the assistance of a third party such as a regulator to gain more power (Pitt et al. 2002).

FACTORS AFFECTING CONSUMER EMPOWERMENT

This section draws on the views of power and empowerment presented above to identify factors which are likely to be antecedents in any model of power. The relationship between the views and the factors is summarized in Figure 1.

Customisation and personalisation

What we are calling the psychological view of empowerment emphasised the ability to shape the environment. This suggests that the related concepts of customisation and personalisation are an important factor in empowerment. According to Prahalad and Ramaswamy (2003), customisation is the offer to customers of a variety of components of products and services from which they can form their own combination of goods and services, to satisfy their specific needs and desires; in contrast personalisation enables consumers to formulate their experience by increasing their involvement in the design, production and consumption of the product and services. Through personalisation, businesses can get to know consumer buying behaviours, and accordingly develop more appropriate marketing strategies, ultimately enhancing consumer's satisfaction and loyalty. Customisation may create the perception of increased choice by enabling a quick focus on what the customer really wants (Shostack, 1987).

While mass customisation appears to increase the customer perceived value of the core product, at the same time the complexity of purchase is increased for the consumer. Large product selection has been found to irritate consumers and drive them to use simplistic decision rules to narrow down the alternatives (Dhar,1997; Huffman and Kahn 1998), and to confuse consumers and increase regret (Schwartz et al 2002). Huffman and Kahn (1998) claim that to increase consumer satisfaction with the shopping experience, a company needs to control both the way the information is presented and the input the consumer provides in the process of learning about the available attributes and alternatives. Thus the extent to which customisation and personalisation empowering customers is affected by communication and information flows.

Flexible pricing and pre and post purchase services

The economic view of empowerment invokes control as a factor in empowerment, including control over the terms of a transaction. Consumer empowerment may therefore be achieved through consumers believing they have increased control over pricing and pre or post purchase service terms and conditions. The ability to "customise" pricing and ancillary services associated with a purchase may be empowering. According to Noble and Gruca (1999), businesses focus on internal, cost-based approaches and rarely exploit the profitability opportunities offered by smart pricing strategies and seldom implement customer-based approaches when setting and managing prices.

Two flexible price strategies that have been suggested are the "price lining strategy" which refers to offering the same product or service at different prices and "smart pricing strategy", which refers to offering the products or services in different prices tailored to the consumer perceived value from the product (Sinha 2000). More generally, the term dynamic pricing has been introduced to describe a pricing strategy in which prices change either over time, across consumers, or across product/service bundles (Kannan and Kopalle 2002; Shin,200, Sinha 2000). In one form of dynamic pricing, the consumer buys a large amount of a single item to take advantage of a quantity discount. Typically, several price discounts are offered depending on the quantity sold. In another form, a single item of goods or services is included in a bundle with other goods or services, and the price the seller asks for is dependent on the bundle in which it is offered. The price of an item or service is a factor of the bundle in which it is included, and sometimes, also, of the consumer segment to which it is offered.

The influence of price is complex. Grewel *et al*. (2003) argued that the research findings in the price area are often contradictory and tend to have a single-issue focus -- the price -- therefore they highlight the important of the linkage between price factors and perceived value; as well as between price and consumer loyalty. Many retailers with strong

customer awareness can charge premium prices over lesser-known competitors even for products, which are completely homogeneous; for example, the case of Amazon compared to its competitors with lower brand awareness (Smith *et al*., 1999). Effective flow of information affects how customers perceive pricing and service options.

Trust and regulation

The social relations view of power and empowerment emphasises the need to reduce complexity in social interactions, which can occur through regulations and conventions, and through trust. Urban *et al* (2000) argue that investigations into consumers' empowerment need to consider the role of trust strategies. They say trust building can be seen as a method to increase customers' satisfaction and loyalty, and trust is a critical factor in exchange success and empowerment is closely related to trust.

Urban (2004) suggest that the increasing customer power will compel a new paradigm for marketing based on providing open, honest information and advice. The argument is that consumers' increasing power decreases the effectiveness of old-style marketing strategies so that trust building becomes a critical factor in business-consumer relationships success.

Luhmann (1979) notes that in the commercial sphere, trust is built upon information that reflects a seller's reputation, policies, practices and performance history, In customer loyalty theory, building trust leads to longer-term relationships and higher long-term profits (although the high cost of acquiring customers may only be recaptured in later years) (Resnick *et al*, 2000). Trust is an interpersonal determinant of behaviour that deals with beliefs about the integrity, benevolence, ability, and predictability of other people, according to McKnight *et al* (2002), who claims interpersonal interactions, or even cues relating to them, are notably missing from e-Commerce websites.

Trust is closely associated with risk. Bowman and Hurry (1993) say businesses do not take unjustified risk in the hope of developing a trustful relationship but prefer a gradual trust-building process, in which partners start with limited incremental investment. A firm with a reputation for being honest, fair and trustworthy has the necessary first piece of evidence for other parties to undertake some initial risk and pursue transactions with them (Barney and Hansen 1994). Regulations can to some extent reduce the risk associated with dealing with firms of unknown reputation. Access to such protection is however dependent on the ability to access government and other relevant third parties -- for example when consumers are dissatisfied with products or services—and hence is dependent on communication.

Communication

All three disciplinary theories of empowerment identify communication and information flow as aspects of power and empowerment. Not surprisingly, the three factors of consumer empowerment identified above are also affected by communication. Communication is a factor in consumer empowerment in other ways, for example underpinning the concept of consumer countervailing power. The basis of consumer countervailing power is that, if a critical mass of consumers can band together as a group, they can negotiate more favourable terms from the seller (Nader and Ehrenreich, 2000). Effective communication among consumers enables the identification and development of social networks with shared interests, including price reductions. Provided that the information is reliable, consumer networks can also be a useful information source, wherein the evaluation of one consumer affects the purchase decision making of another.

<div align="center">

DISCUSSION AND CONCLUSION

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This paper reviewed three different but overlapping views of power and empowerment, and from these identified four factors associated with the complex concept of consumer empowerment: ability to customise and personalise a product/service; ability to tailor price and pre and post purchase services; extent and ease of communication relevant to the purchase decision; and degree of regulation and trust in the purchase environment. The first two factors have to do with the consumers' ability to control the environment to produce outcomes that they desire, while the last two factors have to do with interrelationships.

The nature of the relations between these four factors and consumer empowerment needs to be empirically investigated. An instrument is currently being prepared to test the model.

Whilst all three views of empowerment to some extent identify communication as a key factor, we still know little about the nature of the linkage between empowerment and communication. Given an ever-increasing amount of purchase options, and the resulting information overload, more research is also needed into the choice / control paradox, and the possible role of personalization in resolving the paradox.

FIGURE 1: GENERAL MODEL OF CONSUMER EMPOWERMENT
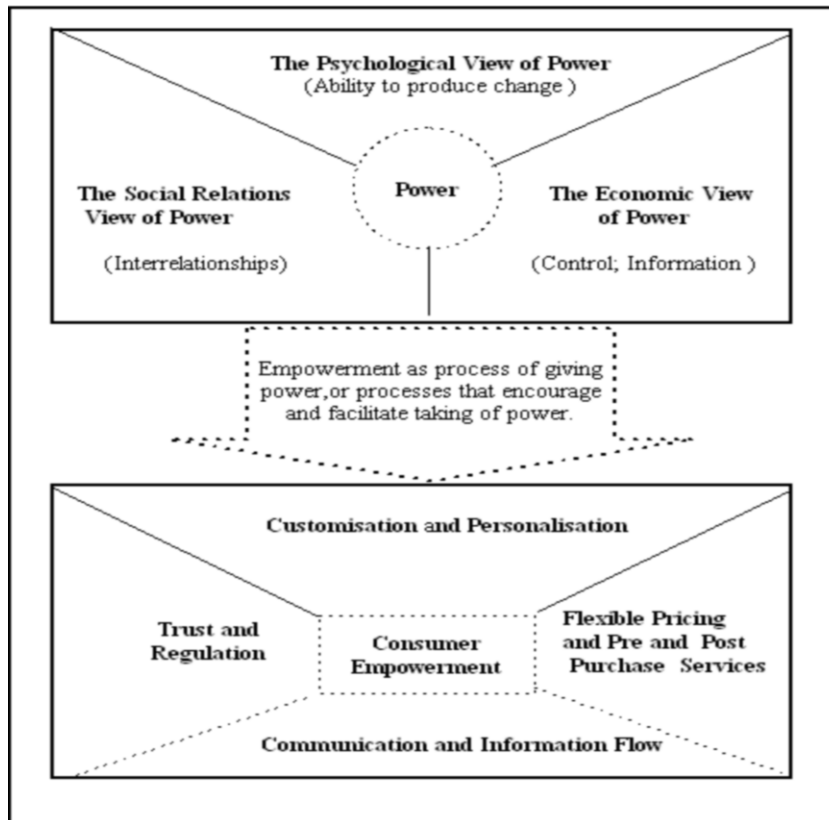
Figure 1 shows three views of power together with four factors associated with the concept of consumer empowerment. The three views of power are used as the theoretical bases for understanding the concept of consumer empowerment.

 All three disciplinary theories of power identify communication and information flow as aspects of power and empowerment hence communication and information flow is presented as a fourth factor. While the four factors are drawn together as a general model of consumer empowerment, the other three factors are presented in Figure 1 to indicate the theoretical base it mainly derived from.

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ALTERNATIVE PERSPECTIVES ON BRAND PERSONALITY: THE CASE OF THE NONPROFIT BRAND

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ABSTRACT

This study explores the brand personality dimensions that are dominant in nonprofit organizations' communications. Aaker (1997) defines brand personality as "the set of human characteristics associated with a brand" (p. 347), and suggests that consumers connect with brands which reflect an aspect of themselves, whether actual, ideal, or other (Aaker 1999). Nonprofit organizations, which aim to generate positive social benefits versus profits, may require approaches and frameworks different from those employed in the for-profit, consumer goods sector (Aaker 1997) because their 'products' are relatively intangible (Rothschild 1979). The personality-based connections that consumers forge with intangible causes may differ from those formed with tangible goods, because the former cannot be as visibly displayed. In addition, consumer connections with nonprofit brands may be motivated by altruism.

In order to explore the personality types communicated by nonprofit brands, I carried out an inductive content analysis of magazine advertisements. Print advertising is one vehicle for communicating brand personality (Aaker 1997). I examined all nonprofit advertisements in issues of the Canadian women's magazine *Chatelaine* from 1970 to 1998, excluding duplicates, as well as ads for nonprofit-corporate brand alliances and charity products. My analysis was based on visual imagery and headlines, two central advertising elements. An iterative analysis resulted in emergent brand personality categories.

Seven categories of brand personality emerged: (1) spirited brands are warm and happy about good things happening in the world; (2) do-gooder brands are concerned about doing what is morally right; (3) team player brands are excited to collaborate and invite people to work together; (4) worried brands are sad and scared about bad things happening in the world (e.g., diseases that might afflict the reader, health concerns in the community, and problems in developing countries); (5) grateful brands express thanks and appreciation for the talents and gifts of others; (6) healthy brands are active, balanced, and concerned about overall well-being; and (7) matter-of-factual brands are straightforward, informative, and superficial.

The brand personality categories that emerged in this study can be compared and contrasted to those in other personality scales, specifically to the "Big Five" human personality dimensions (i.e., extraversion, conscientiousness, agreeableness, neuroticism, openness to experience - Costa, McCrae, and Dye 1991; Goldberg 1992), to Aaker's (1997) consumer goods brand personalities (i.e., excitement, competence, sincerity, sophistication, ruggedness), and to Venable et al.'s (2005) nonprofit brand personalities (i.e., integrity, sophistication, ruggedness, nurturance). Spirited brands are similar to the Big Five extraversion dimension and to Aaker's excitement brand personality dimension. Do-gooder brands reflect the Big Five dimension of conscientiousness; Aaker suggests her competence dimension also reflects conscientiousness. Team player brands are comparable to agreeableness (Big Five); Aaker notes that sincerity also compares to agreeableness and Venable et al. suggest that integrity overlaps with sincerity. The worried brands parallel the Big Five neuroticism dimension. The grateful, healthy, and matter-of-factual brands do not correspond to the previously identified personality dimensions.

These findings generate several research questions of interest. First, Aaker's (1999) notion of consumer-brand alignment does not address consumer connections with worried brands. Future brand personality research might integrate other theories, such as social exchange theory (Arnett, German, and Hunt 2003), or persuasion theories related to fear appeals (Mowen, Harris, and Bone 2004), to explain why consumers connect with negatively-valenced brand personalities. Second, the grateful brand personality dimension has not been uncovered in previous research. Do consumers align with grateful brands so they too are perceived as grateful, or, drawing on gratitude theory from psychology (McCullough et al. 2001), do consumers instead reciprocate gratitude for goodwill?

This study contributes to research by uncovering new brand personalities and by extending current theory on why brand personalities work: are brand personalities important because consumers align with similar or desirable brands, or are there other explanations? Venable et al. (2005) recently published a study exploring nonprofit brand personalities. Their results are different than mine, which may be due to distinct methodologies and approaches. As a result, I propose that future research employ multiple methods in studying brand personality. The results of this study are important to nonprofit managers, who benefit from understanding the range of brand personalities available to them and the ways in which these affect potential donors. Limitations to this research include the use of a single media source; one researcher engaged in analysis; and a caution that inductive results may be unfairly compared to other work using different/statistical methods.

References are available upon request

GLOBAL ETHICS VERSUS LOCAL ETHICS:
HOW DO MARKETING MANAGERS MAKE ETHICAL DECISIONS ACROSS CULTURES

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ABSTRACT

This study (1) investigates the moderating effects of culture and cultural factors on the ethical decision-making process of marketing managers, to better understand whether their ethics is guided by global norms ("when in Rome, do as you would at home") or group-specific norms ("when in Rome, do as Romans do"), (2) examines the separate and competing effects of key cultural traits regarding ethical behavior, such as religious practice, spiritual values and social values, on the same process, and (3) compares relevant groups as defined by cultural contexts in order to ascertain which one is more or less ethical.

Results show that marketing managers follow similar deontological routes when making ethical decisions and thus would "do in Rome as they would at home" when adopting ethical principles. However, the implementation of ethics is not uniform across cultures. Western cultures (as exemplified by American and Latin cultures) add teleological criteria to make ethical judgments, whereas Eastern cultures (as exemplified by Indian and Turkish samples) ignore them. Moreover, Western cultures open the door wide to the influence of religious practice, spiritual values, and social values on ethical decision-making mainly because they also use teleological evaluations in the formation of ethical judgments.

Finally, the answer to the question of whether Western managers are more ethical than Eastern managers, or vice versa, is determined by the nature of ethics in each context, that is, deontological and teleological in Western cultures while deontological only in Eastern cultures. For instance, purely teleological managers in Eastern cultures may not be ethical because ethical judgments for them do not include teleological norms. Conversely, purely teleological managers in Western cultures may be partially ethical because ethical judgments include teleological along with deontological norms; yet they cannot be fully ethical when deontological norms are lacking. Some managerial implications for international marketing are considered.

OPEN SKIES TREATY, COMPETITION POLICY AND REGULATORY ISSUES: AN EXPLORATORY ANALYSIS IN MARKETING AND PUBLIC POLICY

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ABSTRACT

This paper discusses and analyzes the open skies treaty and its framework in the global airline industry. The work presents theory and seven relevant propositions and their impact on the proposed treaty as well as on consumers and competition policy areas in the European Union (EU) and the U.S. In the last six years, the EU and the U.S. have been negotiating an important treaty, called the open skies treaty, to streamline the transatlantic aviation market. The major interest in this treaty is attributed to the deregulatory environment, multi-carrier tie-ups, growing passenger traffic, and consumer demand in the transatlantic market. In the post-deregulatory environment, airlines have taken initiatives to form bilateral/multilateral strategic alliances and mergers. To stay competitive, these options have helped the carriers to stay competitive. Based on a literature review of marketing and public policy areas, the paper tries to explain those conditions and circumstances that may help establish this treaty. It is expected that in the coming years, the open skies treaty will bring opportunities as well as create problems for marketers, policy makers, and regulators. The significance of this work lies in its timeliness and relevance to the ongoing debate of highly beneficial yet controversial open skies between the U.S. and Europe.

ALL DESIRES ARE NOT CREATED EQUAL: TOWARD A TYPOLOGY OF DESIRE IN CONSUMER RESEARCH

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ABSTRACT

The concept of desire is surprisingly scarce in consumer behavior literature. Recent work by Shiv and Fedorikhin (1999) and Belk and colleagues (2000, 2003) brings the topic of desire into their research, however, the mediating motivational role of desire is substantially underplayed in these works. Rather, desire is grouped under the category of emotions or attitudes, which do not provide the same motivational direction or intensity that desire provides for consumer behavior.

In common, everyday usage, the term desire is applied across a variety of contexts and is extended to numerous meanings. In such common usages people use the term "desire" to refer to passionate longings (i.e., to desire another's love), wishful thinking (i.e., to desire to re-live one's youth), committed goal pursuits (i.e., to desire to earn a promotion at work), and pleasurable experiences (i.e., to desire a chocolate fudge sundae). Some of these terms have a thread of desire interwoven at their core, however some do not conform to the conceptualization of desire as a motivational state that will be developed here. The fact that the term "desire" is used to describe so many different phenomena illustrates another limitation of existing views of desire, which is the uni-dimensionality with which desire is commonly conceptualized. All studies found here that examine desire utilize a global measure, assuming that desire consists of only one dimension that captures the complete influence of this motivational construct. In the philosophy of action literature, however, Davis (1984) discusses desire as being of two types: appetitive and volitive. These represent the different sources of the motivational intensity of the desire- one's "appetite" and one's reason. Both of these motivational dimensions, the appetitive and volitive are present in any given desire, forming a desire state that ranges from high desire to high aversion on the appetitive and volitive dimensions.

Decomposing what desire involves, a psychological state of genuine desire involves firstly, a state of awareness of a state of affairs (i.e., end state or goal) that is judged as being worth moving closer to (Perugini and Bagozzi 2001). This sets desires apart from other automatic or nonconscious motivational states (Chartrand and Bargh 2002). Secondly, desire involves a state of belief that one has at least remote access to the means to reach the state of affairs (Marks 1986). Otherwise, to say that one desires something without believing one can bring that desired state into being is not motivational and therefore is not truly desire but just wishful thinking. Thirdly, desire is linked to action through a readiness to form intentions to execute the means by which one can pursue the desired end state (Bagozzi 1992).

The overall contribution of this paper is to provide a deeper understanding of the nature and influence of desire. The ambiguity with which the term "desire" is construed will be addressed by providing a theoretical foundation for the delineation of the domain of desire drawing from the philosophy, psychology, and social psychology literatures. I will delineate what desire is and how it relates to and is distinct from related concepts such as beliefs, affect, impulses, and needs. This theoretical delineation of the desire domain will facilitate the development of a typology that captures the dimensional nature of desire. This will help increase our understanding of the nature and influence of desire by shedding light on the interplay of the appetitive and volitive dimensions of desire that result in distinct desire states. This desire typology will help illuminate consumer research regarding the motivational processes underlying consumer decision-making and action.

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CORRELATES OF MATERIALISM: A COMPARATIVE STUDY OF BANGLADESHIS IN BANGLADESH AND FIRST GENERATION MIGRANT BANGLADESHIS IN SYDNEY

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ABSTRACT

This study compares the extent of materialism among the Bangladeshis living in Bangladesh with that among the first generation of Bangladeshi immigrants in Australia using four- measures of materialistic trait namely money orientation, possessiveness, non generosity, and envy. The results tend to show that migrant Bangladeshis in Australia are more materialistic than their counterparts in Bangladesh.

INTRODUCTION

Since Veblen's (1899) portrayal of conspicuous consumption among America's growing leisure class, the whole of the twentieth century witnessed the emergence of consumption as a culturally accepted means of seeking success, good life and happiness. There has been a spectacular explosion of advertising messages (Belk and Pollay 1986) depicting materialistic themes (Friedman 1985) and consumption desires (Halberstam 1993). All these have resulted in the domination of human lives "by the material objects that proliferate all around us, including the prospects and problems they afford" (Brewer and Porter 1993, p 1). Most Western societies have long been identified as materialistic societies by many (Seabrook 1997, Kemp 2004). However, some scholars (Seabrook, 1997, Lawson 2003, Kemp 2004, Ahmed 2005) have argued that the more traditional oriental societies such as Bangladesh, generally identified as a non-materialistic society, have also been embracing "Western materialism." Some of these people are emigrating to the West for a more affluent life. This article studies the phenomenon of materialism among the Bangladeshis in two very different settings. Two groups of Bangladeshis – one in their own home country environment and the other, the immigrant Bangladeshis in Australia have been studied here to understand how far this speculation is true.

Materialism, which is broadly defined as a measure of importance that an individual attaches to money and other worldly possessions, has emerged as a topic of great interest among demographers (e.g., Easterlin and Crimmins 1991), political scientists (e.g., Inglehart 1990), social psychologists (e.g., Csikszentmihalyi and Rochberg-Halton 1981; Kasser and Ryan 1993), and consumer researchers (e.g., Belk 1985; Richins and Dawson 1992). Literature suggests that a materialistic lifestyle leads to long-term negative consequences for society at large and individual consumers in particular. For example, materialism is believed to cause wastage of valuable resources, undermine religious values, and blurs civic responsibilities of people (Schudson 1991). Individuals who focus on the acquisition of material objects tend to show diminished life satisfaction (Richins and Dawson 1992), reduced levels of happiness (Belk 1985), and higher levels of depression (Kasser and Ryan 1993). Hence, it is not surprising that materialism has been broadly viewed to be a part of the dark side of consumer behaviour (Hirschman 1991). But despite all these interests, concerns and broad-based implications of materialism, there has not been much empirical research on materialism and its correlates. A few studies conducted during the 1960s, 70s and the early 80s (e.g., Daniels 1964, Campbell 1969, Moschis and Churchill 1978; Belk 1984) examined relationship of materialism with sex, age and general happiness or satisfaction in life but results are far from conclusive. However, Mehta and Ah Keng (1985) conducted a relatively broad based study on materialism and related the various dimensions of materialism of the Singapore Chinese with a number of demographic, psychographic and market behaviour orientations.

Materialism has been viewed both as a collection of personality traits (Belk 1985) as well as a value (e.g., Richins and Dawson 1992). However, both definitions "share a basic understanding of materialism as the importance a consumer attaches to worldly possessions" (Ahuvia and Wong, 1995). According to Belk (1984, p.291) "At the highest levels of materialism, such possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction (Belk 1984, p. 291). Similarly, Richins and Dawson (1992, p. 308) define materialism as a "set of centrally held beliefs about the importance of possessions in one's life." This definition implies that as a construct, materialism is not precise. However, according to literature four dimensions namely, (i) money orientation, (ii) possessiveness or tendency to maintain control over material objects, (iii) non-generosity or unwillingness to share or give possessions to others, and (iv) envy over possessions of others can together provide a satisfactory measure of materialism of an individual (Belk 1984; Moschis and Churchill 1978; Campbell 1969). Belk (1984) attempted to relate each of these dimensions to demographic variables such as gender and age and reported interesting results. For example possessiveness and non-generosity scores did not differ for males and females though females appeared to be significantly less envious than males; envy seemed to have a negative correlation with age; while non-generosity showed a slight positive correlation with age.

This paper, which is a part of a larger cross-sectional study involving the relationship between materialism and selected demographic, psychographic and market behaviour and attitudinal variables, makes an attempt to determine the extent of materialism of Bangladeshis in their local environment and migrant Bangladeshis in Australia. It also compares the relationship between materialism and consumers' market behaviour and attitudinal inclinations of these two groups of consumers towards price consciousness, carefulness in shopping and attitudes towards promotional efforts.

Hypotheses

Contemporary novels, drama, movies, and print and broadcast media in Bangladesh often depict emigrants from Bangladesh as 'neo-materialists' as they moved to a Western nation seeking a materialistically 'greener posture' of comfortable life. In other words, popular belief in Bangladesh is that those who migrate to countries such as the US, UK, Australia or New Zealand are more materialist than those who do not. Given this general belief, following two hypotheses are formulated.

Hypothesis 1: Each of the four dimensions of materialism – (i) money orientation, (ii) possessiveness, (iii) non-generosity and (iv) envy is stronger in the Bangladeshi migrants in Australia than the Bangladeshis in Bangladesh.

Hypothesis 2: Bangladeshi migrants in Australia show more (i) price consciousness, (ii) carefulness in shopping and (iii) more favourable attitudes towards advertisement that the Bangladeshis in Bangladesh.

METHODOLOGY

The study is based on a questionnaire survey administered to a convenience sample of 57migrant Bangladeshis living in Sydney and Canberra and a second sample of 213 Bangladeshis living and working in Dhaka, the capital city of Bangladesh. In terms of age, income, occupation and marital status, the two samples were very similar. About half of the respondents in each group were above forty years of age and middle income earners; about 40% were managers or other professionals and 80% were married. The samples were not much different in terms of their family size as well: 60 percent of the respondents' family in each sample consisted of husband, wife and one or two children. There were slight differences in terms of the respondents' education; a larger proportion of Bangladeshis in Australia (94.7%) had graduate or post-graduate education compared to their cohorts in Bangladesh (70.6%). For the Australian sample, the response rate was 95%, for the Bangladesh sample, it was 62%.

In line with the literature, materialism was measured on the basis of four different constructs, namely *money orientation, possessiveness, non-generosity* and *envy*. To measure market behaviour orientation of the consumers, only three variables namely *price consciousness, carefulness in shopping* and *attitude towards advertisement* were included. Each of the seven constructs was measured by a set of 3 to 4 items/statements (see Appendix) on a 5-point Likert type agree/disagree scale (1 = strongly agree; 5 = strongly disagree). The items were adapted from the scale used by Mehta and Keng (1985). Some of the statements/ items were modified and a few new items were added to suit the culture of the respondents. The questionnaire was administered in the respondents' native language – Bengali. Originally phrased in English, the statements were first translated into Bengali and were back translated to English to overcome any language bias. While face validity of the items was assured by a panel of academics and researchers, their reliability was confirmed by using the test-retest method of reliability. The table in the Appendix provides correlations of items to the composite measures which were calculated by averaging the mean ratings of each of the items defining the composite. The correlations were generally high.

RESULTS AND DISCUSSIONS

The mean materialism scores (see Appendix) of immigrant Bangladeshis in this study came to 1.89 on *money orientation;* 1.57 on *possessiveness;* 2.06 on *non-generosity;* and 2.44 on *envy*; all measured on a 1 (strongly agree) to 5 (strongly disagree) scale. The scores for the Bangladeshis living in Bangladesh seem to be different. For *money orientation* the score is 1.66; for *possessiveness* it is 1.93; for *non-generosity* it is 2.06; and finally, for *envy* the score is 2.73. Results of t-tests show that the difference in money orientation of the two samples is not significant (p < .08). However, the differences are significant for possessiveness (p< 0.01), non-generosity (p < 0.01) and envy (p < 0.01). Migrant Bangladeshis seem to be more non-generous and more envious than the Bangladeshis in Bangladesh, but are less money oriented. Since Bangladesh is a poor, less developed country, high score in money orientation of the people living there can perhaps be easily explained. However, it is interesting to see that the migrant Bangladeshis have a higher score in possessiveness compared to their cohorts in Bangladesh. Perhaps the uncertainties in an unfamiliar environment away from their home country made them view possessiveness as a security measure. These results tend to support the last three components (ii, iii, and iv) of Hypothesis 1.

When it comes to market behaviour and attitudinal orientations, the mean *price-consciousness* scores of migrant Bangladeshis is 1.97; mean score on *carefulness in shopping* is 2.55; while that on *attitude towards advertisement* is 2.01. The mean scores for the Bangladeshis living in Bangladesh seem to be different. For *price-consciousness*, the score is 1.67; for *carefulness in shopping* it is 2.02; and lastly, for *attitudes towards advertisement* the score is 2.74; The differences of the two samples seem to be significant for each of the three variables; while the differences in price-consciousness is significant at $p < .05$; differences in each of the other two variables are significant at $p < 0.01$. Bangladeshis in their own country appears to be more price-conscious and more careful in shopping than the migrant Bangladeshis. However, they seem to have a relatively less favourable attitude towards advertisement. These findings seem logical in an economically impoverished country. Lack of affluence is likely to make people more price-conscious and careful in shopping practices. Since the code of conduct for advertisements are not seriously enforced advertisers in Bangladesh often make exaggerated and false claims in their ads. Hence, many ads do not have much credibility amongst consumers. On the basis of these results, the last two components (ii and iii) of Hypothesis 2 are supported.

Table 1 presents correlations of materialism measures with market behaviour and attitudinal orientations of Bangladeshi migrants in Australia and the Bangladeshis in Bangladesh. Price consciousness shows significant positive correlations with all measures of materialism (at $p<0.05$). Carefulness in shopping revealed significant positive correlations with money orientation but significant negative correlations with non-generosity. There is no significant correlation between carefulness in shopping and possessiveness and envy. As for attitude toward advertisement, two of the four correlations (i.e., possessiveness and envy – $p < 0.05$) are significant and positive, one (money orientation – $p < 0.05$) is significant and negative and the remaining one (non-generosity) is not significant. Thus, materialism appears to promote price consciousness, but its relationship with carefulness in shopping and attitude towards advertisements is not very clear. It appears that allegations of high materialism levelled against migrant Bangladeshis may not be ill founded; of the four dimensions of materialism studied in this paper, this group has higher mean scores in three. One may wonder how the scores of the second generation migrants would compare with their cohorts in Bangladesh.

LIMITATION AND CONCLUSION

This exploratory study provides some new insights into the correlates of materialism of a given ethnic group (Bangladeshis) in two distinctly different settings of acculturation. However, generalisations should not be made on the basis of this study as it is based on the responses of a small convenient sample of a particular ethnic migrant population in just one adopted country (Australia) and another sample of the same ethnic group of respondents in their own country (Bangladesh). The larger research project of which this study is a part, explores the relationship of materialism with demographic and psychographic variables as well using larger samples in the same two settings. Future research in this area may involve a comparison of the ethnic group in its country of origin with larger migrant population of the same ethnic group from different adopted countries using random sampling rather than convenience sampling.

TABLE 1
Correlations between Materialism and Marketing Behaviour and Attitudinal orientations

Marketing Behaviour and Attitude Dimensions	Money Orientation	Possessiveness	Non-generosity	Envy
Price Consciousness	0.07	0.13	0.08	0.11
Carefulness in Shopping	0.11	N.S.	-0.09	NS
Attitudes toward Advertisement	-.09	0.10	NS	0.07

All correlations are significant beyond .05 level. N.S. represents not significant.

APPENDIX TABLE
Measures of Four Materialism Dimensions and Three Marketing Behaviour and Attitudinal Orientation Dimensions and their Correlations with Composites

	Correlations with Composites		Level of significance [of mean difference
Four Dimensions of Materialism	Bangladeshis in Australia (N = 57)	Bangladeshis in Bangladesh (N= 213)	

Money Orientation	(1.89; 0.91)*	(1.66; 0.68)*	*NS*
1. If I have money I can buy happiness.	.82	.88	
2. Money is the most important thing in today's world.	.87	.91	
3. I would rather be known as good person than a rich a person (Reverse scored)	.82	.71	
4. As long as I can make money, how I do it is unimportant	.54	.73	
Possessiveness	(1.57; 0.64)*	(1.93, 0.65)*	*p < .05*
1. I get very upset if something is stolen from me, even if it has little monetary value	.72	.78	
2. I love to have my own things.	.64	.81	
3. It annoys me when people borrow things from me and don't return them quickly	.74	.73	
Non-Generosity	(2.06; 0.77)*	(2.93; 0.78)*	*p < .05*
1. I believe it is better to give than to receive (Reversed)	.89	.68	
2. I am not obliged to help others	.57	.79	
3. Helping those who are less fortunate is very satisfying for me (Reverse scored)	.81	.69	
4. I enjoy donating things to charity (Reversed)	.61	.52	
Envy	(2.44; 0.77)*	(2.73; 0.66)	*p < .05*
1. When friends do better than me in a competition, it usually makes me happy for them, (Reverse scored)	.55	.57	
2. I don't like it when friends have things that I cannot afford	.73	.65	
3. I am envious of friends who win lotteries or big sweep	.80	.78	
Market Behaviour Orientation			
Price Consciousness	(1.97; 0.83)*	(1.67; 0.68)*	*p < .05*
1. Price is not a major concern for me for the things I buy	0.68	0.79	
2. 1 make it a point to check prices even for inexpensive items	0.54	0.78	
3. I like to shop around for bargains.	0.66	0.75	
Carefulness in Shopping	(2.55; 0.47)*	(2.02; .059)*	*p < .05*
1. I am an impulsive shopper (Reversed)	0.71	0.79	
2. I try to find out more about a product before buying it	0.67	0.73	
3. When buying something expensive, I make it a point to talk to someone who has used that product	0.69	0.81	
Attitudes towards advertisement	(2.01; 0.71)*	(2.74; 0.98)*	*p < .05*
1. I think most advertisements are informative	0.73	0.64	
2. I am not easily annoyed by advertisements	0.67	0.59	
3. I am always sceptical of advertisement messages (Reversed)	0.62	0.76	

*figures in brackets are composite means derived by averaging the mean score of each item constituting the composite, and their standard deviations.

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ARE CONSUMER INNOVATORS LESS RESISTANT TO CHANGE THAN MARKET MAVENS?

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ABSTRACT

Market mavens and consumer innovators have many similarities, but should not be considered the same consumer group. This paper clarifies several distinctions between these groups with respect to change resistance. Results imply that both groups are accepting of change, but innovators more willfully accept ideas deviating substantially from the status quo.

INTRODUCTION

Globalization, increasingly demanding customers, and the influx of new competition are just a few factors that continue to spur implementation of new product innovations. Marketers can create competitive advantage by constantly adapting to the needs of the market, introducing beneficial product changes, and creating new products (Shocker, Srivastava, and Ruekert 1994). However, radical changes could have an initial negative impact on some consumers' perceptions. To inhibit these negative effects, marketers can target market mavens, a group of consumers that plays an influential role in the marketplace. The market maven focuses on staying informed of changes in the marketplace. As a result, the market maven's reaction to innovations is an important factor that can influence how marketers communicate benefits and usage information.

This research attempts to explain the market maven's tendency to adopt innovations early in the diffusion process by investigating the relationship between market mavenism, innovativeness, and resistance to change. We review relevant literature, discuss research methods and the results of our study, and outline implications for managers and researchers.

CONCEPTUAL BACKGROUND

Market Mavens

Market mavens are defined as individuals having information about many kinds of products, places to shop, and other facets of markets, and are prone to initiating discussions with other consumers and responding to requests for market information (Feick and Price 1987). Market mavens act as opinion leaders, and shop and buy more than other consumers do (Goldsmith, Flynn, and Goldsmith 2003). Price, Feick, and Guskey-Federouch (1988) asserted that market mavens appear to be a group of consumers who feel a greater need to be smart shoppers than other individuals. Market mavens look for products and brands that distinguish themselves from the crowd, but are still acceptable to the normative beliefs of the consumers that interact with them (Clark and Goldsmith 2005). Additionally, mavens present an important target market because they influence the buying decisions of other consumers who seek and receive their advice (Williams and Slama 1995).

The complexity of the marketplace makes the market maven a valuable resource for disseminating product information. As a 'gatekeeper' and diffusion agent, the market maven plays a considerable role for retailers and consumers. The maven's influence is derived from marketplace knowledge gained by information seeking across products and buying situations (Abratt, Nel, and Nezer 1995). The influence of market mavens makes them attractive promotional targets for firms wishing to convey information about sales, prices, product variety, operations, and product specific information (Slama and Williams 1990). It is of theoretical and managerial interest to investigate the mechanisms affecting mavens' adoption decisions, specifically the group's reaction to new products and product changes.

Mavenism and Resistance To Change (RTC)

Significant and sustainable business growth can be generated by new market creation, new product categories, and new industries. For example, Kodak's introduction of the disposable camera redefined the film industry. However, innovations that require changes in customers' routines can require a relatively long development process before gaining customer acceptance (Ram and Sheath 1989). When change occurs, consumers may feel threatened and resist, either defending against the change or attempting to undermine its success (Kanter 1985). Watson (1971) argued that there would be less resistance if the product innovation offers a new experience that holds consumer interest. Resistance to change (RTC) has been negatively associated with traits such as sensation seeking and tolerance for ambiguity, and shown to have a positive

correlation with risk aversion (Oreg 2003). The active role that market mavens take in the marketplace would seem to indicate that they embrace change. Thus, we propose **H1:** Market mavenism is negatively correlated with RTC

Consumer Innovativeness and RTC

Consumer innovativeness has been conceptualized as the early adoption of new products and services (Dowling 1999). Mavenism and consumer innovativeness are distinct concepts. Market mavens have both new and old products in their field of interest, whereas innovators tend to concentrate primarily on the new. Researchers have been cautioned to distinguish innovativeness from mavenism when predicting market behavior (Goldsmith et al. 2003). One explanation for some mavens not being consumer innovators is that some mavens may be more change resistant than others. Mavens that are less resistant to change may be more likely to exhibit consumer innovativeness in their buying decisions. Thus, we expect **H2:** The correlation between innovativeness and RTC is at least as strong as the correlation between mavenism and RTC.

RESEARCH METHOD

Data Collection and Preliminary Analysis

The data for this study came from a questionnaire administered to undergraduate marketing students at a large university in the southeast United States. Students distributed questionnaires to adult non-students in an attempt to increase generalizability of results. Phone numbers were collected and compared for autonomy of responses. Over ten percent of respondents were contacted to verify their participation in the study. Twenty-three subjects were removed prior to analysis based on two quality checks. The final sample consisted of 122 females (52.6%) and 110 males (47.4%). The mean age was 30.94 (SD=12.97), and the median age was 25, ranging from 19 to 66. Approximately 79.7% of subjects were Caucasian, 10.3% were African-American, 6.9% were of Hispanic origin, .4% were Asian, and 2.6% indicated an "other" origin.

Subjects responded to multi-item 5-point Likert-type scales (5=Strongly Agree, 1=Strongly Disagree). Market mavenism was operationalized using the six-item scale developed by Feick and Price (1987). Sample items include "People ask me for information about products, places to shop, or sales," and "I like introducing new brands and products to my friends." RTC was measured using the 18-item scale developed by Oreg (2003). This scale was designed to measure individual disposition to resist change. Sample items include "I generally consider change to be a negative thing" and "Often, I feel a bit uncomfortable even about changes that may potentially improve my life." This scale measures four components of RTC: routine seeking, emotional reaction to imposed change, cognitive rigidity, and short-term focus. A four-item consumer innovativeness scale was developed for this study. Items measured the tendency of respondents to purchase products, such as, "I am usually the first among my friends to purchase a new product," and "I am the first person I know to buy products when they first come out," and their enjoyment of purchasing new products – "I like to be among the first consumers to buy a new product." A fourth item was negatively worded – "I am generally not interested in buying the latest products."

Prior to summating the scales, we conducted factor analysis (EFA) for each of the measures to determine the dimensionality of each set of items. Items on the market maven scale were shown to load on two separate factors. Specifically, the four items measuring ownership of information loaded highly on one factor and the two items related to enjoyment of sharing such information loaded highly on a second factor. These factors mirror the market maven definition (i.e. having information and sharing of information). When developing the market maven scale, Feick and Price (1987), found these items all loaded on one factor. To address the discrepancy, we removed the two "opinion leadership" items from the analysis, resulting in a unidimensional four-item subset also used by Clark and Goldsmith (2005). The corrected item-total correlations for subset ranged from .48 to .71; loadings ranged from .53 to .87. These compare favorably with those obtained by the developers. Coefficient alpha for the four-item scale was .78. Summated scores ranged from 1.25 to 5.00, had a mean of 3.66 and standard deviation of .72. Subjects generally scored above the midpoint of the market maven scale. Mean scores for items ranged from 3.56 to 3.88 on the 5-point scale. Kurtosis was not problematic as it was less than twice its standard error.

With regards to Oreg's (2003) RTC measure, the routine seeking and short-term thinking sub-scales both include five items. The emotional reaction and cognitive rigidity scales have four items. Factor analysis yielded three items with unacceptable cross loadings. We attempted to create a simpler structure by iteratively removing individual items starting with the highest cross loadings until we obtained a factor structure that had high loadings on only one general factor, while retaining satisfactory representation of the four sub-scales. Visual inspection of normality plots and comparisons of skewness and kurtosis values with their respective standard error indicated no serious departures from normality, however 67% of the

sample had raw scores less than the scale midpoint. Summated scores ranged from 1.25 to 4.83, with a mean of 2.73 and a standard deviation of .59. Coefficient alpha indicated that the scale's reliability was more than acceptable at .83.

Consumer innovativeness was analyzed in the same manner as the other two constructs, however factor analysis was not appropriate as degrees of freedom for this procedure were less than zero. Reliability analyses prompted the removal of the negatively worded item. Specifically, the inter-item correlation and corrected item-total correlation for this item was extremely low. The reliability estimate for the three-item scale is .82. The new corrected item-total correlations ranged from .65 to .73. No departures from normality were detected. The mean response was 2.82 with a standard deviation of .85.

Results

To test the hypotheses, we conducted a bivariate correlation analysis using Pearson coefficients between the summated market mavenism (MM) and RTC scores and between the summated consumer innovativeness (CI) and RTC scores. These results are shown in table 1. A negative correlation between MM and RTC would indicate that mavens are generally less resistant to change than non-mavens. Results showed that the correlation is significant and in the hypothesized direction, supporting H1. Specifically, the correlation of $r = -.133$ was significant at $p < .05$. The negative correlation ($r = -.142$) between CI and RTC was also found to be significant ($p < .05$). This correlation is slightly larger than the correlation between MM and RTC, thus supporting H2: the relationship between CI and RTC is *at least as strong* as that between MM and RTC. While, these results partially explain the correlation between mavenism and innovativeness, it must be noted that RTC is a general personality level variable and both CI and MM are conceptualized at the consumer level of abstraction. We expect that a measure more consistent with change resistance at the consumer behavior level would yield stronger negative relationships between change resistance and both consumer innovativeness and mavenism.

Although no hypotheses were offered regarding the four sub-scales of Oreg's (2003) RTC scale, we did attempt to further the research by conducting additional analyses. This involved probing the relationships of mavenism and consumer innovativeness with the four subscales and examination of differences among gender and student/non-student groups. Four new factors were aggregated using the 12 final items used for the overall RTC scale. Reliability analysis yielded reliabilities between .75 and .80 for the sub-scales. These dimensions were then related to responses for both mavenism and innovativeness. The routine seeking component was the only sub-scale significantly correlated with mavenism ($r = -.14$, $p < .05$). The correlation of routine seeking with innovativeness mirrored that of mavenism in both magnitude and significance. Innovativeness was found to be inversely related to cognitive rigidity ($r = -.17$, $p < .01$). These results are outlined in table 2.

Several t-tests were used to probe differences among respondents. Table 3 illustrates these results. We ascertained mean differences in gender on market mavenism, consumer innovativeness, and RTC. The t-tests indicated significant ($p<.01$) gender differences for mavenism. Mavenism was found to be slightly more common in women ($\mu = 3.79$) than in men ($\mu = 3.51$). T-tests indicated no gender influence on consumer innovativeness ($p > .86$) or resistance to change ($p > .82$). Because the sample included both students and non-students, we also examined differences between these groups. No differences were detected in mavenism ($p > .34$) or RTC ($p > .25$) between student and non-student groups. Consumer innovativeness was larger among students ($\mu = 3.08$) than non-students ($\mu = 2.56$). This result shows general support for the use of a student sample. Students and non-students are equally as likely to be mavens, and student differences in consumer innovativeness were expected as both student status and innovativeness are highly correlated with age, ($r_{stud} = .72$, $r_{cinn} = -.31$, both $p < .01$).

DISCUSSION

The ongoing success of an organization is dependant upon its ability to evolve, innovate, and react quickly to marketplace changes. Those companies that can adapt to the changing needs of the marketplace are more likely to maintain their success long-term. When a firm changes existing products or creates new products, marketers must convey the benefits of these innovations to the public by using optimal communication channels. Market mavens are known to engage in more frequent product searches and are generally the most knowledgeable about innovative product offerings (Price, Feick, and Higie 1987). Marketers have begun to realize the important role that market mavens play in disseminating product information. By targeting market mavens, managers not only inform the public about new product offerings and changes, but also diffuse messages spanning multiple-product classes and messages about products lacking consumer interest (Mooradian 1996).

The purpose of this study was to examine the relationship between market mavenism and consumer innovativeness via a common attribute of both consumer groups – low resistance to change. The study is important because a market maven's general acceptance of change shapes the maven's product perceptions, thus influencing other consumers' adoption decisions.

Market mavens who do not adopt innovations can incite negative reactions of other consumers. If the maven does accept the innovation, s/he will encourage others to adopt as well. Results suggest the latter scenario is a more prevalent occurrence.

The market maven scale has been utilized heavily in the literature. However, the resistance to change scale is relatively new. It was quite interesting that the follow up analysis of the four sub-scales showed equivalent significant negative relationships between routine seeking and both mavenism and consumer innovativeness. However, the only real difference between the two consumer groups was the negative correlation of innovativeness with cognitive rigidity. Cognitively rigid consumers are less likely to be influenced or to change their behavior. This characteristic of innovators explains why adoption behavior of innovators is often different from that of market mavens. We expect that emotional reaction to change shapes the resistance construct as well, but these items referred to changes in the workplace. Development of a scale that more accurately measures change resistance from a consumer perspective would aid in refining the relationships discussed in this paper.

The present study focused on an overall relationship of market mavenism and resistance to change. We did not examine specific facets of change and how they relate to maven tendencies or attitudes. Future research could be oriented toward studying the market maven and the effects of specific phenomena that result from change. For example, are mavens more or less resistant to changes of pricing or promotions? Overall, the maven is receptive to change, but there could be specific instances wherein the maven would tend to be more hesitant. A natural extension of this paper would be to specifically investigate whether the maven has a low resistance to product changes and/or new products, or changes to the buying processes within a store environment. Mavens may be more responsive to certain types of marketing messages, such as those comparing performance across products, channels, and/or brands, and messages requiring high involvement.

Conclusion

Prior studies have indicated similarities between innovators and market mavens, but the two groups differ from one another and should not be considered the same. This study offers an important distinction between market mavens and innovators. The results of this study indicate that while market mavens are generally receptive to change, innovators are even more receptive. The maven is indeed a viable channel for communicating information about new products and innovations. Our findings hold implications for the marketing managers responsible for developing communication strategies for product innovations. These communications should not be limited to innovators. Because of their consumer influence, market mavens are an important target market for not only established products, but also new products and innovations. However, if the innovation is more radical and differs substantially from the status quo, managers might benefit from gaining initial support for the innovation from consumer innovators, and subsequently disseminating product information to market mavens.

Tables

Table 1:
Bivariate Correlations

	CI	MM	RTC
CI	**(.82)**	-	-
MM	.199*	**(.78)**	-
RTC	-.142**	-.133**	**(.83)**
** p< 0.01, * p<.05, Reliabilities (α) on diagonal

Table 2:
Bivarate Correlations: RTC Subscales

	MM	CI	ER	STF	RS	CR
MM	**(.78)**	-	-	-	-	-
CI	.199*	**(.82)**	-	-	-	-
ER	-.037	-.065	**(.80)**	-	-	-
STF	-.073	-.028	.311*	**(.75)**	-	-
RS	-.138**	-.138**	.514*	.316*	**(.78)**	-
CR	-.058	-.167**	.212*	.159**	.236*	**(.75)**
** p< 0.01, * p<.05, Reliabilities (α) on diagonal

Table 3:					
t-tests for Equality of Means					
		Male μ	Female μ	t	p
Gender	MM	3.51	3.79	2.97	.003
	CI	2.81	2.83	0.18	.860
	RTC	2.74	2.72	-0.22	.828
		Yes μ	No μ	t	p
Student ?	MM	3.71	3.62	0.95	.345
	CI	3.08	2.56	4.78*	<.001
	RTC	2.69	2.78	-1.14	.254
*Equal variances not assumed					

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MUTUAL AND INTERACTIVE VULNERABILITY IN SUPPLY CHAIN DYADS

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ABSTRACT

The objective is to describe the mutual and interactive features of vulnerability in supply chain dyads. This research applies a dyadic approach to the vulnerability construct in supply chain dyads. The study was performed as a survey directed to a VM and its most important national and international suppliers. There are some differences between the dyadic perceptions of the VM and its suppliers in terms of service levels, deviations and consequences. These dyadic perceptions are to some extent mutual, but hardly interactive. It is concluded that the mutual and interactive vulnerability are rather moderate in the studied supply chain dyads. A contribution is the emphasis on inherent components, interfaces and dependencies of vulnerability in supply chain dyads and supply chains. This research has contributed methodologically to the empirical measurement and evaluation of mutual and interactive vulnerability in supply chain dyads, which has not been explored simultaneously in previous research of the vulnerability construct.

THE SCHOLARLY BOOK BUYER'S DECISION PROCESS:
A NATIONAL SURVEY OF UNIVERSITY FACULTY

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ABSTRACT

The dissemination of knowledge in every field depends on the existence of scholarly publications such as academic journals, scholarly books and periodicals. Existing research however has not examined the decision process by which scholars make their purchase decisions related to scholarly outlets. Of special interest to this paper are scholarly books, which are often defined as books with intellectual content used by academics for either research or teaching purposes. These books are common tool for the integration and dissemination of cutting-edge knowledge in various fields of study. This paper reports on a national survey of university faculty regarding the factors that influence purchases of scholarly books.

Two hundred and thirty three (233) faculty members from 11 disciplines in over 50 universities were surveyed. Respondents were asked questions regarding the influence of a series of factors that determine their scholarly book purchases for research and teaching purposes. In addition, sources of information used to locate scholarly books of interest were identified. Contrasts are reported across fields of study. In addition, the study examined respondents usage frequency of university library systems, their likelihood to purchase used books, and alternative mechanisms for gaining access to scholarly publications. The paper concludes with a discussion of the findings and implications for the practice of marketing scholarly books.

BUILDING FAN IDENTIFICATION IN MINOR LEAGUE SPORT ORGANIZATIONS: INDIVIDUAL PLAYER VS. TEAM APPROACH

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ABSTRACT

Fan identification has been widely documented as a psychological connection fans have with a team. In the quest to enhance fan identification with a minor league organization, obstacles such as limited budgets and relatively small fan bases present a vast array of challenges. Minor league organizations typically do not have the luxury of pursuing multiple marketing strategies, and therefore must determine the most effective and efficient alternative for promoting their team and building their brand. This study investigates whether it is more effective for a minor league organization to enhance fan identification by promoting the individual players or the team.

The data collection process resulted in 259 complete surveys collected on-site at two Illinois minor league sporting events; 114 from Rockford Lightning basketball games and 145 from Rockford IceHogs ice hockey games. Respondents overwhelmingly agreed with statements that they are fans of the team, not of the player. Thus, the data suggests that a team-based marketing approach would be more successful for a minor league organization. Another key point drawn from the data is the importance of the social factor for attending minor league games. Fans stated that spending times with friends and family was the most important reason that they attended IceHogs and Lightning games.

References available upon request

ANALYSIS OF THE REFORMS IN CHINESE STATE-OWNED ENTERPRISES: A PRINCIPAL-AGENT APPROACH

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ABSTRACT

The objective of this research is to explore the effectiveness of government policy in improving the performance of state owned enterprises (SOEs) in China and on the basis of the results to make recommendations for future improvements in policy reforms. The approach is largely economic in character and takes a principle agent perspective.

INTRODUCTION

China today is experiencing a rapid transition from a central planned economy to a modern market economy. Since the first introduction of economic reforms by the Chinese government in 1978, Chinese state-owned enterprises have experienced a series of major reforming activities relating to. However, there is an intrinsic problem- the principal-agent problem- associated with the reforms throughout. State firm managers act on their own interests when making decisions for state-owned enterprises. How to improve state firms performance with the decision making power in the hands of managers has become a long debated issue.

THE PRINCIPAL-AGENT APPROACH

The intention is to use a Principal-Agent framework to approach the modelling of the impact of government policy on the performance of Chinese state-owned enterprises. The problem of how owners (principals), the government bureaucracy in this case, of a state-owned company can ensure that the assets in it are used efficiently and in their best interests by managers (agents) is intrinsic to any arrangement where owners do not or cannot undertake the management function directly. The state faces an information asymmetry where it has less information about the firm than do managers delegated with day-to-day operational authority. Government has to consider the managers' incentives when devising new control systems.

To safeguard its interests, the government devises effective systems of control and oversight over management, supported by appropriate managerial incentives. Government policies are the tools by which the government (the principal) tries to control the SOEs. However, SOE managers will be acting in their own interests, based on what they value, and although their behaviour will be constrained by government policy, this is not necessarily always or ever in the government's interests. This potential conflict of interest is characterized by the well-known principal-agent problem.

REFORMS OF CHINESE STATE-OWNED ENTERPRISES

In the past two decades the People's Republic of China has undertaken a series of wide-ranging reforms aimed at building a modernized socialist market economy with Chinese characteristics. These reforms started in 1978 after the Third Plenary of the Eleventh CPC (Communist Party of China) Central Committee took measures aimed at steadily reducing mandatory planning, decentralization of decision making and liberalization of prices and trade. Now the country has been transformed from a closed, centrally planned economy into a significant economic and political power both regionally and globally.

Chinese SOEs have been important players throughout the history of China's industrialization. However, since 1978 there have been many changes in government policy relating particularly to SOEs. In this section we provide a brief overview of those reforms and also changes over time in the performance of SOEs.

Reform in state-owned enterprises in China started in October 1978 when six state-owned enterprises in Sichuan were selected for an experiment in increasing enterprise autonomy. Since then, enterprise reform has experienced five different stages: (1) 1978-1980, reform was focused on increasing enterprise autonomy; (2) 1981-1982, reform was focused on contract profit delivered to the state; (3) 1983-1986, reform was focused on the substitution of profit delivery for taxes; (4) from 1987, reform has been focused on the contract-responsibility system; and (5) in 1992, reform in state-owned enterprises entered a new stage with the shareholding system. The details are as follows:

(1) *1978-1980 Profit retention system*. Following the death of Mao and the downfall of the Gang of Four, problems which had accumulated during the Cultural Revolution came to the surface, requiring radical reform. Experimental reforms were initiated in the countryside, beginning in 1978. Experiments with expanded enterprise autonomy also began in October 1978 in Sichuan Province. In May 1979 the State started experiments to expand autonomy in eight large state-owned enterprises, including the Beijing Iron and Steel Complex. By the end of 1979, the number of experimental enterprises in the whole country had increased to 4,200. Reforms to increase enterprise autonomy in these early years included freedom to market some outputs outside the plan, profit retention for investment, welfare and bonus payments, charges for the use of fixed capital and interest charges on circulating capital, and a degree of autonomy in personnel decisions.

(2) *1981-1982 Profit delivery system*. By the end of 1982, 80% of the state-owned enterprises covered by the state budget were on some form of profit-delivery system. In general, successful fulfilment of state-set norms (e.g. profit, output volume, quality, variety, and costs) entitled the enterprises to retain profits in excess of the required delivery. From the retained funds, bonuses could be paid and welfare services provided. However, the initial stages of the policy involved some problems in setting the level of delivery. First, relative profitability depends mainly on the price structure set by the state and on the availability of state-allocated inputs. This made it extremely difficult to formulate universal rules for profit delivery. In practice, delivery of profit had to be determined on a firm-by-firm basis, which involved intensive bargaining between the authorities and the enterprises. Second, the system gave rise to uncertain government revenue. Because every enterprise wanted to retain as much profit as possible and because the state still had a 'soft' budget to protect less profitable and loss-making enterprises, government revenue decreased sharply.

(3) *1983-1986 Profit-for-tax system*. To solve these problems, a revised system was introduced in late 1982 and put into effect for all enterprises in July 1983. The new system substituted an income tax for fixed profit delivery. In the first stage, large and medium enterprises were asked to pay a uniform income (profit) tax which was equal to 55% of target profit, and because of different conditions as regards location, resource endowment, and price structure, they were also asked to deliver a quota of after-tax profit. For smaller enterprises, a lower but progressive income tax was imposed.

In the second stage, profit delivery was entirely abandoned. Enterprises were asked to pay income (profit) tax (the basic rate for large and medium-scale enterprises being 55%), value added tax (designed to eliminate unequal opportunities caused by the distorted price system), resource tax (only applied to the extractive industry sectors such as coal, oil, and metallurgical enterprises), local tax for the local authority, and the adjustment tax (designed to eliminate unequal opportunities caused by other conditions such as different capital stocks). The adjustment tax was imposed on net income after payment of profit tax. By the end of 1985 four-fifths of state-owned enterprises were covered by the system.

This tax system still failed to solve the problems of bargaining particularly over the adjustment tax to be paid by the firm. It also failed to eliminate the unequal treatment of enterprises. All these problems were ultimately attributed to the irrational price system and many policy-makers came to the conclusion that price reform was a priority to induce competition and efficiency.

(4) *1987-1991 Contract responsibility system*. This system defines specific tasks or responsibilities between enterprise and supervisory body. Government supervisory body is responsibly for key material supply. Enterprise has to meet the profit quota which increases each year. It somewhat restored the profit target which was in Profit delivery system as some key supply sources were falling in Profit-for-tax system. However, most firms still have to pay all the taxes in the previous system. They hand over pre-agreed amount of profit after the tax payments. This system was designed from the profitability aspect to provide a tight structure of a bonding contract to force enterprise to deliver certain amount of after-tax profit. Although this new system had some positive impact on ensuring certain supply as well as after-tax profit, it however didn't have a significant impact on labour productivity as a result of extra forced profit delivery on the top of tax which enterprises had to continue to pay.

(5) *1992-Present Share holding system*. The experiment with the shareholding system is economically important in that it is the first effort to solve the problem by changing the property relations of the enterprise in the direction of privatization. It is politically sensitive because it means that socialism is introducing one of the most typically capitalist institutions, the corporation, violating Marx's teaching that socialist distribution is according to labour and not capital (property). From the point of view of property-rights economics, the new economic group advances the criticisms of the contracted system and suggests the shareholding system as an alternative for contract-responsibility system. It is argued that the contract-responsibility system is not appropriate to guarantee rational enterprise behaviour since distributional relations between the state and the enterprises are not yet based on clearly defined property relations. In the shareholding system, retained profits

were officially declared as enterprise property distinct from state property. In this sense, we note that enterprise property was actually donated by the state to the enterprise. The state thus formally gave up its legal ownership over retained profits. With the shareholding system, current asset owners are stockholders. What they obtain is the right to sell and purchase their stocks, but they lose the right to be directly involved in management. Instead, the legal person (the enterprise) obtains the right to control (and dispose of) the assets as it sees fit.

Reforms of the economic system in China are still ongoing: there is still a long way to go to establish a new economic system. Although the process of reform has not been smooth and is still full of difficulties, the achievements so far suggest that reform might be successful with more changes in the future.

METHODOLOGY

Despite all the efforts, China's SOEs' performance has not been satisfactory. The SOEs' share of total industrial output has dropped from 77.6% in 1978 to 28.4% in 1996 (ZHOU Mi and Xiaoming Wang, 2000). The SOEs' rate of return on net fixed assets has dropped from 22% in 1978 to 1.8% in 1996 (1997 China Statistical Year Book). The prime objective of this research is to explore the impact of changes in government policy upon the performance of these Chinese SOEs.

The approach is grounded in principle agent models and the dominant example is economic/econometric. We thus intend to build economic models that predict firm performance as outcomes to a managerial decision making process that is constrained by government policy. The main performance indicators in which we are interested is: productive efficiency. A major objective of the economic reform programme as it affected SOEs was to improve productive efficiency. The policy measures adopted as a means to this end included a reduction in the role of the plan, giving enterprises greater autonomy in making decisions; an increase in enterprise incentives, especially increased profit retention and the introduction of incentives for workers, most notably the payment of profit-related bonuses.

The approach assumes that the managers of SOEs will make their decisions in the light of their own objectives subject to policy (and other constraints). Determining the objectives of Chinese SOEs managers is an essential part of the problem. Unlike western managers, Chinese managers are not pure profit-maximizers. The motives of Chinese managers are much more complicated than those for western managers. No single or simple objective function applies to all Chinese state-owned enterprises. Enterprise objectives combine the motives of workers and managers and reflect the attitudes of supervisory and local government authorities. They also depend on the incentives and constraints that the enterprise faces. In this rubric, five main motives are distinguished: profit (more recently), output, compliance, welfare and engineering, in which profit and output are the two most important drives for managers.

Output. Output drive of the Konai variety also exists in China. The size and importance of an enterprise affect managerial prestige, and no ambitious manager would turn down an opportunity to expand his firm. Some enterprises were extremely expansionist at various stages of their development. The key ingredient appears to have been an exceptionally ambitious manager or a management team with the entrepreneurial talent to overcome most of the usual obstacles to expansion. If expansion through investment was thwarted, these firms turned to managers. Output is often linked with sales, especially in the early stage when prices are set by the government. But output cannot be the only motives because managers won't expand output infinitely which will eventually lead to a loss.

Profit. The possibility of retaining profits has noticeably increased the profit-oriented behaviour of Chinese enterprise. The link of profit retention with plan fulfilment and the use of retained profits for worker benefits or for investment means that enterprises will be profit oriented whatever their underlying objective – plan fulfilment, worker benefits, or expansion. But profits are only the immediate objective, and because of restrictions on the use of retained profits, enterprises will rarely wish to maximize profits. For example, an enterprise trying to increase the family income of workers will be interested in increasing retained profits, but only as long as these profits can be used to increase family benefits.

Compliance. Compliance is a more proper description than self-development, which has already been discussed. A very important managerial motive, closely related but distinct, is compliance with the directives of supervisors. This motive stems from a desire to be a good bureaucratic citizen rather than to produce a superior product and gain peer approval. And while it sometimes leads to a similar quest for recognition, it is more often associated with a desire for a quiet life and easy plan targets. This interpretation is particularly relevant to enterprises caught between confliction demands of multiheaded leadership.

Welfare. In most of China, welfare such as housing is another item that may serve as an incentive. Houses are usually allocated by the company to their employees. The employees can get a house (usually a flat) after serving for a period of time. It is possible because employees do not usually change their career when they serve in state-owned enterprises. (The situation changed recently because working in state-owned enterprises is not as secure as before.) The allocation and size of houses also depends on the hierarchy level. Managers get better and bigger houses, sometimes even decorated, than normal employees. Those houses would not always be affordable, just using their salaries plus bonuses. The only way for them to get such a house is to stay with their top positions in the enterprises. Other benefits, like luxury cars and travelling abroad are also hidden income.

Engineering. Another prominent managerial stimulant is the engineering or technological motive. Engineers often derive their greatest satisfaction from producing excellent products or using the most modern technique of production (Well 1975), and Chinese managers are increasingly selected from the ranks of engineering. A system of prizes for high-quality products and recognition for "advanced enterprises" reinforce this motive. Almost all enterprises proudly recounted their achievements, ranging from winning gold prizes to being designated as leak-free plants.

The above five drivers can be reduced to two for the purposes of simplifying and analysis: sales and profit.

In western countries, where it is generally assumed that managers pursue profit-maximization, the managers' utility function usually contains just profit, while these arguments suggest that in China, we have to consider both profit and sales as arguments of the managers' utility function, i.e. the Managers' utility function is

$$U = \alpha\pi + (1-\alpha)PQ \qquad (1)$$

Where PQ is sales revenue and π is Profit. The utility function changes as alpha changes. If the managers are pure expansionists, alpha equals zero and only sales matter. On the other hand, when profit-maximization is the only incentive, alpha equals to one. The manager's objectives change as alpha goes from zero to one. Obviously we would expect predictions about the firm's behaviour and performance to change as alpha changes.

Managers will maximise their utility function subject to certain constraints depending on the nature of the market and policy. For example if they are price takers (which is probably appropriate as prices are fixed by the government).

$$P = \overline{P} \qquad (2)$$

The nature of technology is another constraint,

$$Q = AK^{\beta}L^{1-\beta} \qquad (3)$$

where K, L are Capital and Labour respectively.

By definition the above variables are related according to

$$\pi = TR - TC = PQ - (wL + rK) \qquad (4)$$

where w is the cost of labour (wages) and r is the cost of capital.

The above simple framework will offer predictions as to values to be taken by various performance measures e.g. Q, π, and Q/L (which will in turn depend on the value of alpha). For example to maximize (1) with the constraints of (2) (3) and (4), we substitute (2) (3) into (1). Then we create an auxiliary function N, with the constraint: (4).

We get

$$N = \alpha(PAK^{\beta}L^{1-\beta} - wL - rK) + (1-\alpha)PAK^{\beta}L^{1-\beta} + \lambda(\pi - PAK^{\beta}L^{1-\beta} - wL - rK)$$

Differentiating N with respect to those endogenous variable L and letting the derivatives equal zero, we should be able to find the expressions for productivity and rate of return are then accessible.

To restate therefore, the main methodology is to specify a mangers utility function that is more general than is usually allowed. That function is then maximised subject to technology and policy constraints and we predict the relationship between performance measures and certain model parameters, predetermined variables and also policy parameters and or periods. We then move to testing and prediction by estimating the resultant econometric specification upon real world data relating to the outputs and inputs of Chinese SOEs in different sectors at different dates and under different policy regimes.

DATA

The data are in the industrial sector in the China Statistical Year Book from 1980 to 2002 across all provinces in China, which are provided by the National Statistical Commission of China. The National Statistical Commission of China was founded in 1952. But it introduced its statistic system reform thoroughly in 1978 together with the Chinese economy reform. The China Statistical Year Book was republished with new dimensions in 1980. From then, the National Statistical Commission of China has been keeping relatively unchangeable dimensions to measure SOEs for years. Data are reported layer upon layer from the bottom to the top as well as investigated by technical teams. All must be based on the accounting statements which are relatively reliable and constant.

The information in the data mainly includes: Main indicators of industrial SOEs enterprises with independent accounting system by region: Number of enterprises, Gross Industrial output Value, Value added of industrial, Total capital hold, Total circulating funds, Annual balance of circulating funds, Total fixed assets, Original value of fixed assets, Annual Average Balance of net value of fixed assets, Total liquid liabilities, Sales revenue, Costs of sales, Sales, tax and extra charges, Sales profit, etc.

The data are available at the industrial and regional-level. The methodology described in the above section is largely a firm-level orientated, thus for the empirical analysis we will employ the technique of the representative firm. The work about the principal-agent problem in Chinese SOEs done before, except case studies, also used the data in the China Statistical Year Book. Data are basically rigorous and reliable. In addition, it would be helpful and significant to compare and contrast my work results with other people's results based on the same data.

CONCLUSION

I have argued that, in the unique Chinese situation, a principal-agent approach is suitable for exploring the effectiveness of government reforms relating to SOEs. I will address the problem of Chinese SOE reform from the perspective of managers' incentives. Using theory to predict relationships between firm performance and policy regimes, the predictions of this theoretical development will be tested using data from the Chinese Statistical Year Book. This work will be supplemented by a series of related interviews and the policy implications drawn.

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ONLINE COMMUNICATION TRUST AND CULTURAL VARIABLES: THE COMPARISON OF AMERICAN AND JAPANESE ONLINE CONSUMER TRUST IN DYNAMIC PRICING

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ABSTRACT

The study examines, in an experimental investigation, the online consumer trust in retailer familiarity and dynamic pricing between different cultural contexts. Subjects from the United States and Japan will participate in a between-subjects experimental survey. The results will explain how cultures influence the perception of online trust and purchase intention.

INTRODUCTION

Since the 1990s, the e-commerce revolution has brought about a fundamental change in commercial transactions and online transactions have been popular in business practices. Compared to online B2B, online B2C transactions have recorded relatively slow growth because of consumers' lack of trust and high levels of perceived risk. In the absence of actual interpersonal relationships, online transactions require consumers to reveal personal information to unknown retailers and consumers' perceived vulnerability has been magnified. This insecure transaction environment hampers consumers' positive perceptions toward online communication. Thus, building consumer trust is crucial, however, the online communication environment poses inherently more complex conditions in creating trust. Under these circumstances, business practitioners have realized the need to understand what factors are positively and negatively related to the formation of consumer trust and how this trust is related to actual online purchasing. The concepts of the Theory of Planned Behavior, the Technology Acceptance Model, and Hofstede's cultural dimensions were employed to explore online consumer trust. The Theory of Planned Behavior explains how people make decisions and the Technology Acceptance Model provides sufficient theoretical explanations in investigating specific human behavior in terms of new technology usage. Understanding the relationship between Internet adoption and cultural variables is crucial for online marketers because online communication is not limited by national boundaries. National culture is a significant factor in exploring new technology implementation (Shane et al. 1995) and the concept of Hofstede's cultural dimensions was applied to examine cultural influences in online communication and consumer trust. This study contributes to the field in three ways. The first is to identify the antecedents and consequences of online consumer trust. The second is to evaluate two experimental variables (retailer familiarity and dynamic pricing) in establishing online retailer trust and behavioral outcomes. The third is to explore how cultural variables affect the formulation of online consumer trust.

LITERATURE REVIEW

Empirical studies have found that trust is one of the critical factors in developing electronic exchange relationships (Salam et al. 2005). Consumers visit online shopping sites to obtain information, but relatively few of these visits culminate in actual buying behavior. What role does trust play in the small conversion rate observed in most electronic communication? The lack of trust might provide a substantial threat in expanding e-commerce transaction and in preventing consumers from engaging in more online transactions (Jarvenpaa and Tractinsky 1999). Based on psychology, sociology, and social psychology perspectives, dispositional trust, institutional trust, and interpersonal trust were widely applied as the three dimensions of trust. Tan and Sutherland (2004) synthesized these dimensions and introduced a multidimensional trust model to explain the online trust relationships among consumer trust (dispositional trust), vendor trust (interpersonal trust), and Internet trust (institutional trust). The three different dimensions of trust provide the foundation of online trust concepts, current online trust studies, however, vary greatly in defining trust. The major problems include (1) ambiguity in defining trust and confusing trust with its antecedents and outcomes, (2) no consensus for the definition of trust among scholars, (3) different interpretations for the dimensions of trust, (4) no generally accepted 'best' measure, (5) narrow conceptualizations of trust by heavily relying on factor analysis (McKnight and Chervany 2002), (6) inconsistent results in general e-commerce consumer behavior and the lack of the theoretical evidences, and (7) ignorance of cultural contexts in examining online consumer trust.

CONCEPTUAL MODEL

Cultural variables, personal characteristics, and Internet experience are examined as exogenous constructs to predict *perceived online trust.* Perceived online trust influences *online retailer trust. Online retailer familiarity* and *dynamic pricing* are examined as experimental factors in establishing online retailer trust and *purchase intention* (see Figure 1).

Cultural Variables

Cultural variables are based on national cultural dimensions that include individualism/collectivism, power distance, masculinity/femininity, uncertainty avoidance, and long-term/short-term orientation. Ueltschy et al. (2004) argued that national culture is strongly related to consumers risk perception and the perceived risk across nations varies by product and service category. Additionally, cultural aspects influence an individual's perception of risk and trust (Yamagishi and Yamagishi 1994). Hofestede's cultural dimensions provide the basic concept of differences between America and Japan.

Personal Characteristics

Disposition to trust is a general personality trait that conveys an expectation of how trusting one should be (Kim and Kim 2005). Individual's trust propensity has been shown to have a direct effect in the formation of online transaction trust (Lee and Turban 2001). Jarvenpaa and Tractinsky (1999) found that people living in an environment with a strong culture of trust tend to have a higher propensity to trust. This indicates that an individual's propensities and cultural characteristics are strongly related to each other and consumption pattern and trust can be shaped differently in various cultural contexts.

Internet Experience

Online transaction trust is established differently depending upon an individual's lifestyle, age, educational background, and technology savvy (Mahmood et al. 2004). Li et al. (1999) found that frequent online consumers are more likely convenience-oriented, time constrained, and routinely use the Internet. In an online transaction, primary communication starts with a web transaction, and the website's perceived ease of use and perceived usefulness may determine consumer trust beliefs (Koufaris and Hampton-Sosa 2004). Internet knowledge and prior experience reduce an individual's perceived risk in online purchasing (Lee and Tan 2003). People who are technologically savvy have more experience with the Internet and have a more favorable perception toward online transaction (Mahmood et al. 2004).

Perceived Online Trust

The concept of perceived online trust comprises online transaction trust and perceived web risk. A high level of risk prevents consumers from utilizing online transaction (Kim and Kim 2005) and produces a potentially negative outcome in online transactions (Featherman and Pavlou 2002; Javanpaa et al. 1999). Perceived risk is higher in Internet shopping and consumers simply do not trust most web providers enough to "engage in relationship exchange" (Hoffman et al. 1999, p. 80). Thus, high-risk generates low trust perception. On the other hand, high trust mitigates the consumer's perception of the risks and increases intention to transact (Javenpaa and Tractinsky 1999).

Experimental Variables

Familiarity is an understanding of the current actions of other people or objects (Gefen 2000) based on knowledge. Online retailer familiarity reduces uncertainty and increases the level of trust in online transactions. Disposition to trust is important for the person who has no prior interaction with the retailer, but retailer familiarity can replace the disposition to trust for repeat customers (Gefen 2000). Dynamic pricing is defined as the buying and selling of goods and services in markets where prices are free to adjust in response to supply and demand conditions at the individual transaction level (Garbarino et al. 2003) and price discrimination depends on timing or consumer's actions. Individual-level price discrimination, price premium and price dispersion are categorized into dynamic pricing. These systems are not new, but online communication offers a better environment for dynamic pricing by allowing easy access to information analysis without time constraints. Pricing is based on objective product attributes, but it can be that subjective evaluation and price perception is highly related to cultural context and influences trust building.

RESEARCH HYPOTHESES

First, three exogenous constructs are to be examined in order to explore perceived online trust. The hypothesis assumes that perceived online trust is influenced by cultural variables, personal characteristics, and Internet experience. Personal characteristics include exploratory behavior, disposition to trust, and the perception of the price-quality relationship. The number of years of Internet use and the amount of time spent on the Internet (Bellman et al. 1999) as well as Internet usage for shopping are asked in order to evaluate the internet experience. Information search patterns and the effects of information are various depending upon an individual's propensity to trust (Dawar et al. 1996) and the societal culture of that individual.

Members of collectivist cultures are less likely to trust someone who is not part of their in-group (Yamagishi and Yamagishi 1994). People from high uncertainty avoidance cultures are more likely to avoid using new technology because the adoption of unfamiliar technology generates high ambiguity situations with the uncertainty of innovation process (Hasan and Ditsa 1999). High power distance cultures also resist innovation because new technology can threaten authority and decrease power.

H1a: Personal characteristics are strong indicators in determining perceived online trust.

H1b: The more a consumer experiences online transaction, the higher his/her online trust is.

H1c: Japanese consumers have lower online transaction trust than American consumers.

Second, the relationship between perceived online trust and online retailer trust is examined. This study assumes that perceived online trust affects the formation of online retailer trust. Also, retailer familiarity and dynamic pricing are important factors in establishing online retailer trust. Most research findings explain that trust and price discrimination have strong relationships and the mechanism of dynamic pricing can increase or decrease consumer trust. Consumers' perception of retailer familiarity and dynamic pricing might differ depending on the cultural environment. People from collectivist, high uncertainty avoidance and high power distance cultures might need more information and retailer familiarity is a more important factor in establishing online retailer trust than other cultural contexts.

H2a: Perceived online trust positively relates to online retailer trust.

H2b1: Retailer familiarity is positively related to online retailer trust.

H2b2: Dynamic pricing is negatively related to online retailer trust.

H2b3: Japanese consumers are more concerned with retailer familiarity in building online retailer trust than Americans consumers.

H2b4: Japanese consumers perceive dynamic pricing more negatively in building retailer trust than American consumers.

Third, the relationships between online retailer trust and purchase intention is examined. The hypothesis assumes that online retailer trust is a strong exogenous construct for purchase intention.

H3: Online retailer trust is positively related to purchase intention.

METHODOLOGY

The data will be collected from the United States and Japan. According to Hofested's cultural dimensions, two countries indicate quite differences in cultural values and help the researcher measure the different effects in building consumer trust. The sample consists of university students from the two countries. Lee and Tan (2003) found that 56 percent of Internet users are in the 15-29 age group and that students can be categorized into heavy Internet users and are familiar with online purchasing. This study will employ a web -based experimental survey methodology. After voluntarily agreeing, subjects will receive an e-mail from the researcher. First, subjects will be asked to answer questions that provide a baseline measure of their Internet experience, online purchasing experience and general perceptions of their online transaction. Then, a scenario is prepared for experimental research. "Assume that you are a consumer in need of a new watch in a price range from $150-250, and that you have decided to purchase a replica watch from (retailer name) online retailer." The subjects will be asked to visit a website, either a familiar or a less familiar retailer website. The two website contents and layouts have exactly the same except the retailer's names and logos. To explore the perception of dynamic pricing, first, the price will be given by range. In the dynamic pricing conditions, when a watch is selected, the retailer will give a discount price. In addition, the retailer provides a special price for consumers who buy the second watch. After making a purchase decision, subjects are asked to answer questions about the perception of the online retailer trust. The experimental approach utilizes a between-subjects design: 2 (retailer familiarity) x 2 (dynamic pricing) x 2 (country). How these experimental factors affect online retailer trust and purchase intention in different cultural environments will be evaluated (see Table 1).

ANALYSIS AND RESULTS

Measurement reliability will be examined with CFA using LISREL. CFA is based on the observations that every theory implies a set of correlations and if the theory is valid, then the theory should be able to explain or reproduce the patterns of correlations found in the empirical data. SEM is inherently a confirmatory technique and allows the relationship between constructs to be automatically correlated for the amount of error variance that exists in the construct measures (Hair et al. 2006). Thus, CFA/SEM provides the ability to assess construct validity. Cross-cultural studies often involve comparing constructs and the questionnaire items should be translated in a way that does not alter the item's meaning for responding to the same concepts in each group for construct validity. In this study, the questionnaire is originally written in English and back-translation strategy is used to ensure that all items match the Japanese questionnaire precisely. Consumers from different cultures might have different concepts in building trust, and retailer familiarity and dynamic pricing might affect the formation of trust either negatively or positively.

DISCUSSION

With the advance of new communication technologies, online shopping has become a common transaction mode and the understanding of consumer trust in virtual markets is crucial for successful online businesses. Online transaction has been expanded toward global markets and diverse consumers' behavior creates more complicated issues in establishing consumer trust. The author argues that the role of culture has been greatly underestimated and most previous studies were limited within situational analyses. Thus, the lack of understanding between cultural influences provides only myopic interpretations of online consumer behavior. Cultural variables affect not only main constructs such as general online perceptions, but also other external factors that might play an important role in establishing online retailer trust and purchase intention. There are many constructs that need to be examined as ongoing inquiries. This study focuses on examining online retailer familiarity and dynamic pricing, as well as cultural influences in the formation of online consumer trust. Online markets have become more competitive and online retailers have employed dynamic pricing to expand their virtual markets. Dynamic pricing is one of the crucial strategies utilized to gain consumers' attention, but sometimes it produces negative aspects in building a relationship with consumers. This study assumes that retailer familiarity and dynamic pricing might have a relationship in building online retailer trust and the relationship might have different perspectives in different cultural contexts. In conclusion, examining antecedents and consequences of online consumer trust in different cultural contexts are meaningful inquiries and the findings will provide valuable information for practitioners and researchers in the prospering global online business.

Figure 1. A Model of Online Consumer Trust
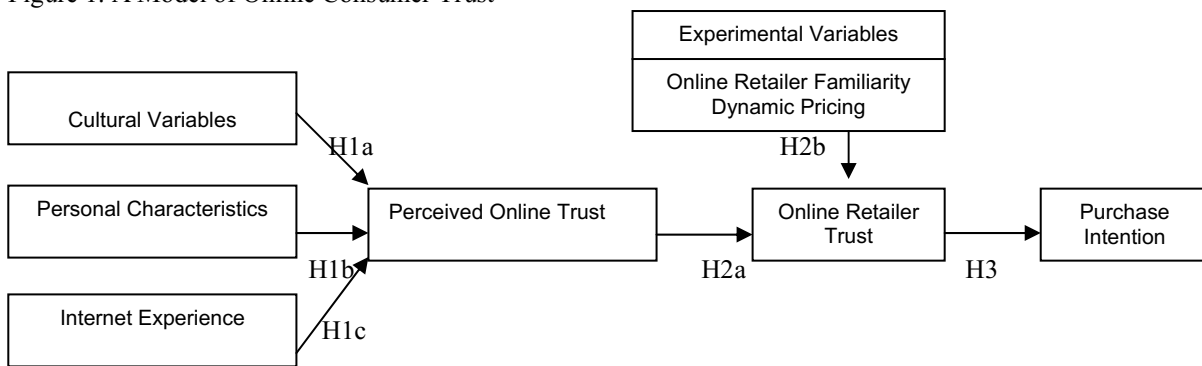
Table 1. A between-subjects design: 2 (retailer familiarity) x 2 (dynamic pricing) x 2 (country)

U.S.A.	Static Pricing (One price per watch)	Dynamic Pricing (2nd Watch at ½ price)
Familiar Retailer	High Trust	
Unfamiliar Retailer		Lowest Trust

Japan	Static Pricing (One price per watch	Dynamic Pricing (2nd Watch at ½ price)
Familiar Retailer	High Trust	
Unfamiliar Retailer		Lowest Trust

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PERCEIVED SUPERVISORY SUPPORT: A META-ANALYTIC REVIEW

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ABSTRACT

A meta-analytic review of the perceived supervisory support (PSS) literature was conducting, finding that PSS is positively related to perceived organizational support (POS), job satisfaction and affective commitment and that boundary spanning employees and degree of individualism moderate the relationship between PSS and POS.

INTRODUCTION

Over time, employees' attitudes, behaviors and emotions are affected by their perceptions of the workplace. These perceptions include both feelings of support received directly from their supervisors and from their organizations as a whole. Research has suggested that employees can differentiate the support received from their supervisor from that of the organization (Kottke and Sharafinski 1988). In addition, research has shown that an employee tends to value feedback most from those closest to him or herself (Greller and Herold 1975). With this in mind, researchers have investigated the impact of supervisory support on various outcomes including an employee's performance and commitment. Basically if an employee feels that their supervisor supports them, the employee will feel more satisfied with and more committed to their job, which translates to decreased turnover and higher performance. By understanding supervisory support, organizations will be able to better understand their employees' needs, which will ultimately improve satisfaction and commitment.

The goal of this research endeavor is three fold. The first goal is to go outside the marketing literature and search out studies from other disciplines, particularly within the psychology, management, organizational behavior and communication literatures, since PSS lacks exposure in the marketing literature. The second goal is to examine the relationships between PSS and key consequences of PSS, such as POS, job satisfaction, and commitment using a meta-analytic approach. The third goal is to examine several important moderating variables (i.e. boundary spanning personnel and the degree of individualism) to see how these moderators impact the relationships between PSS and POS, job satisfaction, and affective commitment.

PERCEIVED SUPERVISORY SUPPORT

The notion of PSS stems from social exchanges between the individual and the supervisor (Kottke and Sharafinski 1988). Initially, the concept of PSS was created in order to better explain the development of employee commitment to a supervisor via social exchange theory, which presumes that social exchanges are the reciprocation of valuable resources that promote the building and preservation of interpersonal relationships (Lynch et al 1999). In other words, employee commitment is a two way street, in that employees perceive that their effort and commitment to the supervisor should be exchanged for benefits and rewards from the supervisor that are both tangible and intangible (Kottke and Sharafinski 1988).

CONSEQUENCES OF PERCEIVED SUPERVISORY SUPPORT

There are three consequences of PSS under investigation in this study: POS, affective commitment, and job satisfaction. Eisenberger et al. (1986) suggests that in order to determine the organization's readiness to reward increased work effort; employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well being. POS is also based on social exchange theory, where the more an employee feels that they are supported by the organization, the more the employee will be committed to the organization, thereby, the more the employee will help the organization reach its goals and objectives. Research has shown that PSS is positively related to POS (e.g. Yoon et al 2004); therefore, the research question posed in this study is: *RQ 1: Is PSS positively related to POS?*

Organizational commitment has been defined as the magnitude of the employee's identification and involvement with an organization (Mowday, Porter, and Steers 1982). Much attention has focused on the study of organizational commitment, with organizational commitment being conceptualized in several different ways including commitment as an obligation, a cost and an affective attachment. However the most prevalent approach to organizational commitment in the literature is one in which commitment is considered an affective or emotional attachment to the organization (Allen and Meyer 1990). Armstrong-Stassen et al (2001) found that PSS was positively related to affective commitment; therefore, the following research question was created: *RQ 2: Is PSS positively related to affective commitment?*

Job satisfaction is a representation of how content an employee is with their job. It is an important aspect of an employee's motivation and their contributions to the organization. Locke (1976) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. If an employee feels that his or her values are realized in the organization and on the job, that employee will have a positive attitude towards the job and achieve job satisfaction (McCormic and Tiffin 1974). Job satisfaction may cut down irregular attendance at work, turnover and the rate of on the job accidents (Kahn 1973). Since PSS suggests a reciprocal relationship between the employee's perception of supervisory support and the thoughts, feelings, attitudes of the employee, PSS should be positively related to job satisfaction; therefore, we offer the following research question: *RQ 3: Is PSS positively related to job satisfaction?*

MODERATORS

Two key moderators are examined in this study, including boundary spanning employees and Hofstede's individualism index. Boundary spanning employees have long been of interest to both marketing academicians and managers. This is because boundary spanning employees, also known as frontline or customer-contact employees, have been historically charged with disseminating information coming from the external environment and relaying it to the organization as well as being charged with representing the face of the organization to the customer. These are significant responsibilities because the boundary spanner may be the only line of defense from competition and changes in the customer base. Because of this, a boundary spanning employee is the link between the organization and the outside world (Aldrich and Herker 1977). Boundary spanners have been investigated in a variety of contexts and across a number of variables such as role stress, organizational commitment, turnover intentions, job performance, job satisfaction, and perceived organizational support (e.g. Edmondson and Riggle 2005). This prior research has suggested that boundary spanning and non-boundary spanning employees are dissimilar in nature (i.e. Singh, Goolsby, and Rhoads 1994), leading to the following research question: *RQ 4: Is PSS more important for boundary spanning employees than for non-boundary spanning employees?*

The degree of individualism is just one dimension used to differentiate national culture as postulated by Hofstede (1997); however, it has been the most popular approach when studying cross cultural differences (Robert and Wasti 2002) because it has provided the most valuable explanations of attitudes and behaviors across national cultures (Cho et al 1999). Because of this, Hofstede's individualism index (IDV) is used as a moderating variable in this study. In an individualistic culture (e.g. United States, Western Europe), relationships between the employee and employer are based on both parties benefiting. Along with this, tasks are more important than the relationship between the employee and the organization. Conversely, in collectivist cultures (e.g. China, Japan, Korea) employees preferences are secondary to those of the entire organization, and group harmony is strived for (Hofstede 1997). This leads us to the following research question: *RQ 5: Does IDV moderate the relationship between PSS and POS, job satisfaction and affective commitment?*

METHOD

Literature Search, Inclusion Criteria, and Coding of Studies

A multi-sampling approach was undertaken to ensure that the final database of studies was as representative as possible. First, we completed a computer search of ABI/Inform; PsycINFO; Wilson Web; Emerald; Science Direct; Ingenta; ERIC; OVID; Wiley Interscience; OCLC First Search and Dissertation Abstracts in order to identify relevant published and unpublished studies. These databases contain published articles, conference proceedings, and unpublished doctoral dissertations and master's theses. Any study containing the term *perceived supervisory support* in its title, abstract, and/or full text was considered. Using Web of Science's citation index, we searched for all articles that referenced the original PSS article by Kottke and Sharafinski's (1988). Because the PSS scale was originally adapted from Eisenberger's (1986) POS scale, any article referring to Eisenberger was also examined. Finally, we examined the reference section of each article identified from the above searches in order to determine if there were any other relevant articles.

Inclusion of studies in the current meta-analysis is based on only one criterion: that the article possessed the product-moment correlation coefficient (r) or at least the necessary information needed to derive this correlation. Prior to coding each article, a coding form was developed and included variables believed to be present in the studies. To check for coding quality, two researchers coded the studies independently, with the initial inter-rater reliability being .94. All minor differences in coding were resolved through discussion. After capturing the necessary effect size information from each study, each effect size was corrected for attenuation bias (Hunter and Schmidt 1990). If a study did not include one or both of the required reliabilities for a relevant construct (or pair of constructs), then the average weighted reliability(s) for that particular construct(s) across

all the studies was used in correcting the reliability (see Geyskens, Steenkamp, and Kumar 1998). Then all the reliability-corrected correlations were transformed into Fisher's z-coefficients using Lipsey and Wilson (2001) recommended r-to-z transformation procedure. To allocate greater weight to those estimates that were more precise, the z-coefficients were weighted by an estimate of the inverse of their variance (N-3) (Lipsey and Wilson 2001).

FINDINGS

Descriptive Statistics and Homogeneity Analysis

Upon completion of the multi-sampling and selection processes, a total of 37 correlations were obtained from 19 published and 5 unpublished studies, doctoral dissertations and master's theses. Even though there were 24 different articles, there were actually 25 independent studies as one article contained two different samples. Industry types for the 23 non-student independent studies are as follows: 7 manufacturing and corporate firms, 8 service-oriented firms (health care, education, and government), and 8 mixed or multiple industries. The reported reliability for the PSS scale ranged from .7 to .98, with the average reliability weighted by sample size being .836. Thus, on average, the PSS scale showed a relatively strong internal consistency across studies (Nunnally and Bernstein 1994).[1]

Homogeneity was tested using the Q statistic for each of the constructs included in this study. If a study is homogeneous, then the variance of the distribution of effect sizes is no greater than that expected from sampling error alone. For each of the constructs, the Q statistic was highly significant; therefore, a random-effects model was used.

Meta-Analytic Results and Fail-safe N Statistics

Among the constructs under investigation, the PSS-POS relationship has been the most frequently examined relationship (18 studies). Substantially less attention has been paid to the association between PSS-Job Satisfaction (9 studies) and PSS-Affective Commitment (10 studies). The meta-analytic results for perceived organizational support (r = .60, p < .001), job satisfaction (r = .51, p < .001), and affective commitment (r = .45, p < .001) all exhibited strong positive relationships with PSS, according to the rule of thumb for effect size magnitude established by Cohen (1977). Although there was a strong positive relationship between PSS and POS, the correlation of .60 between these two scales show support for Kottke and Sharafinski's (1988) finding that these scales are not measuring the exact same thing. In other words, employees can differentiate supervisory support from organizational support. As for job satisfaction and affective commitment, results show that the level of supervisory support affects an employee's level of satisfaction towards the job as well as the employee's level of commitment to the job. Therefore, this implies that employees with higher supervisory support feel more satisfied with and more committed to their job. Table 1 displays the meta-analytic results.

In order to reduce the amount of publication bias, this study included both published articles and unpublished doctoral dissertations and master's theses. In addition, fail-safe N's were calculated for each relationship under investigation. All of the constructs had fail-safe N's ranging from 160 to 220 (average of 188); therefore, each passed the $5k + 10$ criterion set forth by Rosenthal (1995). The high numbers for fail-safe N's reported in Table 1 indicate that studies not included in the meta-analysis do not represent serious threats to the validity of the findings.

Moderator Analyses

Two moderators were under investigation in this study. Regression analysis was utilized for the quantitative moderator, IDV, while analysis of variance (ANOVA) was used for the qualitative measured factor, boundary spanning employees. In order for a moderator analysis to be conducted, the sample size was required to be equal to or greater than five studies. For ANOVAs, there was additional requirement in that there had to be at least five studies per group. Because of this requirement, only the boundary spanner moderator analysis for the PSS-POS relationship could be conducted. For the PSS-POS relationship, the moderator result for boundary spanning employees was highly significant. The PSS-POS relationship is positive for both boundary spanning (r = .60) and non-boundary spanning employees (r = .48); however, this relationship is stronger for boundary spanning employees. Since boundary spanning employees are customer contact employees, these employees have the most contact with their supervisor and usually have limited contact with other employees and the organization. Because of this, the level of supervisory support is closely related to the level of organizational support the boundary spanning employee perceives. For the moderator, individualism index (IDV), only one out of three models was

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[1] Data used in the meta-analysis is available upon request.

significant. The model examining the relationship between PSS and POS was statistically significant. The model had an R^2 of .71 and negative β coefficient, indicating that the PSS-POS relationship is stronger for collectivist as compared to individualistic cultures. For collectivist cultures an employee's perception of supervisory support is extremely similar to the level of organizational support an employee feels; therefore, the usage of both the PSS and POS scales in a survey instrument provides redundancy in collectivist cultures. This finding makes conceptual sense since collectivist cultures are motivated via group membership. On the other hand, in individualistic cultures, it is necessary to ask both measures in a survey instrument as these scales are conceptually different. The level of support an employee feels from a supervisor is not necessarily similar to the level of support an employee feels from the organization. The models examining the relationship between PSS-job satisfaction and PSS-affective commitment were not statistically significant, suggesting that IDV does not influence the strength of these relationships. A summary of the moderator analyses can be found in Table 2.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

As with any study there are limitations and threats to the validity of the study that should be noted. First, meta-analysis results are only as good as the studies that are included in the meta-analysis (Lipsey and Wilson 2001). Second, sampling bias could provide issues for the interpretation of meta-analytic findings, since it is much easier to find published studies. Third, the generalizability of the results could be called into question in that each study was taken from a different sample. The samples that the included studies draw from may not be the sample that researchers would like to generalize to. Therefore, it is important to be careful when extrapolating these results to new or different situations.

Findings from this study spur several interesting ideas for future research. First, it would be interesting to investigate the effects of different levels of supervisory support and its impact on employee's attitudes toward the firm and the job. Second, more research is needed examining the impact of PSS on different types of boundary spanning employees. For example are there differences in the levels of PSS needed for field sales employees versus non-field sales employees? Third, more research is needed when examining PSS in different cultures, especially for collectivist countries. For this study, there were only six countries included in the analysis; therefore, more research in other countries is needed. Finally, there are many areas where little research has been conducted regarding how PSS affects other antecedents such as role stressors and consequences such as performance; therefore, additional research on these understudied areas is needed.

TABLE 1: META-ANALYTIC RESULTS

Construct/Statistic	r* [a]	Std. Error	Range of r	Q	# of Studies, k	# of Respondents, n	Fail-safe N
POS	0.6	0.09	.13 - .75	747.1	18	6088	220
Job Satisfaction	0.51	0.08	.20 - .65	116.9	9	2341	184
Affective Commitment	0.45	0.05	.21 - .69	53.6	10	2478	160

* Average Weighted Correlation, Corrected for Attenuation Bias

[a] $p < .001$

TABLE 2: MODERATOR ANALYSES

Moderator/Construct	k	Q for Moderator	R^2	Beta	r	Std. Error
Boundary Spanning Employees						
POS	10	19.3 [a]				
▪ Boundary Spanner	5				.60 [a]	.03
▪ Non-Boundary Spanner	5				.48 [a]	.03
IDV						
POS	18	527.3 [a]	.71	-.84		
Job Satisfaction	9	1.05	.01	.09		
Affective Commitment	10	0.41	.01	.09		

[a] $p < .001$

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AN ANALYTICAL FRAMEWORK TO STIMULATE CROSS-SELLING AND RETENTION IN THE UK FINANCIAL SERVICES INDUSTRY: A CASE STUDY

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ABSTRACT

Relationship Marketing is critical to financial services to promote customer retention and cross-selling. This paper offers a quantitative approach to address: (1) segmentation; (2) cross-selling; and (3) purchase sequence in a UK financial services company. The objective is help companies identify the most profitable customers to retain.

INTRODUCTION

UK financial companies, characterised by Morgan and Percy (1990) as undeveloped and reluctant to adopt the marketing concept, have suffered pressure to become more customer centred (Speed and Smith, 1992) due to several factors: deregulatory process of the 80s have changed the competitive scenario (Slattery and Nellis, 2005); the growth of information technologies has allowed more complex strategies (Kutner and Cripps, 1997); and finally, financial services consumers have become more sophisticated (Knights et. al, 1994).

Under these competitive circumstances, companies' objectives are aimed at gaining the more profitable customers, those who repeatedly return to the company to acquire more services and who therefore can be regarded as loyal. This reference to loyal customers and returning ones arises from Relationship Marketing, which focuses on retaining customers by building up profitable relationships with them. This paper is aimed at providing a systematic analytical approach to forecast prospective business opportunities (cross-selling and up-selling) as vehicles to promote customer retention. This study will be structured as follows. First section will try to contextualise the research into the appropriated conceptual framework of Relationship Marketing. The second part will present the research goals with an explanation of the analytical approach and tools chosen to address them. After that, section three will cover the data and the analysis of results derived from the application of several techniques. This paper will conclude with the limitations and suggestions for further research in section four.

CONCEPTUAL FRAMEWORK

The idea of building relationships with customers was firstly introduced by Barry in 1983. Bruhn (2003) states that Relationship Marketing covers all actions for the analysis, planning, realisation, and control of measures that initiate, stabilise, intensify, and reactivate business relationships with the corporation's stakeholders – mainly customers- to the creation of mutual value.

Previous research has suggested the benefits associated with retaining customers with the company. Long-term customers are less sensitive to competitors' marketing activities (Colgate et. al, 1996); Long-term customers have lower sensitivity to company's prices (Kotler, 2003); Long-term customers are more likely to become a company's advocators by using positive word of mouth (Colgate et al., 1996); Long-term customers reduce pressure on a company to acquire new customers (Dawes and Swailes, 1999); Long-term customers show higher consumptions rates (Paulin et al., 1998); Long-term customers are less costly to approach and to serve as they already know the company and its procedures (Bejou et al., 1998). Therefore, as long-term customers buy more and are cheaper to serve, they generate higher profits for companies (Van der Poel and Larivière, 2004).

From all the different ways to generate retention, this paper will focus on identifying cross-selling and up-selling opportunities. The reason is that customers acquiring more products from the same provider are more likely to remain with the company as the cost of switching current provider increases (Kamakura et al., 2003). Moreover, Knott et al. (2002) suggest that customers with high rates of consumption generate higher assets for the company. Effective cross-selling and up-selling require companies to have an exhaustive knowledge and understanding of their customers to offer them the right products at the right time.

RESEARCH CONTEXT

The approach of the paper consists of (1) segmenting and profiling customers, (2) understanding their acquisition pattern and the factors which impact on customers' decision to repurchase, and (3) forecasting the time when those repurchases are more likely to occur again.

Segmentation

Market segmentation has become accepted and followed as a strategy in itself by the financial services (Speed and Smith, 1992). It consists of grouping customers with similar characteristics and responses to specific marketing activities. In this paper we will group customers by selecting as segmentation basis demographics[1] (in order to profile customers) and consumption behavioural models[2] (in order to understand how customers proceed during their relationship with the company). The main tool used in this phase is K-Means Cluster. This consists of grouping individuals based on their responses to the variables mentioned before, based on how close customers are amongst them using the Euclidean Metric as the selection criteria.

Repurchase Behaviour

This phase accomplishes two different objectives. On one side, we will carry out an Acquisition Pattern Analysis. On the other, we will try to assess the factors with the deepest impact on the repurchase behaviour.

The Acquisition Pattern Analysis can generate suitable cross-sell leads. It has been already used to describe the order in which customers have acquired products and services, in doing so we will use a very simple but highly visual technique: Purchase Trees (Salazar et al., 2004). This technique displays consumption over time for each segment under a tree shape showing cross-selling in boxes (cross-selling) and up-selling in ellipses (up-selling)[3].

The second objective tries to understand which factors have an impact on the repurchase decision. The technique used to model retention is Survival Analysis (Cox Regression, Cox 1972) which models the occurrence on events using both discrete and continuous variables as explicative factors and introduces time's influence (Stare et al., 2001). Its mathematical expression (1) is as follows:

$$h_i(t) = \lambda_i(t)\ exp\{\beta_l x_{i1} + ... + \beta_k x_{ik}\}\ \ (1)$$

Time Sequence

The importance of offering not only the right product, but also do it at the right time has already been mentioned before, otherwise customers may not find it attractive, usefulness or interesting. Due to this, the last stage tries to forecast the time when customers are more likely to response positively to company's offers. The tools employed here are basically graphical and they are derived from the survival analysis explained previously. One of Survival Analysis's outputs is Survival Curves, which plot the influence of time on the event probability -repurchase (Allison, 1995). Finally, for the cross-selling and retention purposes, Survival Curves give an idea about when companies should approach customers with further offers as they have higher predisposition to accept them.

DATA AND ANALYSIS

The data has been collected from the customers' data warehouse of a UK Investment and Insurance company constituted by almost 4000 customers. The variables introduced in the analysis (i.e. age, marital status, premiums, value, number of products, type of products/policies, dates of consumption, sales channel) were provided by default by the company with no chance for the researches to include any other variables which could have been interesting for the purposes of the study.

Analysis

The analysis will be presented under three different sections corresponding to the three stages of analysis. In the first one, we will start with the overall segmentation analysis and the explanation of all the segments identified. However, due to space restrictions, in the successive stages, we will focus on the results of the analysis of only one cluster to exemplify the process.

Segmentation: Who Buys?

To classify customers K-Means Clustering Technique has been used introducing socio-demographic and past purchase behaviour variables as grouping factors. Using Square Mean Error and Cluster size, four clusters have been identified (Table

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[1] Age, Marital Status and ACORN classification
[2] Number of Products, Sales Channel, Premiums, Length of the relationship with the company, Value of the customer
[3] Expressed in percentage

1). The validity of these final four clusters has been tested by the Discriminant Analysis. From this, it could be concluded that more than 92 % of customers have been correctly allocated in the clusters which validates their previous allocation.

As a summary, we could conclude that customers have been allocated in four groups which differ from each other in socio-demographic factors and in their purchase behaviour. Therefore, they also request adequate retention and cross-selling strategies.

From this point, we will continue the analysis with Cluster 1. This cluster (34%of the data-set) is the most challenging. Although its customers have been in the company for more than six years, their consumption reduces to two products with a total premium of £ 1950. Moreover they request a continuous care from the sales force (Direct Sales are preferred by 70.8%). Finally in terms of value, they maintain a medium position (2.5) for the company.

Purchase Sequence: What Customer Buys?

Making use of the Purchase Tree figure (Figure 1) it can be deduced that Cluster 1 could be a high profitability segment if customers were managed to reach the third purchase. After the second policy, consumption becomes much more active with the inclusion of two new products: IPP and PEP. Moreover, as these customers evolve, they become more sophisticated in their consumption (ISA reduces and Personal Equity Plans appears) and more worried about their retirement (Protection remains and Individual Pension Plans increases). With regard to up-selling, products as Protection and IPP show high levels of repurchase, but above them, Single Premium Investment holds a dominant position overtime. After identifying the Acquisition Patter, the objective is now to detect the factors which have an impact on the repurchase behaviour. From Cox Regression, the final model (Table 2) could be written like this:

$Purchase_i(t) = exp\{0.026\ Age + 0.185\ ACORN\ A + 0.068\ ACORN\ B + 0.108\ ACORN\ C - 0.566\ ACORN\ D + 0.951\ Number\ of\ Products + 0.180\ Value + 1.10\ Direct\ Sales\ Channel + 2.827\ Life@Co\ 1-3 + 2.504\ Life@Co\ 4-6 + 1.959\ Life@Co\ 7-9 + 1.161\ Life@Co\ 10-12 + Life@Co\ 13-15\}$

It is significant that the majority of the significant variables are related to the experience that customers have with the company. The implications of this result should serve as an example for companies to manage carefully each interaction with their customers as tomorrow's operations depends on today's actions.

Purchase Sequence: When Customer Buys?

This final section of the analysis focus on predicting purchases times. It refers to when customers are more likely to acquire a new product. The results derive from the Survival Analysis Curves generated with the estimation of Cox Regression Model. From this output (Figure 2a & 2b), it can be concluded that as time goes by, the repurchase probability decreases. This emphasises the value of contacting people shortly after their first purchases. In conclusion, the right time to approach this segment[4] is one year after the first purchase, and after that, apparently in another six months they will be ready to acquire a third policy.

DISCUSSION AND LIMITATIONS

The better financial institutions know their customers, the better their ability to understand and predict future customers' needs. This study has manifested how, a systematic analytical approach and the use of appropriate data mining and statistical techniques can help companies identify prospective business opportunities and manage different customer segments depending on their necessities and characteristics.

From the segmentation analysis we have identified four segments whose consumption depends on their life cycle stage. Moreover, we have identified significant differences on their consumption during their relationship with the company. Those findings support the necessity of first profiling customers to later design appropriate retention strategies.

The Acquisition Pattern Analysis has manifested how products' consumption evolves through successive purchases and how products interrelate to each other generating more business opportunities. However, in order to translate those opportunities into real transactions, it has been detected the influence of age (referring again to the life cycle theory) and factors related to the previous experience with the company as the most decisive to generate repurchase. Finally, from the time analysis, it can be concluded the value of contacting customers shortly after their purchases to increase repurchase ratios. This could be the result of "satisfaction" or "familiarity" which could act as facilitating factors for customers to acquire more products from the company.

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[4] This analysis just covers the first three purchases as the average consumption of this cluster was 2.2 products looking at 95% of repurchase probability.

However, this study accounts with few limitations. On one side, the research is limited because of the use of just one company's database, therefore customers' purchase behaviour from competitors can be missed (Kamakura et al., 2003). On the other side, it has not been taken into account the influence of the company's marketing activities (Prinzie and Van de Poel, 2004) on the consumption decision. Moreover, this paper suggests a set of statistical and data mining techniques, however they are just a small sample of the available tools existing to analyse customers' data. Finally, the company selected is mainly focused on investment products; therefore it might not be the most representative example from the whole UK's Financial Services Industry

Van den Poel, D. and Larivière, B. (2004)"*Customer attrition analysis for financial services using proportional hazard models*" – European Journal of Operational Research Vol. 157 p.196-217

Table 1: Final Clusters Centres

	Cluster 1	Cluster 2	Cluster 3	Cluster 4		Cluster 1	Cluster 2	Cluster 3	Cluster 4
Size	1345	654	1326	599	Sales Chan.	Direct	Direct	Direct	Mixed
Age	41,59	55,89	30,74	49,71	N# products	2,12	1,81	1,55	3,99
Mar. Status	Married	Married	Single/Married	Married	Premiums £	1950	6967	1176	5000
Gender	Male	Male	Male/Female	Male	Life at co	6,47 yr	3,91yr	2,28 yr	22,05 yr
ACORN	B-C	A-B	B	A	Value	2,59	5	3,82	4,15

Table 2: Estimation of Coefficients from Cox Regression

	B	Sig.	Exp(B)		B	Sig.	Exp(B)
Age	0,026	0,025**	1,026	n# products	0,951	0,000**	2,588
Mar. Status		0,336		Value	0,18	0,001*	1,197
Single	-0,18	0,558	0,835	Length relation.		0,000**	
Married	0,192	0,546	1,212	< 3 years	2,827	0	16,892
Divorced	0,159	0,138	1,172	between 4-6	2,504	0	12,234
ACORN		0,002**		between 7-9	1,959	0	7,093
ACORN (A)	0,185	0,245	1,203	between 10-12	1,161	0,001	3,192
ACORN (B)	0,068	0,673	1,07	> 12 years	1,306	0	3,691
ACORN (C)	0,108	0,548	1,114	Direct Channel	1,21	0,000**	1,256
ACORN (D)	-0,566	0,01	0,568	Mixed Channel	0,065	0,432	1,263

** accepted at 0,01 and 0,05 of significance level   * accepted at 0,05 of significance level
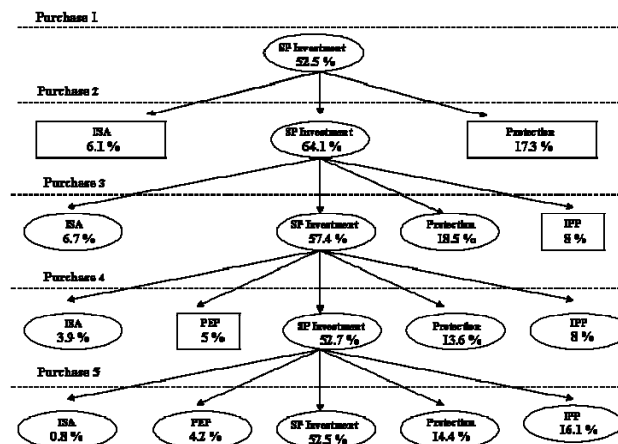
Figure 1: Purchase Tree for Cluster 1

Figure 2a: Survival Curve for
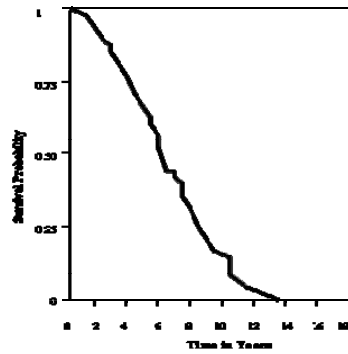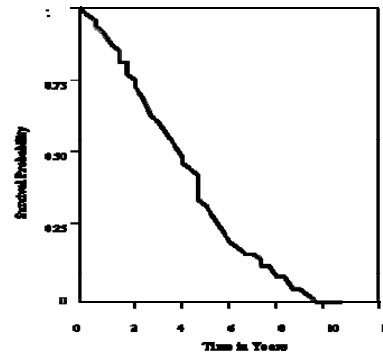**First and Second Purchase**

Figure 2b: Survival Curve for
Second and Third Purchase

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FACTORS INFLUENCING STUDENTS' SELECTION OF CREDIT CARDS: SOME INITIAL RESULTS

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ABSTRACT

Although much attention has been devoted to bank choice criteria by marketing researchers (e.g. Sinkula and Lawtor, 1988; Thwaites and Vere, 1995; Ta and Har, 2000; Almossawi, 2001; Devlin, 2002; Devlin and Gerrard, 2004), the factors leading to the selection of credit cards, an important bank product (Sheppard, 1992; Worthington, 1992; Cargill and Wendel, 1996; Hayhoe *et al.*, 2000), has received little attention from researchers (Roberts and Jones, 2001). Even though the factors leading to the selection of credit cards has been somewhat overlooked, much has been published on the concerns of college students debt, students' responsibility in the use of credit cards and ethical dimensions of students credit card use (see Roberts, 1998; Manning, 1999; Fickenscher, 1999; Warwick and Mansfield, 2000; Austin and Phillips, 2001; Palmer *et al.*, 2001; McNamara, 2003). However, considering the interest attached to cultivating a relationship with college student target audience by credit card firms, the increasing nature of students' spending and credit card use (i.e., revolving credit, and direct link to the bank account) (Roberts and Jones, 2001), and furthermore, because of the importance placed on credit cards in banking/financial institutions' product portfolio (Worthington, 1992; Cargill and Wendel, 1996), the subject of the criteria/factors used by college students in their choices for credit cards is asserted to be an important research area in financial services marketing. Essentially, the purpose of this exploratory research is to develop a scale that measures factors influencing US college students' selection of credit cards.

Furthermore, in view of the difficulty associated with nurturing and retaining college students (Thwaites and Vere, 1995), and the fact that the inherent characteristics associated with service brands can affect college students choice criteria and perceptions (de Chernatony and Dall'Olmo, Riley, 1997), it is believed that the college student market is important, challenging, and timely research domain, worthy of attention by marketing researchers. This study does not investigate issues surrounding college students' credit card debt and credit card companies' ethical practices in their marketing of credit cards to college students, but rather concentrates on the development of a scale aimed at measuring the factors influencing students' selection of credit cards.

The findings identify four key factors that were named (1) "buying power," (2) "incentives," (3) "firm's reputation," and (4) "good credit rating." The reliability was assessed using exploratory factor analysis. The internal reliability of the model was tested and the results provide evidence as to the robustness of the structure since all factors exceeded the adopted criteria (Churchill, 1979; Parasuraman *et al.,* 1988).

From the theoretical perspective, the importance of this research can be summarized in a statement made by Devlin (2002, pp.276) that: "…*it is of little use for an organization to attempt to position an offering by emphasizing particular attribute(s) that do not constitute significant choice criteria in the target market*…." Moreover, on the practical side, a case in point is Bell Helmets' systematic approach at detecting "factors affecting young bikers' choice criteria of helmets" and their ultimate proposal of pertinent marketing strategies (see Jewler and Drewniany, 2005).

References available upon request

CROSS-BUYING EVALUATIONS: THE MODERATING ROLE OF CATEGORY SIMILARITY

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ABSTRACT

Research in service marketing has recognized the role of cross-buying as a measurement of relationship enhancement, development and extensions. Thus, an important issue is why cross-buying has turned out to be harder than expected in the banking industry. In practice, banks offer customers a variety of products and cross-sell some of dissimilar products, such as insurance and investment products which are not associated with banks. Consequently, bank customers will face the greater uncertainty when cross-buying non-traditional bank products through branch networks. In fact, customers usually have a number of service providers for their various product demands and it has been suggested that customers have a ceiling for the number of financial products that they are willing to have from any one firm. Thus, this study examines the moderating effect of category similarity on the relationship between services attributes (e.g., locational and one-stop shopping convenience, functional and technical service quality, firm reputation and size) and cross-buying. Meanwhile, the authors examine mediating roles of satisfaction and trust on relationship between services attributes and cross –buying.

In this study, the sample included individual customers who had opened a saving account with a bank in Taiwan. The sample was also partitioned according to category similarity for the purpose of moderating analysis and comparison. The final sample size was n=267 for the category similarity sample, and n=203 for the category dissimilarity sample. In order to ensure the respondents of two groups were comparable, the respondents were matched in terms of age, income, gender, education, and marital status by chi-square tests. The constructs were measured using existing scales. The authors tested the measurement model using confirmatory factor analysis. CFA revealed a relatively good fit to the data.

To test the moderating effect of category similarity, a multiple group was examined comparing two groups. The results show the effects of locational convenience, functional service quality, firm size, and firm reputation on cross-buying are moderated by category similarity. Locational convenience, functional service quality and firm reputation have a stronger effect on cross-buying under the condition of category similarity. On the other hand, only firm size has a stronger effect on cross-buying under the condition of category dissimilarity. Technical service quality and one-stop shopping convenience have an equal effect on cross-buying under both conditions of category similarity and dissimilarity.

The results also support that satisfaction and trust play different mediating roles under the different level of category similarity. Satisfaction only has an effect on similar cross-buying. The findings support that the positive effects of locational and one-stop shopping convenience, technical and functional service quality on similar cross-buying are mediated by satisfaction. In contrast, trust only has an effect on dissimilar cross-buying. The positive effects of technical service quality and firm size on dissimilar are mediated by trust.

This study has several managerial implications. If banks want to affect similar cross-buying, they should create satisfied customers through increased expectations for locational and one-stop shopping convenience and functional and technical service quality. Meanwhile, it is crucial for banks to manage their customers' perceptions as favorable reputations are easily transferred across services and products, enhancing the potential for cross-selling. In contrast, if banks want to maximize dissimilar cross-buying, they should add diverse products to their product mix or develop an alliance with other financial institutions. In addition, the authors suggest that training salespersons about their different product knowledge is essential. As such, technical service quality not only facilitates the development of trust but also increases the opportunity for cross-selling. The findings show that greater firm size leads to higher levels of trust and increase cross-buying. Therefore, it is suggested that banks can consider merging with other financial institutions. Such merger not only increases a firm's size and scope of economy, but also creates the opportunity for cross-selling directly as well as indirectly through trust

A major limitation of the study is the cross-sectional data. Future research should collect data from longitudinal observations. In addition, length of relationship with banks and some demographic variables, such as sex, age and income were not taken into consideration. These variables could potentially affect the causal relationship in the study. Finally, although some dissimilar and simple financial products, such as auto insurance policies and mutual funds are already being successfully sold by bank channels, it still remains questionable whether more dissimilar and complicated such as life insurance or unit trusts can be sold from banks. In the future, research should be undertaken to examine the moderating effect of complexity on the relationships among service attributes, satisfaction, trust and cross-buying.

A MODEL OF FLOW EXPERIENCE AS DETERMINANT OF POSITIVE ATTITUDES TOWARD ONLINE ADVERGAMES

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ABSTRACT

Online advergames are gaining recognition as a captivating environment. Advergaming is the delivery of advertising messages in electronic games. Although several flow models have been proposed to determine online games usage, no previous model has explored the determinants of positive attitudes toward advergames. Our objectives included the development and empirically testing of a model of flow experience and its determinants that influence attitudes toward advergames, including arousal, flow, telepresence and positive gameplay experience resulting from a balance from individual skills and game challenges.

Data collection procedure was conducted in university computer labs. The experimental stimuli consisted of designated exposure to selected sports advergames. Subjects participated on computers assigned individually. To avoid demand artifacts, the participants were told this was a video games study. Specifically, as opposed to explicitly tell them to be aware of particular features, the incidental exposure method was used. Following the gameplay, participants completed a paper-and-pencil questionnaire.

The structural equation model technique tested the proposed relationships of the antecedents of positive attitudes toward advergames. Previous research models of attitudes toward advergames (Youn and Lee 2003; Hernandez et al. 2004) have neglected the flow experience as a determinant. Our proposed model not only indicates the importance of including this construct, but also highlights the importance of the proposed determinants to flow experience.

Our study provided evidence that positive attitudes toward advergames were partially explained by the flow experience. Our model also revealed that challenges offered by the gameplay were an important predictor of flow experience, followed by telepresence and players' skills. Contrary to expectations, arousal significantly impacted attitudes toward advergames but not flow. Given the increasing popularity of online games, modeling the relations among the antecedents of flow is important in creating engaging advergames.

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VISUAL PERCEPTION OF IN-GAME ADVERTISING:
DIAGNOSTIC INFORMATION SEARCH AND THE ROLE OF EXPERTISE

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ABSTRACT

This research reports eyetracker results showing that participants experienced "tunnel vision" while playing an interactive game. Only goal-diagnostic visual stimuli held visual attention and captured fixations outside of the central focus area. In-game advertising elements had little overlap with visual attention, and billboard-based ads appeared to be completely ineffective.

DOES WEB LOG DATA REVEAL CONSUMER BEHAVIOR?
THE CASE OF ANALYSIS FOR AN INTERNET MALL

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ABSTRACT

In this paper, we introduce a research project involving the use of various types of data mining technology to analyze Internet Mall Web log data. The objective of this paper is to clarify, using descriptive methods, the process of discovering new knowledge using WEB log data to investigate consumer behavior.

INTRODUCTION

With the rapid spread of the Internet, the number of stores on the Internet has grown and competition between these stores is becoming more severe. In order to establish the competitive advantage to cope with competitors, there is an increasing need among store website operators to understand in detail the behavior of consumers that visit their own websites and to carry out effective sales strategies. For the purpose of understanding consumer behavior on the Internet, interest is growing concerning the use of the massive access data that resides in the system servers. The WEB log, when it receives a request for access from a client, automatically saves this request in a file and this file becomes the "footprint", or the record, of the visits of consumers. These data records of detailed consumer behavior become a basic source of ideas for effective sales strategies. In this paper, we discover knowledge concerning consumer behavior from massive Internet Mall WEB log data and introduce a case study to clarify this process, using descriptive methods.

In the area of marketing, many researchers have already pointed out the importance of WEB log data (Bucklin et al. 2002). However, since this data is massive in size and complicated, most of the existing studies have used samples of this data for only a limited number of customers and these studies have involved a limited number of products or categories. This approach has resulted in the use of limited amounts of data from which much of the potential information has been lost. This paper explains how we use an open source platform, MUSASHI, for the development of data mining methods and process very large amounts of data in an efficient manner. MUSASHI (Hamuro et al. 2003; Yada et al. 2005) contains not only basic pre-processing and analysis abilities, but also includes some data mining algorithms. By using MUSASHI, we are able to process very large-scale data sets from an Internet Mall and to analyze the clicking patterns of each customer in detail. In this paper, we will introduce a portion of these results and will analyze consumer clicking patterns using the character string analysis method called E-BONSAI and these procedures result in the discovery of new knowledge. The objective of this paper is to use data mining and clarify the process of discovering new knowledge using large amounts of WEB log data concerning consumer behavior and to discuss the business implications of this process.

EXPLANATION OF DATA AND DATA PRE-PROCESSING

In the case of this research, the used data (PKDD 2005; Naito et al. 2005) was access log data related to an Internet virtual mall that included several different types of shops handling a wide variety of items. There were seven shops in the mall that handled mainly electrical appliances and related products. Each of these shops is selling their own unique category of basically differing products on their own sites. The various site pages use similar formats (structures) for their own product categories (Product Listing Sheets) and product explanation sheets that tend to have similar formats. The top pages of these shops are all linked directly to the Mall Directory. The top pages list many different categories of product links ("ct") that, in turn, indicate tables of comparative function data for the various product groups ("ls"). For users who need more details concerning the products they are interest in, there are detailed product explanation pages ("dt") that can be referenced. Consumers buy the products they want by putting them in their "carts" ("kosik").

When a potential customer visits mall sites, different amounts of time are spent at the various different sites visited and it is possible to track where the consumer goes from one site to another. However, when these female customers switch from one shop site to another shop site, or when they close their browser and later return to a site, these visits are separate sessions. Therefore, in this study, the session was used as the unit of study of the customers (visitors) and it was possible to identify all

specific respondent consumers and track individual visits to sites on separate days and to different shops. In addition, by using the data showing what products the individual put into her cart, it was possible to ascertain what each consumer purchased and at what outlet.

A session consists of one click or more. The data also included which pages in the site were clicked and in what order the pages were viewed. Also, it was also possible to estimate the time that was spent viewing each page by measuring the time between clicks. This procedure of following the route of the clicks made within each site during a given session is called the PATH. In addition, the data indicating a click on a given page of information also includes data on the previous page viewed. For example, if the visitor was looking at pages containing explanation of various TV sets, a list of all the previous pages involved is available. However, the visitor may just be giving a quick look at the entire list of what is available or, in reality, she may be carefully comparing the performance features of the different products and maybe the pages previously viewed indicate the products that she has already looked at. Therefore, in this study, rather than the data from the previous pages, we gave precedence to the data for the page clicked just before the visitor clicked a given session page.

In this paper, purchase was defined to have occurred when the customer, during a session, put the product in her cart. For sessions where purchase took place (i.e., included a click for the cart), the average number of clicks was about 19 clicks. Sessions where purchase took place and that were 2-4 clicks or less accounted for only 1% of total purchase sessions. In contrast, there were sessions that included very large numbers of clicks (For example, 15,000 clicks in a single session). It is very difficult to analyze sessions that include such large numbers of clicks. Sessions that included 100 or more clicks comprised less than 1% of total sessions and thus, it can be surmised that their overall importance is not great. In summary, the sessions that were used for the analysis were those over 5 clicks and under 100 clicks. In number, the sessions analyzed consisted of 144,327 sessions (That included 4,220 visitors that made purchases and 140,107 persons that did not).

BASIC ANALYSIS OF ALL THE SHOPS IN THE PROJECTS

As a first step, the log data for all the shops was analyzed and the main features of this data were determined. It is clear from the data, that the number of visitors that stay on a given site for 2 minutes or less is very large. And the major sub-group of these purchasing visitors was in the 5-10 minute sector and overall, visits tended to be long. On occasions when purchases were made, it can be surmised that products were compared or purchasing visitors spent time in completing the procedures for making their purchases. The shortest route when purchase was involved (The number of clicks used to until the cart appeared during a given session) was about 7 clicks. These purchasers were completing their purchases in 1-2 minutes.

When the sites visited and categories of items they handled were used to examine visitor behavior, comparatively significant differences in visitor behavior were found. Table 1 indicates such basic data as number of sessions, average clicks per session, and the average length of time spent for one session for the various shop sites. The number of sessions for Shop #4 that handles electrical appliances was the highest compared to all the other shops and the average number of clicks per session was also high. By comparison, Shop #6 that handles mobiles (phones, PDA's, etc.) and Shop #7 that handles PCs have lower numbers of sessions (visitors). However, in the case of Shop #6, the sessions are short, but in the case of Shop #7, the length of sessions is long. Like the case of off-highway/utility engine vehicles, the tendency of Net visitors to explore is not similar and tends to vary so that there are probably differences by shop.

Here, the special characteristics of the various shops will be examined in terms of purchase probability and number of sessions. The probability that visitors will purchase something at the various sites they visit varies widely. Compared to the other shops, Shop #5 that handles MP3 products (digital audio) has a higher score for purchase probability. In actual fact, the average number of clicks used by visitors to this shop until the cart is reached is clearly lower than for the product categories. Therefore, in the case of this site, it is possible to surmise that the many of the visitors to this site have already decided what they intend to purchase before they visit the shop. By comparison, in the case of Shop #3 that handles TVs and Shop #6 that handles mobiles (mobile equipment items), the purchase probability is very low. Especially, in the case of Shop #3, despite the fact that the average number of clicks was the highest, the purchase probability of this shop was the lowest of all 7 shops investigated. The visitors that come to this site appear to have high interest in collecting information, but they are visitors that make no purchases and it can be surmised that they probably make their purchases in regular shops. Next, we examine the each site by number of visitors, including those that went to the cart stage (purchase) by product category. Shop #4, handling electric appliances, was accessed by the highest number of number of visitors. In contrast, shop #6, handling mobiles, and Shop #6, handling PCs were accessed by very few visitors. Considering this situation in terms of visitor analysis, the sites that have the greatest number of visitors are the easiest to analyze.

Figure 1 has been used to position the various sites in terms of numbers of sessions by product category. Here we discuss sales strategy for the shop group indicated in Figure 1. In the case of Shop 5, since this shop already has a very high purchase probability, it is unlikely that it will be possible to anticipate an increase in sales from simply altering the site content. However, since the number of visitors that comes to the shop is not sufficient, as a shop strategy, it is possible to surmise that the shop should focus directly on increasing the number of visitors to the site. This means that the shop should use banners and other types of advertising to actively induce visitors to come to the site. The shops with the second lowest purchase probability level are Shop #3 and Shop #6. Regarding these shops, it is possible that because of the special nature of the products handled, that consumers are looking at the actual products and then purchasing them. In this kind of a situation, a strategy that involves a joint effort to bring customers into the real shop, or a joint effort of the "Click and Mortar" strategy type (real shop and Net mall shop cooperation) can be recommended. In addition, from our point of view, recommending strategies for Shop 1, 2, and 7 are the most difficult to offer strategies to. Concerning analysis, using only the data provided, the number of visitor respondents is too few for proper analysis. Thus, strategies for these shops will have to wait for another opportunity in the future. In the sections that follow, we will focus on Shop #4. The reason for this is that Shop #4 has a purchase probability level about in the middle so that some work on the site content can probably be anticipated to bring about some improvement in sales. Since the number of visitors is large, it is relatively easier to carry out an effective analysis and the effectiveness of such analysis will probably be significant.

A SITE THAT CAN BRING IN WAVERING POTENTIAL CUSTOMERS AND CAUSE THEM TO BUY

Defining the Target Customers and Extracting the Features

In this section, Shop #4, that is handling electrical appliances, is the focus. The intent is to use a detailed analysis of the log data to discover useful knowledge for creating a new shop strategy. We chose to focus on the buying motives of the visitors to the site. For the customers that had already decided on the product they wanted, it was felt that changing the content of the site would not be very effective. In our view, it was important to focus on the customers that were wondering which product to buy and the customers that were wondering whether they should buy a product in category or not. It is important to pay attention to the off-highway/utility engine customers. The reason for this is that by putting more effort into access of the site, it can be anticipated that we can influence some of them to purchase. Based on the results of analysis, the customers that go to the cart in 11 clicks or less tend to look at the look at the list of all the items (ls). Compared to this, those who went to the cart after 12 strokes or more, tended to go to the detailed product explanations (dt). The former looked at the total product list and tended to go straight to the cart. It can be surmised that the others tended to compare the various products and then go to the cart. We defined these customers as customers who were wavering concerning purchase and designated them as a segment that required analysis.

Our objective was to discover some type of new knowledge that would contribute to raising sales further and to achieve this we carried out analysis of the log data to see if could find a new strategy that would stimulate sales. At this point, for the analysis of the objective variables, for Shop #4, among the visitors to the site that used 12 clicks or more, we separated and defined the visitors that bought something and those that made no purchases. Expressing this in another way, we extracted the characteristics from among the customers who were wavering concerning whether to purchase a product or not and of the customers that did not make a purchase, i.e., to discover new knowledge. There were 657 customers that purchased a product and 2000 customers that did not.

In order to extract the special characteristics of the customer segment groups, we processed the explanatory variables from the log data. We used the average time spent on each page between clicks, the number of clicks made on each page and the purchased products. However, we removed the page data that had no direct connection to the purchase, the member login page (klient), and the cautions related to purchase (onakupu), etc. Regarding the products purchased, all products other than the top six products (Washing-machines, refrigerators-freezers, built-in-ovens, built-in-dish-washers, dish-washers, cookers-and-ovens) were classified as "Other".

We analyzed all of the data available and, in addition, we analyzed the data for each purchased product. This analysis showed that there was a similar tendency applying to all the products. For example, there were 166 customers that looked at the material for the refrigerators-freezers and made a purchase. However, 346 customers that looked at the materials did not make a purchase. For customers that looked at product explanations (dt) page for periods of 11 seconds or less, almost none made purchases. Those who made purchases tended to spend more time reading the product explanations. In addition, the customers

that purchased looked at the product sheet (ls) for 2 seconds or so and there was a tendency for purchasers to make a list of the products they hoped to purchase.

Tracking Analysis Using the Character String Analysis System, E-BONSAI

The last stage of the analysis was PATH analysis carried out using the character string analysis system, E-BONSAI. E-BONSAI was originally developed to analyze DNA code. Since then, E-BONSAI has bee improved and by expressing consumer behavior patterns as character strings, it can be used for extracting patterns from time-series category patterns as a data mining tool (Hamuro et al. 2003; Hamuro et al. 2002; Katoh, Yada and Hamuro 2003). At first, we shall explain original BONSAI system, developed for strings pattern analysis. Given a positive set of strings, *pos*, and negative set of strings, *neg*, the original BONSAI creates a good decision tree that classifies *pos* and *neg* as correctly as possible (Arikawa et al. 1993; Shimozono et al. 1994; Hirao et al. 2003). Let P be positive data set, N be negative data set, and |P| and |N| be the numbers of records in P and N, respectively. Given a substring α, let p_T and n_T be the numbers of records containing α in p_T and n_T, respectively, and let p_F and n_F be the numbers of records not containing α in P or N, respectively. Defining entropy function *ENT(x,y)* in the following manner,

$$ENT(x,y) = \begin{cases} 0 & x = 0 \ or \ y = 0 \\ -x \log x - y \log y & x, y \neq 0, \end{cases} \qquad 1)$$

we define in the following expression the entropy after classifying the original data into two subsets depending on whether data contains α as a substring or not.

$$\frac{p_T + n_T}{|P| + |N|} ENT\left(\frac{p_T}{p_T + n_T}, \frac{n_T}{p_T + n_T}\right) + \frac{p_F + n_F}{|P| + |N|} ENT\left(\frac{p_F}{p_F + n_F}, \frac{n_F}{p_F + n_F}\right) \qquad 2)$$

We compute the value of α which minimizes this value. Namely, we choose the value of α for which the information gain is maximized. After partitioning the original data based on α, BONSAI continues to proceed in a recursive manner. BONSAI enhances the classification ability by introducing a mechanism called an alphabet indexing. This is one of the major characteristics of BONSAI. The alphabet indexing maps the original alphabet into a new one of (much) smaller size on which decision tree is constructed. BONSAI searches for the alphabet indexing which maximizes the classification ability based on local search. It was observed that the use of an appropriate alphabet indexing increases accuracy and simplifies hypotheses (Shimozono et al. 1994).

In the of the log data referred to in this paper, using the mapping table (as seen in Table 2(b)) variable conversions, characters from the internal site pages can be converted into different characters and the click PATH data (the data they referred to) for all visitors that were part of the project can be converted into character strings. For example, If a given visitor clicks on the top page, the category (ct), a (product) list (ls), and a product explanation, (dt) back to a list (ls), the other explanation (dt) and the popup (popup), her PATH would be expressed as the character string, "CLDLDp". In the way that E-BONSAI extracts DNA data concerning the cause of sickness in an ill patient, it is possible to extract special character strings.

When the data for the visitors that had purchased Refrigerators-Freezers referred to in the previous section was analyzed using E-BONSAI, results resembling those shown in Figure 2 were generated. The rules are complicated and difficult to interpret. Stating the overall tendencies roughly, in the data for the visitor examination of the materials on the site pages, amid the character strings, the strings: "1*7*7*" and "1*5*5*5*5*7*" were found. When these strings were present, it appeared that purchases were frequent. The "1" in this result is a "pop-up" and the "7" refers to a functional specification of a given product. When the key term (findp) was used for searching, it was found that either "5" in the product list (ls) or product explanation (dt), one or the other were involved. In other words, customers that purchased Refrigerators-freezers, after they clicked on the "pop-up" tended to key in either a function or a specification and perform searches for product that had such features. In addition, it is clear that they clicked on the product list and product explanations. We were unable to obtain detailed information concerning the "pop-up" so that it is not possible to interpret accurately what was happening, but it surmised that these purchasing visitors were doing multiple searches and reading the detailed information.

Implication for Business

Here, we would like to indicate some of the implications for business related to the rules described above. Visitors who intended to make a purchase made a list of the products of interest to them and slowly read the detailed information concerning these products, as a probably matter of course. The factors that we paid special attention to were the multiple searches they made by keying in terms concerning the functions and specifications. There are two possible reasons for this

259

behavior. The first possible reason is that the page design was bad so that it may have been hard to find an explanation without carrying out several searches in order to list up the products they were interested in. Therefore, there may probably be a need to improve the design of the search function page. A second possible cause was that the visitor was wavering concerning whether he/she wanted to purchase one of the products or not and searched for many similar products. For these visitors, they do need an easier to use site or a high-performance search function. They need a basis or system for making the decision concerning whether they want to buy one of the products or not. It appears that they do not know which one of the products would actually fit their needs. Therefore, they are probably searching for many different functions and specifications, and giving themselves enough time to make up their minds.

We would like to suggest that word-of-mouth (Brown et al. 2005) data functions be added as an additional function for these sites. In Japan, consumers tend to be heavily influenced by word-of-mouth sources and the importance of this factor is growing. If previous purchasers could be asked about their actual experiences with the various similar products in the past, and post-purchase data could be used, this would undoubtedly help to establish a basis for judgment and purchase decision-making. Of course, there will be some negative opinions concerning product performance. However, if the shop sites are willing to provide potential customers with that kind of information, this would lead to a higher level of trust on the part of customers. If some shops are already using this type of function, it would appear that this function is not working in an integrated way with the search function. We would like to suggest that the use of an integrated form of word-of-mouth product information data and the search function might be an effective tool for building a strategy for maintaining good customer relations.

CONCLUSION

In this paper, by analyzing mall log data, it was possible to clarify the special characteristics of the visitors that accessed the shop sites and, in addition, by analyzing the visitor PATH data in detail, it was also possible to gain new knowledge. However, since there was not enough data available, it was not possible to generate sufficient rules and therefore, it was not possible to determine adequately the implications for business operations. In addition, since the unit of analysis was the session, it was not possible to get an understanding of consumer behavior on the Net in the form of time sequence data and the scale of the analysis was severely limited. If possible, we would like to have the opportunity to use data that can be identified as related to a given respondent and to be able to use such data in sufficient quantities in order to be able to gain new and useful knowledge.

Table 1. Basic data for the various shops.

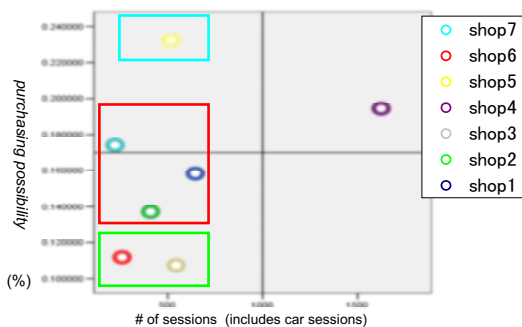| shop	shop code	main product	# of session	Avg. clicks / session	Avg. stay time / session (m)
shop 1	10	camera	645	29.1	33
shop 2	11	audio	409	29.7	30
shop 3	12	TV	544	32.1	35
shop 4	14	electrical appliances	1624	31.4	29
shop 5	15	MP3	517	28.6	29
shop 6	16	mobile	259	22.4	18
shop 7	17	PC	222	26	32

Figure 1. Positioning of the shop sites.
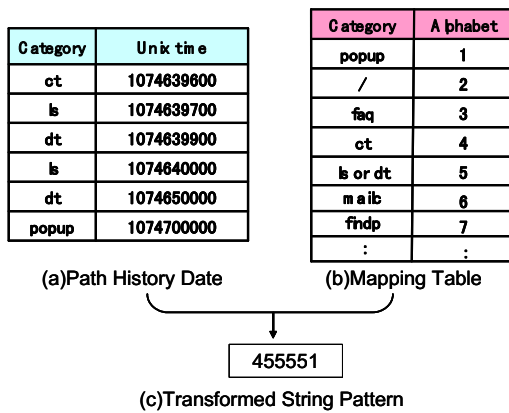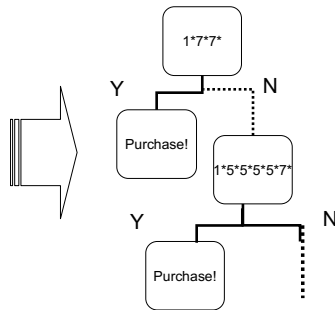
Table 2. Conversion list for internal site pages.

<table>
<tr><th>Category</th><th>Unix time</th></tr>
<tr><td>ct</td><td>1074639600</td></tr>
<tr><td>ls</td><td>1074639700</td></tr>
<tr><td>dt</td><td>1074639900</td></tr>
<tr><td>ls</td><td>1074640000</td></tr>
<tr><td>dt</td><td>1074650000</td></tr>
<tr><td>popup</td><td>1074700000</td></tr>
</table>

<table>
<tr><th>Category</th><th>Alphabet</th></tr>
<tr><td>popup</td><td>1</td></tr>
<tr><td>/</td><td>2</td></tr>
<tr><td>faq</td><td>3</td></tr>
<tr><td>ct</td><td>4</td></tr>
<tr><td>ls or dt</td><td>5</td></tr>
<tr><td>maib</td><td>6</td></tr>
<tr><td>findp</td><td>7</td></tr>
<tr><td>:</td><td>:</td></tr>
</table>

(a)Path History Date   (b)Mapping Table

455551

(c)Transformed String Pattern

Figure 3. Rules extracted by E-BONSAI.

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ESTIMATING WILLINGNESS-TO-PAY BY DIFFERENT UTILITY FUNCTIONS: A COMPARISON OF INDIVIDUAL AND CLUSTER SOLUTIONS

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ABSTRACT

In this paper we compare different alternatives for the estimation of utility functions necessary to elicit willingness to pay with conjoint analysis: Linear interpolation vs. regression on individual and on cluster level. An empirical application shows that the selected alternative has significant effects on the estimated WTPs. No superior method is found; rather, the selection of an appropriate function on cluster level is recommended.

INTRODUCTION

As companies have realized that a superior pricing capability does have a significant influence on profitability (Marn et al. 2004), pricing decisions are gaining more and more importance. From being primarily considered as a decision made by finance and controlling departments, many companies now consider it as a marketing decision. Therefore, value-based pricing, i.e. pricing based on a consumer's perception of a product's value, has taken on an important role.

The challenge of value-based pricing lies in the estimation of customers' willingness to pay (WTP). As a consequence, several ways to measure the WTP have been proposed (Wertenbroch and Skiera 2002). One popular methodology is conjoint analysis (Backhaus et al. 2005). It is supposed to be superior to other methods as, like in real purchase situations, respondents have to trade-off among entire price/performance bundles. Furthermore conjoint analyses are said to be more incentive-neutral with respect to truthfully revealing WTP (Green and Srinivasan 1990).

However, theoretically, WTP values elicited by conjoint analysis can be significantly inaccurate due to two sources of error: As in conjoint measurement stimuli are presented as combinations of different product attributes, WTP measurement first necessitates a calculation of the utility associated with each attribute level including the price levels (Hair et al. 1998). Hence, choosing an inadequate estimation technique may have a fatal impact on the following WTP measurement. Therefore, from the beginning of the application of conjoint analysis in marketing, a lot of publications in the marketing literature have dealt with that problem (e.g. Vriens 1995; Wittink et al. 1994).

A second source of error lies in the estimation of the utility function for the price. In general, with conjoint analysis, we calculate the partworths for a few discrete price levels. However, as the WTP is a continuous variable, it is necessary to deduce the respondent's utilities or price levels other than those integrated in the research design (Pekelman and Sen 1979a and b). For this procedure, two general methods are proposed: linear regression (e.g., Liehr 2005) and linear interpolation (Brzoska 2004) which are applied on an individual level, i.e. for each respondent we calculate a separate utility function. However, with this conversion two problems are associated.

First, linear regression and linear interpolation differ in their assumptions about the connection between utilities and price levels. This leads to the question whether there are significant differences between the WTP values elicited via respectively linear regression or interpolation. Secondly, WTP estimation on the individual level is based on only few data points restricted by the research design. Due to the few degrees of freedom this might lead to an overfitting which means that the estimation may not be stable, e.g. consumer behavior for other scenarios may hardly be predicted (Andrews et al. 2002). Generally, several approaches in order to solve this problem have been proposed, which can be divided into simultaneous, and sequential approaches, respectively. In this paper, we will focus on a special kind of sequential approach, in which a cluster analysis is included (e.g. Tacke 1989).

Traditionally, individual preferences are aggregated for detecting and using preference patterns which are able to characterize homogeneous groups of consumers. The question now is if the aggregation of individual preference data into a segment, or cluster solution is more appropriate. An aggregation is suitable if it does not lose any essential information. As we are interested in eliciting WTP, we expect non-significant differences between the WTPs derived from individual and aggregated preference data, respectively, for a 'good' aggregation. Our first aim is to illustrate this test on significant differences by means of an empirical example. Secondly, as there are two possibilities of estimating utility functions, we will answer to the

question if in a given application, we are able to find a superior method – regression or linear interpolation. By this, we want to get preliminary indications for an alternative and improved procedure to elicit WTP values with conjoint data.

THEORETICAL BACKGROUND

Generally speaking, "the" conjoint analysis is a conglomeration of several methods and applications (Gustafsson, Herrmann & Huber 2003). A popular variant recently used very often to elicit WTPs is the limit conjoint analysis (LCA; e.g. Backhaus et al. 2005). LCA directly accounts for purchase decisions by integrating an imaginary "limit card". As a consequence, respondents not only rank several stimuli but also indicate up to which ranking position they would purchase the presented stimuli. The concept of the limit card is integrated into the conjoint algorithm by a simple scale transformation. It makes sure that acceptable stimuli have an overall utility of greater equal zero, whereas the unacceptable stimuli have an overall utility of less than zero. WTP for a stimulus is calculated via the price which leads to an overall utility of at least zero.

In conjoint analysis, the WTP is measured indirectly: several product profiles characterized as a combination of various different attributes and levels of attributes are offered to the respondents. Respondents have to rank, rate or trade-off these profiles by means of their individual preferences (Hair et al. 1998). As in conjoint designs the price is integrated as a discrete variable but WTP is a continuous attribute, we need to deduce the utilities for price levels which are not accounted for directly in the research design (Pekelman and Sen 1979a and b). In general, two alternatives are being discussed: regression and linear interpolation which are traditionally used on an individual level.

With regression we calculate a regression function for each respondent with price as the independent variable and utility as the dependent variable. The advantage of using regression is that the connection between utility and price is independent of the price range used in the conjoint design. Thus, it theoretically accounts for WTPs which do not fall into the price interval set by the price level attributes. However, calculating a regression function for each respondent separately may be very inaccurate as only few data points can be used. Therefore, the calculated parameters may not be stable over time or for offers slightly differing from the survey object. Moreover, if a linear regression function is fitted to the data due to few partworths available, linearity cannot account for a possible prestige effect of the price or the price as an indicator of product quality. In these cases, the utility of price may first increase because paying higher prices may lead to a higher respondent's image. However, this effect may not continue up to infinity. In contrast, in reality, there is a turning-point where a negative linear dependency may be observed for very high prices.

A second possibility to estimate the utility equaling a certain price is the linear interpolation (Brzoska 2003). The partworths of the price levels are connected by a polygon. Outside the relevant price interval, the utility function can be extrapolated. Therefore, with n price levels, the utility function is a piecewise linear curve, consisting of n-1 pieces. In order to derive WTP via the necessary utility contribution of the price (as described above), one firstly has to calculate solutions for any of the n-1 pieces of the utility function, and secondly to check whether this solution actually falls into the questionable interval. Starting with the interval on the very right, WTP is the first valid solution. If no such solution can be found, then WTP equals zero.
There are some advantages of linear interpolation over regression. In regression analysis, the higher the number of price levels, the higher the number of different regression functions which can be estimated. As the number of price levels has to be kept low at least in traditional CA variants, this fact tends to result in rather simple types of regression functions, e.g., linear functions. The utility function estimated by interpolation is piecewise linear. As the price levels integrated into the conjoint design should reflect possibly relevant anchoring points, interpolation would discover intervals of different price sensitivities. However, linear interpolation seems to be problematic for estimating WTPs that do fall outside the price interval set by the conjoint design (Jedidi and Zhang 2002). Although practically, the function calculated for the last price interval in general is extrapolated, such a procedure is not theoretically substantiated. This seems particularly problematic if a respondent is indifferent between two price levels, i. e. that for both prices the same partworth utilities are estimated. In the worst case, this indifference would be extrapolated infinitely leading to unrealistic and illogical results.

In summary we conclude that on the individual level, problems of instability may occur. To account for this possible problem, it seems logical to aggregate the data. However, due to the heterogeneity of consumers, the estimation of one uniform utility function does not seem to be efficient either. An efficient approach to account for both the stability of the data and the heterogeneity between consumers might be a segment specific estimation of the utility function. Such a procedure assumes that there are clusters of consumers with corresponding or at least comparable price utility functions. Therefore, to cluster the respondents, a cluster analysis (Hair et al. 1998) has to be performed with the partworth utilities as input variables. Then, after attributing each respondent to a cluster, for each cluster a price utility function has to be calculated. This can be done by either regression or linear interpolation. If applying regression, a regression analysis using the mean price utilities of all re-

spondents as input variables should be estimated. This regression function is then valid for each respondent in a cluster and is used to estimate individual WTPs.

With linear interpolation the mean price level utilities for each cluster have to be calculated. Then the price utility function can be estimated as described above. Hence, for each respondent it has to be decided separately in which price interval her or his individual WTP falls.

Whereas such a proceeding seems to be theoretically favorable in terms of the stability of the data, it appears more cost and time intensive and also depends on some interpretations by the researcher (as far as the cluster analysis results are concerned). Consequently, before actually using this alternative approach, it should be analyzed if within a cluster solution no essential information on individual preferences is lost. To provide some indication of which method might perform better, we apply the proposed procedure to an empirical data set.

EMPIRICAL APPLICATION

As an example to illustrate our conceptual reflections we used a study measuring the WTP for weekend trips to three European capitals (Paris, Rome, and Vienna). Besides the destination, the stimuli differed by means of travel (air plane, train), hotel category (youth hostel, 3-star-hotel) and price (150 €, 225 € and 300 €). The attributes and levels were chosen on the basis of interviews, confirming that these attributes were the most salient for potential respondent's purchase decision.

The conjoint design allows us to generate twelve different combinations of weekend trips without the price attribute for comparison (see table 1). To answer our research questions we calculated the WTPs using respectively linear regression or interpolation on an individual and a cluster level for the estimation of respondent's utility functions.

For the cluster approach we first carried out a cluster analysis using the partworth utilities of the price levels as input variables. Running the single-linkage cluster algorithm, we excluded four outliers. Running the Ward cluster algorithm using the partworth levels for the remaining 459 students, the elbow criterion suggests a four cluster solution.

In the following, we will analyze all clusters together (table 1) as well as all clusters separately (tables 2). For the analysis of the results we distinguish between (1) the level of analysis (i.e., individual vs. aggregated/cluster level) and (2) the method to be applied (i.e., regression vs. linear interpolation).

Analyzing all clusters at the same time (table 1), we find that regression performs similar on both levels of analysis whereas for linear interpolation, the level of analysis matters (only 5 of 12 offers do not differ significantly). Therefore, the choice of the level of analysis only affects the results when using linear interpolation. Thus, regression analysis seems to perform better as the aggregated solutions correspond to the individually generated results.

Looking at the cluster results however (table 2), we find cluster-specific deviations: Regression "behaves" in cluster 1 like in the aggregated solution, whereas in cluster 2, only for 6 offers non-significant differences can be detected. In clusters 3 and 4, however, regression yields similar results on both levels of analysis for all offers. Thus, there seems to be a cluster effect only for cluster 2.

The fact that linear interpolation yields differing results when changing the level of analysis is ascribed only to the results of clusters 2 and 3, whereas in cluster 1 and 4, linear interpolation yields similar results on both levels. Therefore, in this example, there are indeed consumer groups for which also linear interpolation is a good approximation of individually derived WTPs. Altogether, we find that the analysis on the cluster level yields more differentiated results as on the overall-clusters level. Moreover, regression seems to be more stable when comparing both levels of analysis.

Comparing both methods in detail, we find greater differences using cluster-specific utility functions than using individual ones. On the cluster level, we find significant differences for all offers. Therefore, when using aggregated utility functions, the choice of the method can heavily affect the results.

Calculating WTP from individual utility functions, we get an ambivalent picture: From table 1 we see that the differences between both methods are significant only for half of the offers. Looking at the results for each cluster, we again find cluster-specific differences. The fact that both methods differ heavily using aggregated data can be mainly ascribed only to clusters 2

and 4, whereas cluster 1 and 3 partly show non-significant differences. This ambivalent result can be ascribed to the fact that there are striking differences between the four clusters, too.

In summary the following conclusions can be drawn:

(1) In clusters 1 and 4 both methods do not seem to yield different results. This is due to the fact that (a) cluster homogeneities are high and (b) preference structures are linear on the individual level and therefore also on the aggregated level. For both clusters a decreasing linear utility function can be observed although they have differing price sensitivities. Cluster 1 seems to be more price sensitive than cluster 4.

(2) In cluster 2, however, there are significant differences for all offers. While the utility of the price slightly increases between the first price interval set in the research design it decreases heavily in the second price interval. Due to the shape of the utility function for this cluster, regression does not seem to be an adequate method in order to derive individual utility functions as their preference structures are far from being linear.

(3) Cluster 3 reflects the impression of the overall-cluster analysis, thus an ambivalent picture. For half of the offers we get statistically significant differences when comparing WTP generated by linear regression and interpolation on an individual level. This ambiguous result may be explained by the shape of the utility function for this cluster. Between the first price level interval imposed in the conjoint design the price utility decreases slightly. However, this decrease is massive in the second price interval. As such the price sensitivities in the two intervals differ and therefore, also in this case, linear interpolation seems to be a more appropriate method to apply for this cluster.

SUMMARY AND FIELDS OF FURTHER RESEARCH

We introduced two kinds of utility functions, based on regression and linear interpolation, respectively, which can be used in order to derive willingness-to-pay. For managerial implications concerning pricing decisions, not individual, but segment-specific preference patterns are useful. Therefore, a "good" utility function has to reflect individual preferences also on the aggregated (cluster) level. Based on these conceptual reflections, we empirically compared both methods by means of whether they are able to approximate individual preference structures on a cluster level.

From the results we can derive several important implications:

1. In order to derive meaningful WTP values, the choice of a method in order to generate price utility functions is a crucial topic. Referring to the sample in whole, we find that regression performs better than interpolation because WTPs do not differ significantly between the levels of analysis (individually derived WTPs vs. WTP derived from aggregated preference patterns).

2. Nevertheless, when looking at cluster-specific results, there may be some clusters for which the before-mentioned descriptions hold, but also others, for which they do not hold. The "good" overall result for regression analysis is ascribed only to some of the clusters. On the other hand, the "bad" result for interpolation is ascribed only to some of the clusters, too. Therefore, it can be a matter of cluster when trying to find a good method for aggregating individual preference structures.

3. In terms of the question of whether applying regression or interpolation on an individual or a cluster level we would recommend to look at the standard errors in each cluster. Principally, due to a possibly better stability of the estimated preference structures, a cluster level estimation may be favorable. However, when the standard error in a cluster is very high like in cluster 2, we would advise manager to apply respectively linear regression or interpolation on an individual level.

In order to generalize empirical findings on our conceptual model, further research should be extended by the following two dimensions: Firstly, besides our sequential approach, we have to consider simultaneous procedures like finite mixture approaches. This approach allows for estimating the utility functions and the attribution of a respondent to a cluster simultaneously. Secondly, the empirical basis should go far beyond the exemplifying character of this study. This could be done by extensive simulation analyses in which different parameters can be varied (or controlled for) systematically. Such factors can be the number of price levels, the conjoint analysis variant, sample heterogeneity, or sequential vs. simultaneous procedures, as described earlier.

Table 1: Mean differences (standard errors of differences) in € of WTP values estimated with the different approaches using data from all clusters (n=459; p-values derived using a Wilcoxon Signed Rank-Test)

offer	Comparisons with former data as base			
	IR vs. II	IR vs. CR	II vs. CI	CR vs. CI
PFH		3.64(147.81) (n.s.)	9.90 (102.34) (n.s.)	21.23 (53.08)***
PFY	11.45 (129.94) (n.s.)	10.09 (116.70) (n.s.)	13.52 (91.79)*	14.88 (46.87)***
PTH	13.34 (165.95) (n.s.)	17.35 (163.32) (n.s.)	16.55 (86.58)***	12.54 (43.73)***
PTY	21.70 (161.21)***	22.57 (152.47)*	12.38 (88.03)***	11.51 (35.61)***
RFH	13.87 (143.41)***	-1.95 (127.54) (n.s.)	6.30 (102.04) (n.s.)	22.12 (54.65)***
RFY	11.65 (123.76)***	3.20 (109.01)**	6.61 (85.77) (n.s.)	15.06 (46.42)***
RTH	10.14 (107.68) (n.s.)	7.63 (98.20) (n.s.)	11.46 (74.56)*	13.98 (46.06)***
RTY	12.61 (116.58)**	11.25 (109.07) (n.s.)	9.82 (74.03)***	11.17 (38.07)**
VFH	-4.32 (131.48) (n.s.)	-3.17 (99.75) (n.s.)	14.69 (113.59) (n.s.)	13.54 (45.51)**
VFY	-2.42 (143.41) (n.s.)	3.63 (109.62) (n.s.)	18.20 (125.85)***	12.16 (41.72)***
VTH	-.60 (128.39) (n.s.)	9.61(101.05) (n.s.)	21.18 (126.45)***	10.98 (38.30)***
VTY	9.23 (152.33)***	14.99 (127.22)*	16.09 (140.62) (n.s.)	10.33 (33.15) (n.s.)

n.s.: not significant p > 0.10; *** p < 0.01; ** p < 0.05; * p < 0.10.
Offers: first letter indicating the city (P=Paris, R=Rome, V=Vienna); second letter indicating the means of transport (F=Flight, T=Train); third letter indication the accommodation (H=3***hotel, Y=Youth Hostel);
Methods: IR=Individual Regression; II=Individual Interpolation; CR=Cluster Regression; CI=Cluster Interpolation

Table 2: Cluster-specific means over all stimuli of mean differences (cluster-specific means over all stimuli of standard errors of differences) in € of WTP values estimated with the different approaches

		IR vs. II	IR vs. CR	II vs. CI	CR vs. CI
cluster 1	no. of significant* differences (12 possible)	1	3	3	8
	mean	-0,16	0,41	0,66	0,08
	mean s.d.	11,35	17,46	20,43	0,94
cluster 2	no. of significant* differences (12 possible)	12	6	9	12
	mean	41,94	29,06	33,50	46,37
	mean s.d.	220,16	229,14	141,64	61,73
cluster 3	no. of significant* differences (12 possible)	6	0	5	8
	mean	10,57	0,24	4,73	15,05
	mean s.d.	39,58	8,30	25,28	39,75
cluster 4	no. of significant* differences (12 possible)	2	0	3	12
	mean	-25,53	0,33	18,45	-7,41
	mean s.d.	165,66	20,11	160,30	10,85

Methods: IR=Individual Regression; II=Individual Interpolation; CR=Cluster Regression; CI=Cluster Interpolation; *p at least <0.1 (derived by Wilcoxon Signed Rank Test)

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THE INFLUENCE OF COMMON METHOD VARIANCE IN MARKETING RESEARCH: REANALYSIS OF PAST STUDIES USING A MARKER-VARIABLE TECHNIQUE

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ABSTRACT

Despite criticisms regarding the effects of common method variance (CMV) in marketing research, there have been only a limited number of studies that directly assess the pervasiveness of CMV biases. This paper is an attempt to quantify the ubiquity of such effects in the marketing literature by employing a relatively new method called the marker-variable technique (Lindell & Whitney 2001). A marker-variable is defined as a theoretically unrelated variable included in a study that can be used to estimate the effect of CMV. The technique is used as an analysis tool for assessing and controlling for CMV effects in published studies based on the reasoned-action framework (Fishbein & Ajzen 1975). The findings of this study show that after controlling for the effects of CMV, the majority of relationships between variables remain significant, even for relatively extreme values of CMV. Specifically, more than 80% of the 663 CMV-adjusted correlations that were computed remained significant. This leads to the conclusion that the influence of CMV may not be as problematic as once thought.

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DETERMINANTS OF FOREIGN PRODUCT AND COUNTRY OF ORIGIN EVALUATIONS: THE ROLE OF INVOLVEMENT AND INFORMATION TYPE

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ABSTRACT

The effect of a product's country of origin on consumers' product evaluations and attitudes has been well documented in the marketing literature (Maheswaran, 1994; Hong and Wyer, 1989). However, few studies have examined the effect of product attribute information on consumers' country of origin perceptions (Gurhan-Canli and Maheswaran, 2000). In the current study, the author examines the effect of information diagnosticity and information typicality on foreign product evaluation and country of origin evaluation respectively. These effects were examined under varying conditions of consumer involvement. Information diagnosticity is described as the ability of the input to aid in the judgment task (Menon et al. 1995). Information typicality refers to the perception that an exemplar is an accurate representation of the central tendency of the group to which it belongs (Rothbart et al. 1996). The author argues that the effect of attribute information diagnosticity on foreign product evaluation will be more pronounced under conditions of high involvement than conditions of low involvement. In contrast, he proposes that the effect of information typicality on country of origin evaluation will be greater under conditions of low involvement than under high involvement conditions. Two studies were conducted that examined the hypothesized effects. Results showed that perceived diagnosticity of the attribute information leads to more favorable foreign product evaluation. This effect was found to be more pronounced when involvement level was high. Furthermore, perceived typicality of the attribute information leads to more favorable country of origin evaluation. This effect was more pronounced when involvement level was low.

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A CONSUMER PERSPECTIVE OF SMALL (MOM-AND POP) VERSUS LARGE DEPARTMENT STORES: AN INVESTIGATION IN AN EMERGING MARKET - MEXICO

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ABSTRACT

Emerging economies adopt market-driven economic principles, restructure their markets, and actively attract international businesses. Although these reforms often lead to positive results, the not so positive effects are also not uncommon (cf. Hodges 1988; Rapacki's 1995; Mireles 2005, Hernandez and Fugate 2004; and Zinkhan, Fontenelle and Balzas 1999). One such negative effect is the alleged decimation of smaller local businesses. The negative effects become even more painful when the businesses in question are small and traditional mom-and-pop retail stores versus large modern retail stores. However, what if consumers inherently prefer these large new stores, and consequently, shift away from small mom-and-pop retail stores? We investigate this question within the context of Mexico, an emerging market heavily targeted by multinational firms, especially from USA (cf. Braine 2004; Hernandez and Fugate 2004; Mireles 2005; and Moreno 2000).

Several retailing theories [e.g., the retail life cycle theory proposed by Davidson, Bates and Bass (1976), wheel of retailing theory by McNair (1958), the retail accordion theory by Hollander (1960), the Polarization principle by Kirby (1976), and a multi-polarization model by Brown (1987)] have given us a rich understanding of classifying and visualizing changes in retail types in any market place. However, we feel that the reasons for these changes in retail type dominance are still not adequately dealt with, especially from a consumer's perspective. In other words, do consumers have preference for one retail type or the other resulting in dominance of one retail type over another? Also, what determines such preference? The process and the determinants of consumer's retail store choice is complex (cf. Baker et al. 2002; Clarke et al. 2004; Gilmore 2001), and the extant literature on traditional retailing have identified several determining factors such as *functional benefits,* and *intangible dimensions* **(i.e.,** the feeling of helping the local economy, store environment, and customer service). We hypothesize relationship amongst consumer perceptions of small versus large stores along various motivation dimensions identified earlier and share of the consumer's wallet. We also examine the determining effect of gender, a key determinant to shopping behavior.

METHOD

Data collected from the residence of Colima, Mexico was first checked for non-response error, internal consistency, and validity. The scale items for measuring store-image were adopted, with appropriate modification to suit the Mexican context, from extant studies. Next, the scale items for measuring the consumers' motivation for shopping at small (mom-and-pop) stores were factor analyzed yielding four factors – *functional factors, support local economy, customer service, and affective dimension*. Next, the averaged factor scores were used for testing the hypotheses. As hypothesized, the respondents had a more positive opinion about large stores on functional benefit dimension than small stores. 'Support for local economy' was associated more with small stores than large stores. Finally, customer service was associated more with large stores than small stores. The relationship between the three factors pertaining to small stores (i.e., functional benefits, friendly customer service, and affective dimension) and % of money spent at small store was positive. In comparison the relationship between the three factors pertaining to large stores (i.e., functional benefits, friendly customer service, and 'efficiency and anonymity' dimensions) and % of money spent at small store was negative. Finally, as hypothesized, women associated functional benefits and support for local economy with large stores. In comparison, men associate functional benefits with small stores and they have a stronger affinity towards small stores (support for local environment and friendly customer service were not significant). These provide general support for our hypotheses.

The findings of this study have interesting implications for the success or failure of the retailing types in emerging markets, particularly Mexico. The findings suggest that smaller retail stores cannot win the share of wallet and hope to survive purely on emotional grounds. They must deliver the goods and provide the functional reasons. When we combine this with the findings that women tend to favor large stores for functional reasons, whereas men tend to prefer small stores for the very same reasons, the situation becomes even more serious for small stores, especially given the fact that women are generally acknowledged as the major shopper in most households.

References available upon request

PREDICTING TAIWANESE VIEWERS' ATTITUDES TOWARD FOREIGN TELEVISION PROGRAMS: A COUNTRY-OF-ORIGIN PERSPECTIVE

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ABSTRACT

This study examined Taiwanese viewers' attitudes toward television programs from China and Japan. Regression analyses found that viewers' country-of-origin perceptions significantly predicted their attitudes toward television programs. While cultural affinity is not an important country of origin perception to predict viewers' attitudes toward Japanese television programs, it is an important predictor for Chinese television programs.

INTRODUCTION

Transnational television program flow is one of the noteworthy phenomena that have attracted a lot of interests among mass and international communication scholars (Chen, 2004; Cooper-Chen, 1999; Morris, 2002). Nevertheless, an important question that has been often left unexplored is what factors influence viewers' attitudes toward these foreign imported television programs. In this paper, we extended from the country-of-origin theory that has been well-researched in marketing and consumer behavior literature (Gürhan-Canli & Maheswarn, 2000). Furthermore, the relationships between Taiwan, China, and Japan provide a unique circumstance that allows us to investigate the effects of country-of-origin on viewers' behavior. These three countries are geographically approximate to each other, while historical, economic, and cultural factors have led them to have mixed feelings to each other.

COUNTRY-OF-ORIGIN RESEARCH

Country-of-origin also provides a simplifying information cue for consumers to make purchase decision (Maheswaran, 1994). A substantial number of studies also have demonstrated that country-of-origin effects can be found in consumer's evaluation of product classes, brands, purchase decision, prices, and individual product attributes (Phau & Prengergast, 2000). Gürhan-Canli and Maheswarn (2000) argued that consumers often associate country-of-origin with product quality. Roth and Romeo (1992) further argued that there is a relationship between consumer perceptions of a country's culture, politics, economy and their product evaluation made in that country. In other words, consumers are more likely to have negative feelings toward products imported from a country with unfavorable country-of-origin cues (Strutton, True, & Rody, 1995). More recent research by Klein, Ettenson, and Morris (1998) found that consumer animosity toward a country, due to conflicts or wars, may have a negative effect on their willingness to buy products made in that country. In line with previous research in this area, we proposed the following hypotheses:

Research Hypothesis 1-1: Taiwanese viewers who perceive China as a country with high political-industrial development are more likely to perceive Chinese television programs favorably than those who do not.

Research Hypothesis 1-2: Taiwanese viewers who perceive China as a country with strong cultural and economic affinity are more likely to perceive Chinese television programs favorably than those who do not.

Research Hypothesis 1-3: Taiwanese viewers who perceive China as a country with high techno-economic development are more likely to perceive Chinese television programs favorably than those who do not.

Research Hypothesis 2-1: Taiwanese viewers who perceive Japan as a country with high techno-industry development are more likely to perceive Japanese television programs favorably than those who do not.

Research Hypothesis 2-2: Taiwanese viewers who perceive Japan as a country with strong emotional affinity are more likely to perceive Japanese television programs favorably than those who do not.

Research Hypothesis 2-3: Taiwanese viewers who perceive Japan as a country with high econo-political development are more likely to perceive Japanese television programs favorably than those who do not.

Research Hypothesis 2-4: Taiwanese viewers who perceive Japan as a country with positive cultural affinity are more likely to perceive Japanese television programs favorably than those who do not.

RESEARCH METHOD

The sample was recruited, through a convenience sampling method from a large private university in Taipei, the capital of Taiwan. Total valid respondents for the study were 553. Over 41.8 % (n=231) of our sample was male, while 58.2% (n=322) was female. Those whose ages were below 20 years old accounted for 28.4% (n=157) and those who were between 21 and 30 years old accounted for 56.4% (n=312) of the total sample. Overall, younger respondents (aged below 30 years old) made up of 84.8% (n=469) of the sample. In terms of respondents' educational levels, those with university and post-graduate degrees accounted for 81.1% (n=446) of the sample.

The survey instrument consisted of multi-item scales to measure: (1) country-of-origin perceptions about China (20 seven-point semantic differential statements) (α=0.83); (2) country-of-origin perceptions about Japan (20 seven-point semantic differential statements) (α=0.86); (3) attitudes toward Chinese television programs (16 seven-point semantic differential statements) (α=0.95); (4) attitudes toward Japanese television programs (16 seven-point semantic differential statements) (α=0.95); (5) control variables including demographics, experiences with China and Japan, and self-identity. The second part of the survey included sixteen seven-point semantic differential scales to examine viewers' attitudes toward imported television programs from China and Japan. The scales measured viewers' attitudes toward programming contents (e.g., plot, storyline, attractiveness, etc.) and technical dimensions (e.g., product quality, music, performance, etc.).

FINDINGS AND DISCUSSIONS

The first group of research hypotheses explored whether viewers' country-of-origin perceptions are related to their attitudes toward television programs imported for that country. Results from the regression analysis demonstrated that viewers' country-of-origin perceptions can partially explain their attitudes toward Chinese television programs (F=27.21, df=3/549, p<0.001). Three country-of-origin perception factors explained 13% of variance in viewers' attitudes toward Chinese television programs in the regression model. Furthermore, among the country-of-origin factors, political-industrial (β=0.31, t=5.91, p<0.001) and cultural-economic affinity (β=0.17, t=3.95, p<0.001) perceptions were found to be significant predictors. However, techno-economic perception was found to be not significant (β=0.01, t=0.12, p=0.12). Therefore, RH1-1 and RH1-2 were supported by the empirical data, while RH1-3 was not.

The second research hypothesis explored whether viewers' country-of-origin perceptions are related to their attitudes toward television programs imported for that country. Results from the regression analysis demonstrated that viewers' country-of-origin perceptions can partially explain their attitudes toward Japanese television programs (F=17.08, df=4/549, p<0.001). Four country-of-origin perception factors explained 11% of variance in viewers' attitudes toward Japanese television programs in the regression model. Furthermore, techno-industrial development (β=0.19, t=3.84, p<0.001) and emotional affinity (β=0.17, t=3.61, p<0.001) perceptions were found to be significant predictors. However, econo-political (β=-0.52, t=-1.12, p>0.05) and cultural affinity (β=0.09, t=1.85, p>0.05) perceptions were found to be not significant. Therefore, RH2-1 and RH2-2 were supported by the empirical data, while RH2-3 and RH2-4 were not.

We further examined whether viewers' perceptions of programming quality will influence the effects of country-of-origin information on their attitudes toward Chinese television programs. These predictors altogether explained 42 percent of the variance in viewers' attitudes toward Chinese television programs. Among many country-of-origin variables, political-industry perception continued to be a significant predictor (β=0.12, t=2.92, p<0.001), while techno-economic perception (β=-0.10, t=-2.58, p<0.01) became a significant predictor. Two programming quality perception factors were included in the hierarchical regression analysis. While creative-storyline quality was found to be insignificant (β=0.02, t=0.62, p>0.05) in predicting viewers' attitudes toward Chinese television programs, production-technical quality was an important predictor (β=0.72, t=23.39, p<0.001) (Refer to Table 1).

On the other hand, country-of-origin perceptions cannot predict viewers' attitudes toward television programs made in Japan. In the hierarchical regression model, all four country-of-origin perceptions about Japan became insignificant predictors when two programming quality perceptions were entered into the model. Rather, these two quality perceptions have become very important predictors of viewers' attitudes toward Japanese television programs: creative-storyline quality (β=0.31, t=6.45, p<0.001) and production-technical quality (β=0.37, t=7.25, p<0.001). The lack of significance among four country-of-origin perceptions led us to speculate that viewers can merely rely on programming-related features to evaluate television programs

when the made-in country is not perceived to be hostile or culturally similar to Taiwanese viewers. On the other hand, when Taiwanese viewers evaluate Chinese television programs, country-of-origin perceptions continue to play an important role as a result of complex cultural, historical, and political factors between these two warring countries.

CONCLUSIONS

Our study has demonstrated that, while country-of-origin concept remains to be a strong predictor of consumer decision-making process of product and service consumption, the multi-dimensional aspects of this concept require marketing researchers to examine this important variable more thoroughly. As indicated in our analyses, various dimensions of country-of-origin perceptions demonstrated different predictive power, as a result of macro-level factors such as relationships between countries. Furthermore, while country-of-origin perception continues to be important, consumer decision-making process is likely to be affected by variables more pertinent to the product and service consumption. In other words, while country-of-origin remains important, program-related variables such as creative-storyline and production-technical qualities displayed stronger predictive power of consumers' attitudes toward foreign television programs.

Several limitations of this study should be taken into account in evaluating the results reported in the present study. First, a convenience sample of college students in Taipei has limited the generalizability of these findings. Furthermore, a tilt toward college students has made the findings of the present study more appropriate to future research focusing on student population. Furthermore, non-random sample also fails to provide a representative cross-sectional population. In spite of the above limitations, this research has contributed to our understanding of consumer attitudes toward cultural products (e.g., television, books, or movies). Unlike previous country-of-origin research that often studied tangible products, consumer attitudes toward intangible, or cultural products have been less investigated. Findings for this study have implications for theoretical model trying to explain factors influencing consumer processing of country-of-origin information in a variety of product categories. Future research should explore the effects of country-of-origin information on these product categories.

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