

Edited by  
Stephen H. Achtenhagen

**1982 Conference**

**Proceedings**



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Stephen H. Achtenhagen  
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## PREFACE

The Western Marketing Educators' Association is dedicated to further marketing education in the Western United States, Western Canada, and Mexico. The primary formal mechanism for professional interaction and the exchange of scholarly thought and research findings is the annual conference. This Proceedings provides abstracts of papers presented at the sixth annual conference of the Association, held aboard the "Queen Mary" moored in Long Beach Harbor, California, April 22-24, 1982.

The publication of Proceedings this year continues the practice begun last year. By having the Proceedings available at the conference, the contents will have a wider distribution than is usually the case. Also, the abstracts can serve as a planning guide for those attending the conference. Those people desiring copies of complete papers presented should contact the author(s) directly.

The abstracts herein are arranged in the chronological order in which they were presented. Thus, all papers presented in an individual session will be found clustered together.

An author index appears at the end of this Proceedings.

March, 1982

Stephen H. Achtenhagen  
Irene Lange  
Gerald Albaum

# Looks At Marketing From Every Angle

A clear, concise introductory text that helps students comprehend the theory and concepts a marketing manager should understand in order to make effective marketing decisions

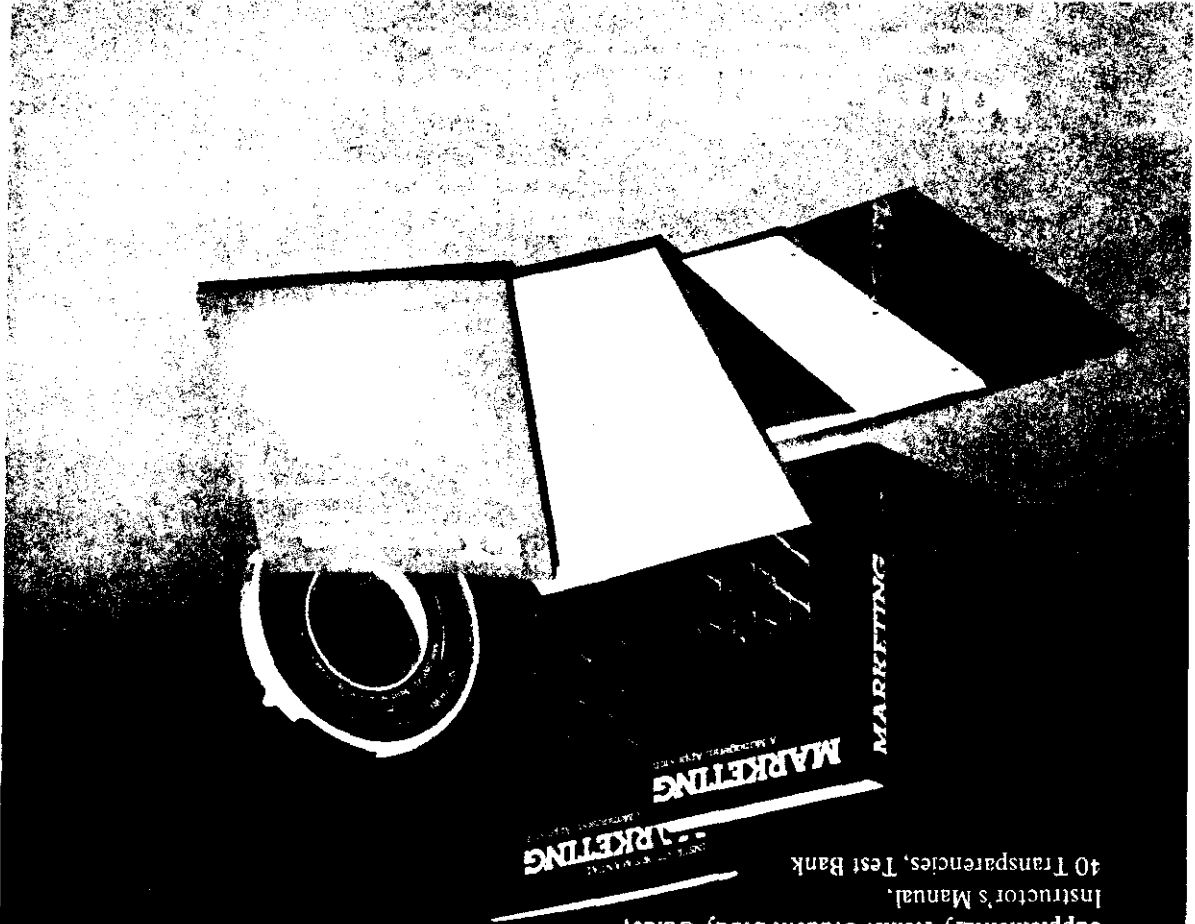
**MARKETING: A MANAGERIAL APPROACH** integrates the areas of product, communication, pricing, and distribution and relates them to strategic planning. It covers a variety of topics including:

- development of marketing strategies
- marketing of services
- marketing for nonprofit organizations
- marketing in periods of shortage
- international marketing
- social and legal aspects of marketing
- the future of marketing

To present theories and concepts of marketing, a number of helpful models are provided relating to topics such as consumer behavior, marketing research, and product evaluation. Every effort is made to relate text material to consumer decision making. Real world marketing examples are used effectively to illustrate concepts, and each chapter has a section entitled "Marketing and You," which shows students how marketing affects their daily lives.

**Supplementary Items:** Student Study Guide,  
Instructor's Manual,

40 Transparencies, Test Bank



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"PAYMENT": THE FIFTH "P" OF MARKETING MANAGEMENT

Farrokh Safavi, Western Washington University

After publication of McCarthy's acclaimed text of Basic Marketing: A Managerial Approach, the acronym "Four P's" was popularized as a general framework for marketing management analysis. All controllable factors of marketing management were effectively grouped into the four strategic processes of Product, Place, Promotion, and Price. Consumer credit was classified as a part of pricing strategy, since it was a facilitating factor in market transactions and since its cost had been reflected in the price of the product. Since interest rates in the 1960s were generally low, consumer financing did not play a significant role in consumer marketing.

In the late 1970s, however, soaring interest rates severely dampened demand for housing and durable goods. Manipulation of the classical "4 P's" was no longer effective in maintaining the past level of demand for some product categories. It was not until recently that innovations in consumer financing such as Easy Credit Plans (ECP) and Differentiated Payment Plan (DDP) by General Motors Acceptance Corporation (GMAC) and Sears significantly enhanced sales. When GMAC reduced financing charges on all GM cars from an average 18.5% to 13.8% Annual Percentage Rate (APR) on July 28, 1981, sales of GM cars increased in the following two months by 300% in California and by 210% in Washington State over the same period in 1980. On October 19, 1981, GMAC introduced a DPP whereby some models could be financed at 12.9% APR. That strategy increased sales of those models by 25% in California and Washington. Sears reported the same success with its DPP in favor of home fixture products where the 12% APR was charged in contrast to 18% APR for all other merchandise.

The term "payment" (short for payment plan) deals with consumer credit from the point of view of cash-deficient consumers. An Easy Payment Plan (EPP) is low-cost consumer credit which is tailored to buyers' preferences for down payment and pay-back period. EPP usually implies that a portion of the credit cost to customers is absorbed by the firm.

To the credit buyer, the cost of the Payment Plan is a function of price, the down payment, interest rate, payback period, and risk (credit rating of the buyer). The cost of the Payment Plan may thus be written as:

$$P_p = \sum_{j=1}^N (LB)_j * i$$

where:

$P_p$  = cost of the payment plan to credit buyers

$LB$  = Loan balance at the end of the  $j$ th period. The initial loan is equal to  $(P-D)$  where  $P$  is the product price and  $D$  is the down-payment.

$i$  = interest rate on the loan, assumed to be the yield on 91-day

treasury bills plus a risk premium to credit buyers.

$j$  = number of payments.

To the firm, however, the gross cost of financing credit sales would amount to the interest (or finance charges) which it pays to financial institutions for maintaining a target level of customers' accounts receivable. The gross cost of financing is in turn a function of the loan size and interest rate charged to the firm.

Once the firm has determined the utility of absorbing a portion of credit financing over other sales-oriented marketing strategies like price cutting, enhanced promotion, elaborate customer and product services, etc., it can decide on the magnitude of net credit cost which it is willing to undertake. At this time it would be possible to design various payment plans with fixed finance charges, but different magnitudes of relevant variables (down payment, interest, payback period, and risk).

GMAC management asserts that their innovative payment plans have been more effective than all price rebates that GM has been giving for the past ten years. Surveys of consumer opinions which have been conducted by the author every spring in Whatcom County, Washington, have revealed a steady growth in the purchase of those durable goods which are marketed with EPP. In the 1981 survey, 36% of the households who made the negative response to the test products changed their position to a definite purchase when possibility of EPP was offered. The corresponding percentage in the 1975 survey was only 14. It appears that at the present time of economic slowdown, marketing managers can manipulate the four elements of Payment (downpayment, interest rate, payback period, and the buyer's risk) more successfully to increase sales than the classical "4 P's" of marketing management.

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(The remainder of references are in the text.)

AMERICAN VALUES IN THE 1980's: IS THERE ANYTHING NEW UNDER THE SUN?

Boris W. Becker, Professor of Marketing, Oregon State University  
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Numerous commentaries recently have appeared in the business and popular press suggesting that the fundamental values held by Americans are in turmoil. We are, reports allege, in a critical time of dramatic transition in values. Are such conclusions justified? Are values really undergoing a profound change -- a change that may affect numerous aspects of business and organizational life? Or, are we in an essentially normal period -- one in which values oscillate about a basically stable historical trend?

It is impossible to discuss all the arguments supporting the thesis of rapid value change. Still, a sampling can present the general flavor of that position. First, are the arguments of serious scholars who decry the decline of "value-forming institutions." Urie and Rolf Bronfenbrenner suggest the family has changed in ways that have "calamitous" implications for society. Second, we are continually exposed to public opinion surveys, of which Yankelovitch's are typical. The basic thread running through these surveys is the decline of the Protestant work ethic, combined with an unwillingness to make sacrifices. Americans are becoming more hedonistic and materialistic while paradoxically becoming less willing to save money to support their materialistic life styles. The third, perhaps preeminent, reason for the perception of changing values is an atavistic yearning for the "good old days," days that probably never were.

A number of serious thinkers are arrayed on the other side of the argument. Robin M. Williams, a student of values for over 30 years, argues that during the entire 20th century no new value orientations appeared, nor did any significant ones disappear. Williams characterizes us as rational, egalitarian, and individualistic -- an active rather than passive or introspective people. At the risk of oversimplifying Williams' sophisticated discussion, his answer to the question might be: "Yes, there has been change, but of a gradual sort." Largely caused by the success of the scientific enterprise, "scientific" values have grown more important, paralleled by continuing secularization of our culture. Williams suggests a slight decline in the emphasis on achievement, efficiency and practicality, coupled with some skepticism about the notion of inevitable progress.

Milton Rokeach has also looked at changing values, for the time period 1968 to 1971. Rokeach points out, "The significant value changes between 1968 and 1971 . . . are reflections of selective rather than ubiquitous changes that had taken place in . . . American society." "Equality" became a more important value to white Americans, as did "a world of beauty;" but for blacks, "equality" declined and "a world of beauty" was unchanged.

If cultural values are changing, they are changing very slowly. How then can one explain the apparent values changes cited by many observers? First, the values of some highly visible segments may indeed be undergoing some change, thereby marginally affecting overall cultural values. The Yankelovitch

surveys qualify their results by finding a rise in hedonism among a "fascinating group of Americans." Indeed, the present authors have demonstrated that value differences may be useful in segmenting consumer markets. The key point, however, is that there is no evidence of a sudden, pronounced shift in aggregate cultural values. Second, outside forces shape attitudes in ways that lead the casual observer to believe that more fundamental values are changing - when they are not. Are the affluent young really discarding the Protestant Ethic? Or, in the face of a decade of rampant inflation, are they merely behaving "rationally" by saving less and spending more on durable goods - cars and even homes? Has the enlarged female labor force been the result of dramatic values change? We think not. It resulted from improved contraceptive technology that allowed women to behave in ways (i.e. work) already congruent with the dominant value system. It also resulted from necessity in the face of economic forces having little to do with changed values. One could argue that increased female participation in the labor force is entirely consistent with a "traditional" American value - family security and related economic well-being. Third, apparent value shifts may reflect only transient changes in attitudes and behaviors of particularly visible individuals and groups. College students are exactly such a group. What has become of the "counter-culture" figures of the 1960's who were leading the youth of America to new value systems? Jerry Rubin is alive and well on Wall Street, endorsing Volkswagens. Who recalls what the letters SDS stand for? More to the moment what of the "Moral Majority?" Are Americans, en masse moving to that "Old Time Religion?" We doubt it. What has become of the TV boycott plan? Surveys indicate that Moral Majoritarians regularly watch the shows their leaders excoriate. There will be no boycott because any such boycott would fail.

Within our dominant value system, which has shown little change through America's history, there is room for great subcultural diversity. But radical change in a nation such as ours, that has proven capable of absorbing divergent value systems for many decades, does not seem to be in the cards. The principal threat to a stable value system is posed by the vast number of recent immigrants - both legal and illegal. An immense burden is being placed, largely upon our public schools, to "indoctrinate" these newcomers to the dominant value system.

The problem is this: To combine stability in values with adaptability to exogenous change -- that is, how to transmit and inculcate the key values of Western civilization, while simultaneously adjusting to change. Ben Wattenberg, a public opinion specialist, believes that people's responses make it clear that they still have a "great core of moderation, stability, and common sense." We see little value change to contradict that belief.

(References are available from authors upon request.)

## IMPORTANCE-PERFORMANCE ANALYSIS OF COLLEGE STUDENT SATISFACTION

Gerald M. Hampton, Seattle University

Consumer satisfaction is one of the most fundamental and important concepts in marketing. It is the central theme of the marketing philosophy that is built on the notions of consumer sovereignty and its well-known counterpart of the marketing concept. While considered appropriate as an operating philosophy for business firms, the marketing concept is in its early stage of adoption in so-called "non-traditional" areas.

Perhaps the broadest and deepest application of marketing concepts and practices to date in a non-traditional area is that of higher education. Declining demand for college education, the rapid escalation in tuition rates, rising cost, increased competition from vocation schools and decreasing government support have all lead to the need for a marketing approach. One of the more important aspects in the application of marketing in colleges and universities, especially as demand declines, is determining, evaluating and improving student satisfaction.

Study Objectives: While marketing scholars have researched consumer satisfaction across a number of products and industries, they have ignored higher education. On the other hand, the educational literature demonstrates a number of efforts to define, develop and validate means to measure college student satisfaction. These studies, however, focus on only the performance aspect of satisfaction. Research in marketing has shown that consumer satisfaction is a function not only of the aspect of performance, but also how important that aspect is to the consumer. Thus, the purpose of this paper was to (1) determine the performance and importance aspects of college student satisfaction and (2) to demonstrate how such an analysis can be useful in evaluating certain educational programs.

Methodology: A questionnaire was developed that contained five attributes of satisfaction. They were: (1) quality education - nine dimensions related to the students' intellectual development, (2) recognition - nine dimensions indicating a consumer orientation of the faculty toward students, (3) compensation - nine dimensions that attempt to assess the amount of work required relative to academic outcomes, (4) working conditions - nine dimensions consisting of the physical features of the product and (5) social life - nine dimensions consisting of the opportunities for students to meet socially relevant goals. The respondents were 537 students attending Seattle University. A one-way ANOVA was performed for each of the five attributes to determine if there were differences across the majors. Next, mean ratings were calculated for each of the attributes dimensions. The mean ratings were then plotted on an importance satisfaction grid which allows for what has been termed "importance - performance analysis." Only nursing majors, undergraduate business majors and MBA's were analyzed in this study.

Results and Implications: The one-way ANOVA's across the three majors for each of the five college attributes were all statistically significant at the .01 level. This means that students from nursing, business and MBAs



rate the satisfaction and importance dimensions for attributes differently. The results suggests and supports at least two important notions critical for university marketing. First, the majors are perceived by students to be different products offered by the same university. This is nothing new of course, for many schools, particularly private ones, have recognized this for years resulting in different prices (tuition rates) for different products (majors). Second, it means that these products serve different target markets (students) who have different needs and wants. The implication is that the university must provide different college features to different students at the university. The idea that one program or feature will suffice no longer applies, if it ever did. Also, the implication for college resource allocation and improvement is much clearer.

The mean importance and satisfaction ratings for the five college student attributes were placed on a two-dimensional grid. The interpretation of this grid is quite straight forward based on the grid's four quadrants - the upper left hand is labeled "concentrate here," the upper right hand one is termed "keep up the good work", the lower right hand quadrant is termed "possible overkill", and the lower left hand corner is called "lower priority." Emphasis was on the upper left hand one for it contains the dimensions that are important, but where students indicate low satisfaction with the college's performance. Overall, those attributes that need improvement are for the most part those ranked lower in terms of importance, working conditions and social life. There are common concerns across majors suggesting for example that working conditions is more university specific, rather than major specific. Also, not all dimensions are judged to be of concern or important. For example, the social life attribute for MBA's has six dimensions that fall in quadrant 3 and 4, areas of "possible overkill" and "low priority."

Conclusions: The real value of this type of analysis is that it provides deans of various schools a useful focus for developing marketing strategies. One important task in the application of the analysis is that these common attributes with common dimensions must be interpreted in ways that are specific and pertinent to the department or school that offers the major in question. However, this is not as difficult as it first appears, because those responsible for departments are generally quite familiar with what specific features apply to each attribute and its dimensions.

THEORY APPLIED: EXPERIENTIAL TEACHING INTEGRATES  
STUDENT LEARNING WITH COMMUNITY NEEDS

Elizabeth H. Reeder, California State University, Chico

We have all heard of the attacks on the B-schools. The press expounds them; the business people in our local environs decry us. Are we indeed guilty of putting beloved students into "windowless amphitheaters," cramming them with theoretical turpitudes, in justification of granting them passports to the world of real workdom?

Perhaps, just perhaps, there are possibly other, better, more significant, maybe incredibly more realistic ways of inspiring learning. This paper suggests that perhaps one way might be to increase the learning of our beloved, young, knowledge seekers by facilitating their application of theory to real business situations.

This paper does, accordingly discuss a possible method of developing students who "can do something, more than . . . those who know something" (Done, 1979). It involves an integrated approach through which student teams in the very basic Principles of Advertising course interact with local businesses. But too, this integration is topped off with what might be called a within-house (Marketing Department) actual business type structure and functioning.

The basic emphasis of the student teams is directed toward: 1) business market analysis, which defines target markets and team plans relative to their use, 2) consumer analysis, which describes the consumer in relevant time frames, as well as pertinent segmentation frames, 3) environmental analysis, which exposes students to realistic concerns involving the economy, demographics, technology, regulations, and culture, 4) industry analysis, involving trends, strengths, and weaknesses, and 5) competitive analysis, which considers those numerous aspects of those other's strengths and weaknesses.

Student teams develop initial data in these regards. They function as they would in the "real world." Their composition is determined from an analysis (personnel department criteria) of their backgrounds. Account Executives (the more qualified students) are placed in leadership positions and given responsibilities relative to planning, organizing, directing, and controlling; the traditional theoretical functions.

This actualizing of real business practices (within the school department) does encompass giving Account Executives rights of firing laggards. The Executives do, in fact, fire approximately five laggards each semester. It should be mentioned that the lecturer retains the right to fire Account Executives. During four semesters only one Executive has been fired and the several fired subordinates have returned the next semester to repeat the class.

In order to facilitate the theoretical learning with the practical application of the course, the text, classroom lectures, guest speakers, and case analyses are integrated throughout each semester. This building-block approach allows students to "take things one step at a time." This learning "experience" is actually divided into six sections:

1. Advertising as a marketing management tool,
2. Research methodology,
3. Basic media strategy,
4. The creative program,
5. Evaluating advertising effectiveness, and
6. Meeting advertising's legal and social responsibilities.

All of this involves the integration of theory and organizational application. The result is simply: synergistic learning--theory applied.

The integration goes further however, it turns into a "happening." That happening comes in the form of an end-of-course "experience." The ultimate advertising campaign, which students develop, is presented by each team at the end-of-semester advertising seminar. These are "Saturday Happenings," magical Saturdays, during which students come dressed in their suits and costumes, and peoples from community organizations (come dressed in their usual conformity regalia), and all conspire, in support of the best student team. For example, last semester, all the personnel in an entire local organization danced across the stage at the beginning of their team's presentation. The local business organization was "with" its team and displayed its full support. Tiny tears might flow from an instructor's eyes when such occurrences happen--of this, other instructors should be warned. It is a most inspiring experience:

1. "This class has been very beneficial to my education.
2. It was well worth the effort.
3. Being able to show the proposal during the interview helped me considerably."

are but three of the inspiring student comments.

Too long, too very, very long, have we in academia forgotten, perhaps failed to realize how very, very close we and our students are to the real organizations of this, the greatest nation. Perhaps it is well worth a moment of our time to consider that we, the academicians have a mandate to fit the new young minds to America, not only through theory but also through application--through "Theory Applied."

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"LET YOUR FINGERS DO THE WALKING!"  
[AND GET A GRASP ON LOCAL MARKETING INSTITUTIONS]

ROBERT A. LOEWER  
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Much information about marketing institutions presented in current marketing texts relates to summarized Census data from classifications defined by the Bureau of the Census. Frequently texts also use specific references to some of the large, old, or specialized institutions such as department stores.

Census data are often no longer significant by the time the student gets to read them in his textbook. Likewise, the composition, character, and ownership of institutions is changing with regularity. Because of this inherent textbook limitation, students frequently (1) miss out on the ability to identify with particular business firms, (2) fail to appreciate the "personification" of individual institutions, (3) miss the subtleties of constant change, (4) fail to see major market changes that are taking place around them, and, (5) are less well-prepared to pursue developing career areas than they might otherwise be.

One of the valuable resources available for studying localized institutions is the ubiquitous, though easily overlooked "phone book," and especially the Yellow Pages of that directory. Probably no other reference source provides a more adequate insight into the commercial make-up of a community. It also provides a most excellent measure of a "trading area" because by their choice to be included, sellers define the market for their products or services--as they perceive it to be.

Updated yearly, as they are, Yellow Pages provide a current resource listing those who have products and services to sell. By making comparisons between directories for different years one can observe historical change. The growth of new product categories should become more obvious with comparison. Declining marketing institutions might be more readily spotted. And, where established and well-known firms have diversified into new product lines--either in addition to, or as replacement for declining products--that may also be noted.

Examples of such changes are illustrated by an actual comparison between two directories for the same urban area for two different years. Initial investigation suggests that the changes are startling when illustrated--yet subtle to residents of the community. The community used is Los Altos, California, and the years were 1978 and 1981. The area is generally a high-income, highly-educated growth area. Sociologically, it might be said that growth is taken for granted; some change is expected; yet a certain stability is also assumed by the residents.

In the Los Altos comparison, growth and decline of certain marketing institutions was rather dramatically suggested. While the Los Altos Yellow Pages also include the cities of Palo Alto, Sunnyvale, Mountain View, and

"surrounding cities," there are listings from San Francisco to San Jose. Between the two years, the actual number of yellow pages went from 832 to 906, or an increase of approximately nine per cent for the Los Altos directory.

If one is to assume that a growth of nine per cent in the number of institutions in a category would be consistent with general growth, then increases of more than nine per cent might be construed to be worthy of attention. Similarly, actual declines, or percentage increases of less than nine per cent might also suggest change worthy of attention. (Caution must be taken not to impute statistical significance to these data, as other factors would need to be considered as well.)

In the case examined, some of the listings worthy of note were: "Auto rentals and Leasing," -11%; "Barbers," -13%; "Self-service Laundries," -50%; all of which appeared to be declining. The category of "Service Stations," appeared to reflect an expected stagnation reflecting an increase of only 2%. Among those categories having percentage increases greater than the expected, were: "Air Cargo," up 21%; "Alcoholism Information and Treatment," up 20%; "Automobile Dealers, New Cars," up a surprising 26%; "Furniture Rental and Leasing," up 43%; "Hot Tubs and Spas," up 55%; "Solar Energy Equipment and Systems Dealers," up 37%; and most fascinating of all, "Accupuncture," with an increase of 475%. In 1981 there were fifty-seven listings under a new category of "Computer Stores," fifteen dealers listed under "Mopeds," and six listings in the category of "Computer time Sharing." These categories did not exist in the earlier directory.

This information might provide the beginning of all sorts of reasearch. The possibilities for research into local marketing institutions are almost unlimited. Possibilities for using the Yellow Pages as a basis for student projects are bountiful. The two-year Los Altos exploratory comparison is but one of many. Comparisons could be done for specified industries--retail, wholesale, or service, for example. Measures of significance could be applied in more sophisticated applications. Trends might be tested by comparisons using three or more directories for the same locality. Comparisons could be made between similar or different trading areas, e.g. sun-belt vs. snow-belt, high-tech vs. low tech, industrially-based vs. agriculturally-based, sea coast vs. inland areas, or large population center vs. a small one.

Probably the greatest deterrent to doing research using Yellow Pages is finding them. While current directories are one of the most accessible of all research sources, previous year directories are often almost impossible to find. Even though many libraries and even phone companies may not keep older directories, that should not discourage one from using this means. Start collecting your own, now, in anticipation of working with them in the future. This may be much too rich a source of information to avoid exposing our students to it. "Letting their fingers do some walking" may help them to get a better grasp on the meaning of change in their local market. It may even help them to get some insight into the sociological and technological composition of their own community.

## EDUCATING THE GENERAL PUBLIC: THE EXTENDED ROLE OF MARKETING EDUCATORS

Lexis Higgins and Linda Peek, University of Colorado - Boulder

This paper is designed to provide a basis for the discussion of several issues concerning the role of marketing educators in our society. These issues focus on the role of marketing educators in educating the general public about marketing.

Consumerism is defined and the authors provide support for the contention that marketing activities are the focal point for many issues raised by consumerism. Consumer education as a way of alleviating some of the misunderstanding about marketing which leads to consumer discontent is also discussed. Additionally, studies suggesting how consumers should be educated are cited. Ultimately, this brings us to question whether marketing educators should take a role in educating the general public about marketing, and if so, what this role should be.

A questionnaire was sent to a number of marketing educators across the country to ascertain their opinions on whether they have a role in improving the public's general understanding of marketing. Of 60 questionnaires, thirty-one were returned.

The first question asked about involvement of their school's marketing faculty in activities to bridge the gap between academia and the business community. Nearly all respondents indicated involvement of this type and various opportunities to establish a relationship with marketing practitioners were identified.

The second question inquired about their faculty's involvement in activities to educate the general public about marketing. Over one-third of the respondents claimed no effort was being exerted by marketing faculty at their schools to contribute to the general public's understanding of marketing. About half of the respondents said their faculty give marketing presentations to civic organizations. A few indicated that they give speeches about marketing to political groups. Other activities marketing educators purported as ways they are increasing the general public's understanding of marketing were given.

In response to the third question about whether marketing educators should take a role in improving the general public's understanding of marketing, twenty-seven answered "yes." Two respondents were uncertain, one said "no" and there was one nonresponse. Several general and some specific suggestions for what the role should be were offered.

Comments from colleagues completing the questionnaire suggest that although they feel marketing educators should assume a role in educating the public, such concrete rewards as monetary compensation, promotion, and tenure are not given for those endeavors. This may be a major obstacle to meeting this end.

The authors conclude with a brief discussion of necessary considerations for developing a more cohesive effort in educating the general public about marketing.

## HISTORY AND PROJECTIONS: TRAINING OF THE MARKETING FACULTY

William G. Browne  
School of Business  
Oregon State University

As marketing faculty look back they can see many changes in the formal training of marketing educators. They can also recognize where their personal education fits into the evolution of marketing training. This paper describes some of the obvious stages of training of marketing educators. This background helps the reader develop an appreciation of current doctoral programs. The background also sets the stage for speculation for changes in future doctoral programs.

### Initial Marketing Education

The 1930's interest in formal education formal departments of business were the departments were housed in the normally an off-spring of economics part, came from the various departments. Later many of the departments of business and petitioned, usually successful. Within the Business Schools areas of Finance, Production, Personnel, and departments.

Many academics considered the Marketing a bastard of the social sciences. It is apparent in that the staff, for a large part and in many cases were teaching in the areas of formal doctoral training. To gain respect and added focus on the scholarly aspects of marketing, a number of leading schools started Ph.D. programs in marketing. Many of the Ph.D. programs had a heavy social science flavor that represented the interest and formal backgrounds of the initial staff. Writings of the established "scholars" dealt with the application of social sciences (mainly economics) to the practical concerns of the practitioner. Other writings were descriptive in nature, covering topics such as marketing channels, advertising, retailing, and salesmanship.

### A Challenge to Marketing Education

In the 1950's a formal challenge faced marketing educators in the form of the Carnegie Report (addressed to the entire field of business education). This caused schools of business, marketing departments, and accrediting agencies to initiate a self appraisal. The appraisals resulted in a shift in the content of marketing education and the marketing training of Ph.D. students. Formal courses in quantitative methods and later computers became a requirement in most Ph.D. problems. The increased focus on quantitative methods produced an army of faculty members looking for situations to use their new

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weapons. Articles appearing in standard marketing journals were based on a heavy dose of quantitative methods reflecting the change in training. Marketing textbook authors began to integrate quantitative methods into their writings.

#### A Shift in Marketing Education

During the 1960's and early 1970's the marketing concept fully became part of the marketing dogma. To implement the marketing concept, from the scholar's standpoint, methods for understanding the consumer or buyer needed to be developed. Thus, many of the Ph.D.'s with heavy educational doses of quantitative methods and the social sciences quickly gravitated to research in consumer or buyer behavior. Courses in Ph.D. programs reflected this transition and many students concentrated their studies and research in consumer or buyer behavior. As a consequence many articles and books were published on the topic reflecting the backgrounds of this generation of Ph.D.'s.

As the interest in consumer and buyer behavior matured and the business schools satisfied their individual staffing needs for consumer behavioralists, academics search for new concepts that would enhance the understanding of marketing. There was substantial, but short-lived, interest in the general areas of marketing and society, social marketing, marketing systems, marketing decision-making, etc., but these areas never made the impact of previous thrusts. The contributions of each area were quickly integrated into the then-existing courses without making substantial impact on Ph.D. requirements or areas of specialization. Lately, there has been probes into such areas as: service marketing, macro marketing, strategic marketing, and marketing control. There is no clear signal that any of these areas will become the "flagship" of the 1980's. Each topic has or will influence marketing curriculums and each has the potential for becoming a major speciality area in the training of new marketing Ph.D.'s. At this point in time, however, it is difficult to forecast which, if any, of the topics will become the focal point of the 1980's.

#### The Future of Marketing Education

It appears that when interest in marketing education begins to plateau a new and modified version of marketing is introduced. The scholars are now proposing the ingredients for the next generation of marketing study. Each of the topics suggested in the preceding section has been introduced and has attracted the attention of many educators and practitioners as evidenced by the many special sessions held as part of AMA conferences. There also may be a "sleeper" among the above topics. The sleeper could concern the integration of the marketing function from a modeling standpoint. Strategic Marketing certainly contains the ingredients for an integrative approach, but can it be taught by means other than cases?

The marketing faculty may again have to step outside their domain and borrow from other academic areas to enhance their studies of service marketing, macro-marketing, strategic marketing, marketing control and/or marketing integration. Academic areas such as accounting, management, psychology, sociology, control theory, and systems engineering may provide background and support these studies. If marketing goes to the outside again there will be a major wave of research and writing that will substantially change future Ph.D. training.

A COMPARISON OF RETAIL PRACTICES IN TAIWAN,  
SINGAPORE, HONG KONG AND THE PRC

Laurence Jacobs, Charles Keown, and Reginald Worthley  
University of Hawaii

INTRODUCTION

There is evident interest in the Chinese market as indicated by reports in the popular, business, trade, and academic press. A question of major interest to multinational corporations, who are considering their role as importer to these Chinese countries, is: do retailing practices in these countries differ and if they differ to what extent? Such differences must be taken into account when developing the firm's strategy for marketing products to nationals in these countries. The present study is exploratory, and attempts to assess potential differences in retail practices among four Chinese countries. The study uses data collected from over 500 retail outlets in Taiwan, Singapore, Hong Kong and the Peoples' Republic of China (PRC); it demonstrates several, interesting intercountry differences.

METHODOLOGY

Data were collected by sixty American student-researchers who toured the four countries during the spring of 1980. Four descriptors were considered to be independent variables; they were: (1) the country (Taiwan, Singapore, Hong Kong, or the PRC); (2) type of store (department, tourist, high-priced specialty, low-priced specialty, or street vendor); (3) size of store (small or large); and (4) type of merchandise carried (fashion or utility).

Although there were numerous variables that could be used to assess retail practices, this study focuses on several observable tactics. Variables that could be observed were important because of the language barriers between data collectors and foreign retailers. Therefore, five dependent variables were conceptualized to be general descriptors of retail practices; they were: (1) degree of high pressure selling; (2) attractiveness of displays; (3) the presence of impulse items; (4) pricing policy, fixed or bargaining; and (5) service, self versus full. These variables were transformed into operational measures in either dichotomous formats or three-point scales.

The student-researchers were trained to distinguish the varying degrees of each measure and a common set of anchor points were developed for the study. They also were instructed to observe the five operational measures prior to participating in the purchasing process. After the data had been collected, group discussions were conducted by the principal researcher to insure that anchor points remained constant from country to country.

The sample consisted of 244 stores in Taiwan, 147 in Singapore, 100 in Hong Kong, and 29 in the PRC; for a total of 520 outlets. Most of the stores surveyed were located in the respective capitals of commerce in each country. Consequently, this limits the results of the study to urban, or large city retailers in each country.

Since type and size of store are inherently related to retail practices, it was particularly important to control for these independent variables in the analysis of data and to adjust for these differences statistically in order to more fairly compare differences among countries. In addition, the operational measures were all categorical. For these reasons, a log-linear model described by Dixon (1977) was used. All main effects and two-, three-, four-, and five-way interactions were examined and models were chosen through a stepwise procedure for inclusion and deletion of effects.

## RESULTS

Only two operational measures are significant ( $p < .01$ ) with respect to country; pressure tactics and pricing strategy. High-pressure selling is more likely to be used by retailers in Taiwan and Hong Kong, while relatively low-pressure selling is evident in the PRC. Retailers in Singapore are viewed in the middle range. Similarly, bargaining over price is more common in Taiwan and Hong Kong and fixed pricing tends to be the mode in the PRC. Singapore tends slightly toward bargaining.

There are two significant three-way interactions; bargaining by country by type of store, and type of service by country by type of merchandise (both significant at  $p < .02$ ). These interactions indicate a higher than expected presence of bargaining among street vendors in Taiwan, and full-service stores selling fashion merchandising in Hong Kong.

Although there is no significance across the four countries on the three other operational measures, Hong Kong and Singapore merchants appeared to have somewhat neater displays than their Taiwanese and PRC counterparts. Impulse items appear more often in Hong Kong and Taiwan outlets than in Singapore and the PRC.

This exploratory study demonstrates that retail practices do differ among the four countries surveyed. The PRC appears to stand apart on several measures; outlets in mainland China use relative low-pressure selling tactics, have fixed prices, and tend to be self-service operations. These differences are theorized to occur because of the political structure which may hinder more aggressive retailing practices. Under a command economy with state control or ownership of retail outlets, there may be less incentives for retailers to push their merchandise. Conversely, under a relatively free-enterprise system as in Taiwan, retailers use high-pressure selling, bargain over price, and tend to provide a full-service environment.

There appears to be no differences between retail outlets in Hong Kong and Singapore, except for slight differences in impulse items. These city-states are substantially similar to Taiwan, except that their displays tend to be more likely classified as neater than in Taiwan.

There are several implications for multinational corporations planning to sell their products to nationals in these countries. The more aggressive tactics used in Taiwan, Hong Kong and Singapore imply more emphasis on trade dealing and reduced importance on the merchandising aspect of packaging and promotion. These retailers tend to negotiate price, and employ aggressive sales personnel in a full-service atmosphere. In the PRC, however, packaging and promotion would play a more important role due to self-service, low-pressure selling, and fixed-price environment.

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BUSINESS POLITICAL ACTION NECESSARY  
TO CURB JAPANESE AUTO EXPORTS

George Schwartz  
University of Massachusetts/Amherst

In December, 1978, the Iranian Shah's fall from power was the first in a series of developments which created turmoil in the U.S. automobile market and severe economic losses for the domestic industry. These developments caused consumer demand to shift abruptly and substantially to the small, fuel-efficient sub-compact car, a vehicle which U.S. manufacturers could produce only in limited quantities. The Japanese automobile industry was able to reap much of the benefit of this windfall marketing opportunity.

The U.S. industry's inability to compete appeared to apply only to the short run, since it was expected that after several years of product development and retooling, the industry's competitive capability would be restored. The rapidly expanding Japanese incursion into the U.S. market was viewed as a serious threat by U.S. auto manufacturers, their suppliers, dealers and labor unions, and means were sought to curb it. The objective was to prevent the Japanese auto brands from gaining even larger shares of the U.S. market, an accomplishment which would further reduce sales revenues and which would be very difficult to reverse in the future.

Although contrary to the long held free market economic philosophy of such companies as Ford and General Motors, government intervention aimed at achieving a reduction and limit on Japanese imports was the solution sought. Before ultimately succeeding in effecting this limitation in the early months of the Reagan administration, the leading U.S. auto manufacturers, their suppliers and dealers, needed to become involved in the political process in order to influence U.S. public policy. In this effort, awareness of common interest caused the auto companies to join forces with their frequent antagonist, the United Automobile Workers Union (UAW), and the supplier firms did the same.

All of the methods available for curbing Japanese auto imports required action by the United States government. These included:

- (a) Persuading the Japanese government voluntarily to restrict its industry's exports to the U.S.;
- (b) Requesting the President to impose a quota on Japanese auto imports, or raise the existing tariff;
- (c) The U.S. International Trade Commission (ITC) could, after a proceeding under Sec. 201 of the Trade Act of 1974, recommend to the President the imposition of a quota and/or a tariff increase, or other relief;
- (d) Congress could legislate a quota and/or tariff hike; and
- (e) The U.S. and Japan could negotiate an Orderly Marketing Agreement (OMA) in which the Japanese government would formally agree to limit auto exports.

Any of these short-run actions were difficult to achieve because of substantial barriers both in Japan and the U.S.. But politically, the Carter Administration, especially since the President was a candidate for re-election, expressed sympathy for the industry's distress. However, the Administration maintained that it could not legally take any action, on its own initiative, without a prior recommendation from the ITC. Although candidate Reagan's long held philosophy espoused free markets and free trade, his search for auto worker votes enabled him to discern circumstances under which it would be proper for the government to curb imports. With the defeat of President Carter and a negative decision by the ITC, business proponents of import curbs had to mark time until the Reagan Administration took office.

Early in 1981, the situation confronting the auto industry was, in essence, as follows: Congress appeared willing to mandate import curbs, but the Reagan Administration preferred voluntary restraint. Such restraint, however, was opposed by Japanese auto manufacturers, and the Japanese government appeared to be trying to straddle the fence on this issue.

Efforts to achieve import curbs were complicated by a philosophical split within the Reagan Administration. The major element of this policy debate pitted those who advocated the desirability of free trade against the pragmatists who held that the President could not take the political risk of turning his back on the large number of auto industry related persons, companies and communities which were in severe economic distress. While not unanimous, the strong free trade view of important members of the Administration made it clear that the Reagan Administration would not support congressionally mandated import quotas, and would not negotiate an Orderly Marketing Agreement with the Japanese. If import relief was to be effected, it would be necessary to cause the Japanese government to conclude that voluntary unilateral reduction and limitation of auto exports to the U.S. was a better alternative than others confronting it. Such a solution was acceptable to Reagan Administration free traders since it would not be a consequence of any mandated import quotas or an official demand of the U.S. government.

The concerted effort to influence the Japanese government was undertaken by congressional leaders and Administration officials favoring import relief. The strategy was successful, and on May 1, 1981 the Japanese government announced a voluntary agreement to restrain auto exports to the U.S. during a three year period.

The Industry's experience illustrates that assistance with its short-run problem could be provided only by action of the federal government. And this action could only be obtained by the auto industry's participation in the political process.

## WHAT AUTHORS NEED TO KNOW ABOUT PUBLISHERS

David L. Kurtz, Seattle University  
Louis E. Boone, University of Central Florida

Textbook publishing has become increasingly specialized over the years. Marketing textbooks are now actually developed in the manner in which they advocate for other products. Today's marketing text is more likely the product of marketing research than the yellowed, dog-eared notes of a prof wanting to leave his/her mark on the discipline.

Publishers are now forced to make substantial investments than ever before. As a result, they have abandoned their traditional production orientation and adopted the marketing concept. This roundtable discussion will trace how the text book industry has evolved from "manuscripts coming in over the transom" to today's sophisticated product development process.

The entire publishing process will be examined and related to an author's perspective. This discussion will include prospectuses, acquisitions, contracts, marketing research, approaches to writing, reviews, editorial development, revising, copyediting, permissions, designs, production, galley proofs, and finally - the marketing of a finished product. The organizational structure and dynamics of a publishing house will also be considered.

The discussion leaders will discuss the vital importance of contract negotiations: what to look for; what to seek; and, what to avoid. The roundtable will conclude with a consideration of a publishing strategy for a first-time author.





## A COMPUTER PROGRAMMING APPROACH TO TEACHING SAMPLE SIZE

Dr. Robert E. Good, Portland State University

"How big a sample will be needed?" is a frequently asked question in the field of marketing and part of the educational agenda for many courses. Textbook treatment of this topic is often less than satisfactory. The purpose of this paper is to show how the computer can be used to help students understand the sample size determination process with greater clarity.

If the educational objective were to provide a mechanical way to compute sample sizes, then a sample size program could be provided and run by students. However, if the educational objectives include such things as development of thinking, understanding, and problem-solving skills, then merely running a canned computer program would be of questionable educational value. A much more active role is needed for the student.

Techniques associated with computer programming can provide the systematic approach to sample size computation that is needed. As Nevison states in his book entitled, Executive Computing, "... writing a program is a way of analyzing a problem." It also provides an approach to operationalizing marketing concepts and promoting algorithmic thinking. The problem solving methods borrowed from the computer field for use in understanding sample size determination include top down design, stepwise refinement, modular design, if-then action branching, HIPO (hierarchy, input, processing, output) structuring, and logical flow diagramming (simple boxes and arrows).

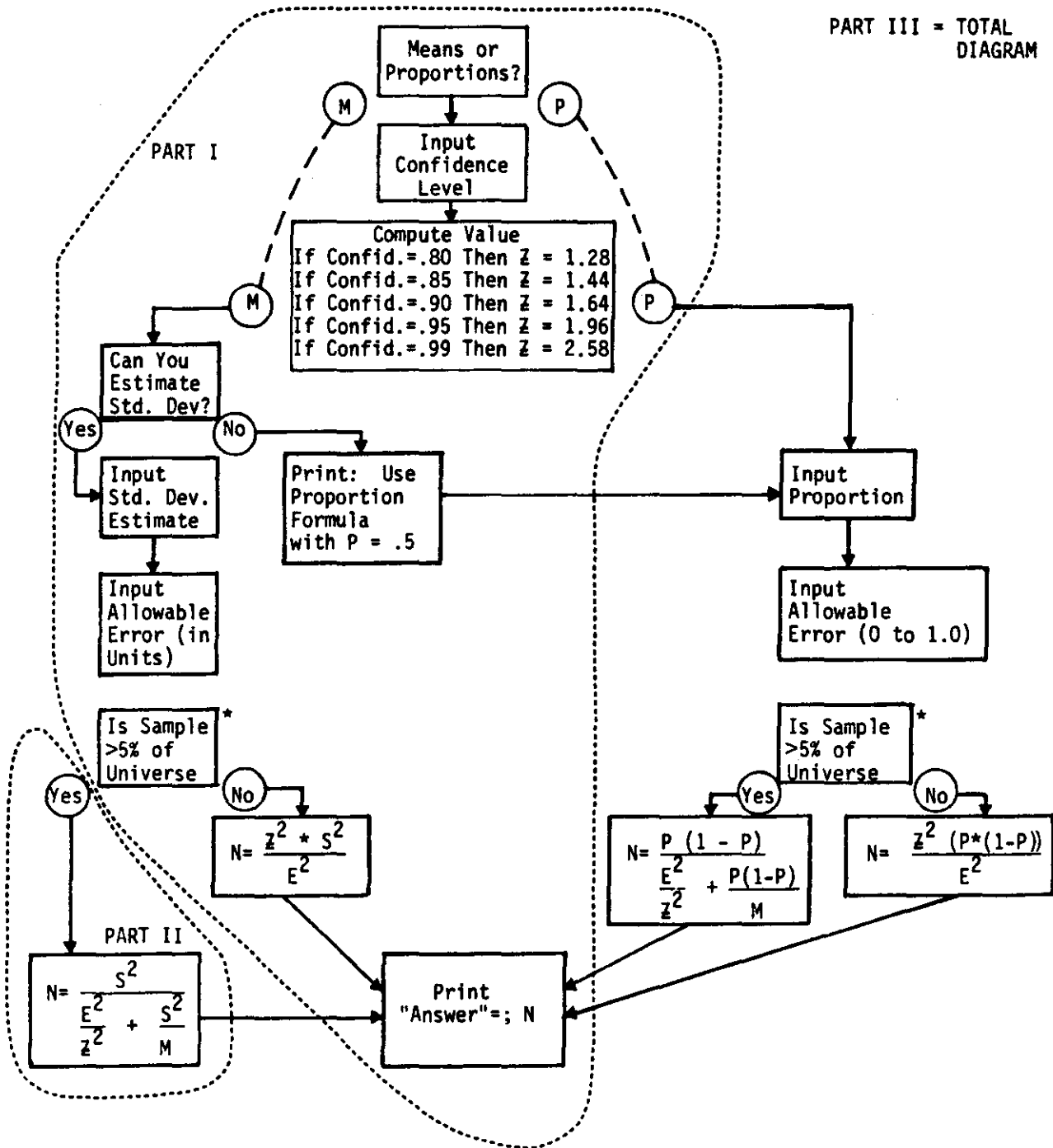
The approach taken consisted of providing a case description with clues and essential information about sample size issues embedded in it. The student then develops a logical flow diagram for sample size determination and eventually writes a computer program if skills permit.

The sample size case exercise has been used at both the graduate and undergraduate levels with very positive responses by the students. The flow diagrams are required, but actually writing the computer program can be optional. Usually, many students do elect to write the computer program.

Having completed the exercise, the students will have learned three lessons. First, they will have a clearer understanding of how to compute sample sizes for simple random samples (for means or proportions) with and without finite correction factors. Second, they will have gained some knowledge of and practice with problem solving approaches associated with computer programming. Third, they will have gone through the process of building a management tool (i.e., a computer program) which is a convenient and reusable embodiment of their understanding. (See accompanying teaching note).

TEACHING NOTE  
SAMPLE SIZE

PART III = TOTAL DIAGRAM



\*If user does not know whether the sample will be >5% of the Universe then run the program assuming "No" first; then run the program a second time if the sample does turn out to be >5% of the Universe.

DEVELOPING A CHOICE CRITERIA MODEL FOR SELECTING  
LIVE-CASE MARKETING RESEARCH CLASS PROJECTS

Gary McCain  
Douglas J. Lincoln  
Boise State University

One method marketing research educators have utilized to introduce "real" business situations into the learning environment has been live-case class projects. Implementation of such projects often painfully reveals that the interaction among instructors, clients, and students does not always provide a "profitable" experience.

Students, clients, instructors, and academic institutions each have sets of benefits and costs which may derive their profitability from participating in live-case projects. Students gain experience and possibly employment enhancement, but may find high time demands with narrow exposure to the full research process. Clients may obtain low cost, objective information but must provide additional time involvement with the quality of results not being "guaranteed." Instructors may meet academic objectives and achieve enhanced real world exposure, but must often commit more time and energy with the potential risk of their professional image. The institution may gain or lose community relations advantage from the choice of clients, the findings, and final evaluation of results by clients. Funding may be required or provided by clients.

A two-stage decision criteria model was developed to evaluate research proposals for use as live-case class projects.

Given that the basic purpose of the projects is to provide a meaningful marketing research education, in order to be accepted a project must offer students experience in: problem definition, sampling plan design, data collection, data analysis/interpretation, and report writing. If these conditions exist, the major objectives of the students, instructor, and institution are likely to be met. The first stage, then is this disjunctive decision to reject any project that fails to offer exposure to all facets of the research process.

All proposals conforming to the above requirements are then evaluated, a priori, for their expected benefit, or "profit," to each group. Step 1. An examination is made of the relative importance of the students' vs. client's vs. instructor's vs. institution's benefit. Specific weights will depend on the nature of each institution. Step 2. Estimations are made on the probability (0% to 100%) of obtaining the desired benefits for each group assuming the project were undertaken. Step 3. The weighted importance score is multiplied by the benefit probability of each participant to get a weighted benefit value. Step 4. For each proposal, the weighted values of each participant are added to get a net weighted value score. Step 5. The highest net weighted valued project(s) are selected

for class use to provide the maximum total profit to all concerned.

An ex post facto evaluation of any class project should be performed in order to improve the model's predictive ability. Such improvements might include revised importance weights or procedures used to produce benefit expectations.

## TEACHING MARKETING RESEARCH UTILIZING THE MARKETING RESEARCH PROPOSAL

Joseph L. Orsini  
Loyola Marymount University

The use of formal, written research proposals is an endeavor both interdisciplinary in nature and employed under a wide variety of conditions. It is difficult to imagine modern marketing managers who will not, at some point in their careers, be heavily involved in the research proposal process. It would therefore appear that research proposals ought to be addressed somewhere in the marketing curriculum, particularly in courses in marketing research.

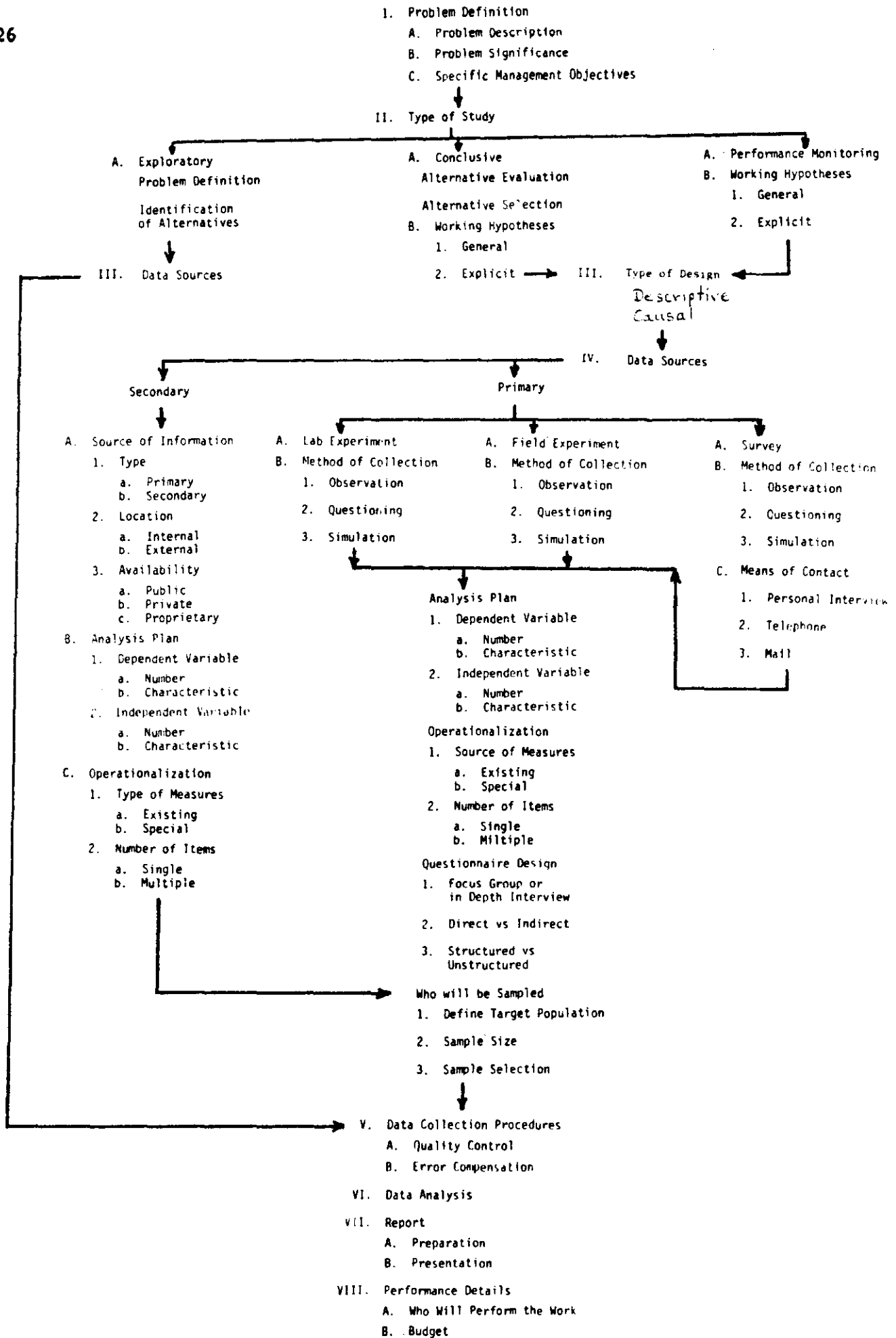
Marketing research texts which contain sections addressing the research proposal note several criteria effecting its length and level of detail. Among these are the magnitude of the research effort in time and money, the importance of the research to the product and the product to the organization, whether the research is to be performed "in-house" or on contract with an external organization, and the type of client agency (particularly government agencies contracting with private researchers).

As noted in the various marketing research textbooks, the proposal formulation process is probably the most creative part of the research process and, in the case of selection from among competing proposals, may well be the basis for obtaining or not obtaining the contract. Frequently the proposal also serves as a basis for, or even a part of, the contract document, hence the careful attention to format and wording is justified. Thus, the proposal typically is not easily changed once approved.

In addition to being important in its own right, the research proposal can serve as a valuable educational tool. In particular, it can serve as an overview of the course, as a vehicle for clarification of the ways in which the various types of research differ from one another, and assist students in understanding the relationship among research program components.

The attached exhibit of the Marketing Research Proposal Outline has been prepared based on discussions contained in various marketing research texts. It is intended to indicate eight different sections of a "typical" marketing research proposal, as well as emphasizing some of the differences in the type of study, sources of information, and type of design.

This Outline has evolved as a result of classroom use, and is still being developed. Hopefully the concept will be seen as having some value, and the exhibit will be useful enough to serve as a base for individual instructor's preparation of a similar outline, which could be tailored more closely to specific course and instructor requirements.



## THE USE OF TESTING IN FRANCHISEE SELECTION

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## INTRODUCTION

Various approaches to franchisee selection have been advocated, including personal interviews and assessment centers. None specifically refers to the use of testing in the selection process. Given the successful use of testing in personnel selection in other fields, it is reasonable to believe that this method can be used effectively in franchising. In this context, "testing" refers to the administration of one or more tests to applicants and the subsequent use of the test results in making the decision whether to accept or reject the applicant as a franchisee.

## ILLUSTRATION OF A RECOMMENDED APPROACH

The successful use of testing in franchisee selection requires that a systematic approach be followed. A synopsis and rationale related to each of seven steps in a recommended approach are briefly described below. Also presented is a summary of the results of a project that was intended to develop a battery of tests that would aid a franchisor of convenience grocery stores (CGS) in selecting franchisees.

1. Position Analysis. The tests used in franchisee selection should measure skills, interests, and traits related to a franchisee's activities and likelihood of successful performance. To determine which skills, interests, and traits are important in the franchisee position, interviews should be conducted with both franchisees and franchise executives of the particular organization. In the CGS project, the success profile that was developed following these interviews included eleven different skills, interests, and traits.
2. Selection of Independent and Dependent Variables. A measure of franchisee performance has to be selected as the dependent variable. At least four types of factors should be considered as possible independent variables, including demographic characteristics, personality traits, interests, and managerial abilities. The dependent variable used in the CGS project was a weighted Franchisee Performance Index (FPI), consisting of sales, gross profit, net profit, average inventory turn per period, wage control and sanitary rating. These measures were standardized to permit combining them into a single FPI value.
3. Test Review and Selection. Alternative tests have to be evaluated with respect to how well they measure the independent variables selected for the analysis. Following the screening process, three tests were selected to form the battery that would be administered to present franchisees. Each of these tests possessed satisfactory reliability, ranging from about .6 to as high as .94.



4. Development of Testing Procedures. Development of the predictive equation requires that the tests selected be administered to current franchisees. In the CGS project, tests were administered on a face-to-face basis during regional meetings of the franchisees. From 136 franchised stores, 94 complete and usable sets of test data were obtained.

5. Statistical Analysis. The primary purpose in analyzing the test data is to estimate the degree of association between the independent and dependent variables. Stepwise linear multiple regression was used in the CGS study. The most valuable regression results were produced using the subsample of franchisees from the metropolitan area included in the franchisor's sales territory. This multivariate equation explained 36% of the variance observed in the FPI. The multiple correlation coefficient between the FPI and the five independent variables was .60, which is statistically significant at less than the .01 probability level.

6. Construction of Predictive Equation. Assuming the statistical analysis reveals that some independent variables are significantly related to the dependent variable of franchisee performance, a predictive equation in the common regression format can be constructed. In the CGS project, the following predictive equation was constructed:  $FPI = .086 + .94x_1 + .007x_2 - .006x_3 + .006x_4 + .007x_5$ . In this equation,  $x_1$  was the Wonderlic Test score and  $x_2 - x_5$  were scores for four Strong Vocational Interest Blank variables.

7. Use in Franchisee Selection. The executives involved in making franchisee-selection decisions should use the predicted-performance score as one input to the process. Other important factors, such as references, perceived compatibility with the organization, and financial resources should enter in the decisions.

#### CONCLUSION

This paper focused on the selection of franchisees. However, the same potential benefits and challenges would apply to the selection of personnel for other marketing positions that meet the following criteria: a realistic, quantifiable performance measure, a general success profile, available tests measure these characteristics, statistical analysis reveals selected variables that explain a sufficient amount of the variance in personnel performance.

CONSUMER COMPLAINING: WHAT RESPONSES DO CONSUMERS  
EXPECT FROM MANAGERS

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One obvious measurement of consumer dissatisfaction is the number of complaints directed toward businesses. The volume of such complaints has increased substantially in recent years. Overt complaining behavior is important from a business perspective since complaints serve as important feedback from the marketplace concerning a company's offerings and actions while offering an opportunity to reduce dissatisfaction. From a consumer perspective, complaints represent an important form of communication. Consumer expectations and company responses affect attitudes toward the company and business in general.

The focus of our study is on the consumer and its purpose is to address the following questions that have implications for marketing managers:

1. Do consumers perceive complaints as valid?
2. What response would be necessary in order to achieve satisfaction?
3. What are consumers' expectations that they will receive the desired response?
4. Which company representative should respond?
5. Do managers give consumers what they want?

A graphically-dispersed sample of 122 consumers was personally interviewed after reading five complaint letters selected from the files of a Fortune 500 company that sells building materials used for new construction and remodeling, such as paneling and plywood. Two letters had obvious solutions, two had solutions that were not obvious and one letter contained an obviously inflated request. Consumers were asked to state their expectations and requirements concerning company responses. Forty managers at the company were shown the same letters and asked to provide a detailed account of what they perceived to be an appropriate response.

The results of the study are indicative of a general level of consumer optimism concerning the complaint resolution process. The consumers overwhelmingly expressed the necessity for the company to respond to each letter. This was true even for the letter that contained the inflated request. It appears that when dissatisfaction is manifested in the form of a complaint letter, consumers believe that a response is necessary.

A large group of consumers (61.4%) expected the company response to be by letter while 38.6% expected personal contact. An explanation and/or apology were the two most desired responses although replacement, refund and suggestions on how to solve the problem were also important to consumers.

The consumers did not have strong preferences concerning which corporate employee should respond. Almost 50% had no preference. 41.2% wanted a

manager, sales representative or customer service representative to respond. Perhaps consumers viewed such employees as being closer to the problem. Only 11.9% wanted a top executive to respond.

There was a strong tendency for managers to give consumers what they wanted or more. This occurred in 65.5% of the cases. This was true even for the inflated request. This liberal response pattern is supportive of the overall level of consumer optimism about receiving a satisfactory response. It may be that the act of writing and sending a complaint letter to a company represents a strong commitment on the part of the consumer to obtain satisfaction. Or they may feel that their complaint is reasonable and will be perceived similarly and acted upon favorably by managers.

On the other hand, managers may find it easier to satisfy their personal goals by giving a liberal response designed to make sure the consumer is satisfied, rather than risk consumer dissatisfaction and face possible review by top management when the irate consumer presses the case.

## EXPORT-IMPORT MARKETING: DOES IT NEED MORE ATTENTION?

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Are changing marketing conditions in world competition creating a need for an updated look at Export-Import Marketing? The purpose of this paper is to argue that we need a fresh look at some traditional old knowledge in order to strengthen the dynamism of our current international marketing skills, and the way we teach them.

In our fascination with the rise of the multinational corporation we let our interest in teaching the subject of exporting and importing fade into the background. Coming as it did out of the curriculum of the old "business college" that preceded the modern school of business administration in the teaching of many business subject, it is even questioned by some as not sufficiently "academic" to justify treatment at the university level. However, the waning dominance of the MNC in world economic growth emphasizes the rising dependence of our international economic health on our ability to increase the nation's declining share of world exports.

A survey of major international marketing texts used today shows no pattern for dealing with the subject. One will give it a separate section, another almost no mention at all. The tendency is to break it apart among topics and to treat it descriptively as a set of givens about which one cannot do much. Here and there the authors reveal a sharp insight but then back off. Nowhere is a picture of a complete transaction laid out for the reader.

The essential point to be made is that when one has a clear understanding of all the pieces to the transaction and how they fit together this knowledge has a synergistic effect giving a dynamic strength and flexibility to the marketer who possesses it. The export-import transaction is the base on which all international trade in physical goods rests. Yet there are often unbelievable tales of naiveté among otherwise sharp American business people. The author's experience and research in international trade promotion reinforce this point. A decision to enter the world marketplace frequently dies out or is delayed by the questions, "What do I actually do? What do I really need to know?"

A lot of titillating seminars and "how to do it" literature are available. They are almost invariably the product of someone who is a specialist in one or another of the export-import service areas. A person is not carried far enough to reach a threshold of confidence. Much trial and error and many painful experiences result. Here international academia can make a valuable contribution. The academic is above the narrowing focus of the workplace. He (or she) is in a position to generalize, to see the transaction in its entirety and to teach others to see it.

What an overviewer finds is a fascinating arena of marketing opportunities in what is often ignored or brushed aside as the drab details to be left to others. Information is power and this area has many special peculiarities. Even a language of its own. Who does what and why? Where does one turn for

information and service? How does one communicate? Litigate? How can this knowledge be used to affect competitiveness? In price? In delivery? In terms of sale? In security? In financing? In managing channels? In product quality? In customer confidence?

By having a firm grip on the basic details of the transaction one can reduce risks and costs, increase options and flexibility, and manage with less hesitation in the marketplace. One is less intimidated by what "specialists" have to say and more encouraged to explore alternatives. Things like duties, freight rates and insurance premiums are not absolutes. Documentation is not an unsettling mystery but a known quantity to be taken in stride and pitfalls avoided. One becomes sensitized to the marketing value of new technologies and procedures, such as containerization and minilandbridges.

It is disturbing to see the calm with which Americans accept the increasing role of Japanese trading companies in marketing our exports. While respecting the Japanese for what they are doing let's rise to meet foreign competition by a renewed emphasis on our own export-import marketing skills.

## EXAMINING CULTURAL DIFFERENCES THROUGH FOREIGN STUDENT INVOLVEMENT IN INTERNATIONAL MARKETING PROJECTS

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One of the more difficult problems in teaching American students about International Marketing is their lack of exposure to differing cultural environments. As a result, they lack the sensitivity necessary to effectively develop marketing plans for use in foreign markets and are unable to anticipate the problems likely to arise in conducting marketing research in a foreign country. Ideally, this ethnocentric perspective is tempered by foreign travel and study at a foreign university. For most students these options are neither economically nor academically feasible. Since many campuses in the United States have foreign student populations representing diverse ethnic backgrounds, it was felt that these students could be used to teach American students about the difficulties posed by cultural difference. This paper examines how foreign students were used as a vehicle for providing students of International Marketing with increased cultural sensitivity.

Research conducted at the University of Arizona indicated that unbiased and reliable consumer information about foreign markets could be obtained from foreign students if they were well informed on the products or market activities being studied and if the questions could be clearly explained to the respondents (Alkhedair, 1978). Several potential problems must be recognized at the outset, however. Arndt (1978) indicated that both theoretical problems concerning what to study and whom to research and methodological problems of functional equivalence of samples and measurements could present serious problems. Several previous studies emphasized the problems in cross-cultural research (Hoover, 1978, and Sheth 1980).

### Design of the Project

After discussion of previous research and consideration of problems, a research project using international students was incorporated into the international marketing course. The project was designed to provide information about purchase decisions of foreign students and to provide information about the differences that foreign students observed while shopping in the U.S. Students were encouraged to develop the study along the lines they felt most appropriate as it was felt this was important in order to emphasize the problems of cultural difference.

### Conduct of the Study

In order to obtain as much information as possible and to identify problems and constraints individual personal interviews were conducted. Students from a business class at the Center for English as a Second Language (CESL) were chosen as subjects and each student in the International Marketing class was assigned to conduct an interview. CESL students had previously been exposed to material on marketing in the

WILL OFFERING RESPONDENTS A SUMMARY OF THE  
RESULTS AFFECT THE RESPONSE TO A MAIL SURVEY?

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Should a copy of the survey results be offered to mail survey respondents? Some survey practitioners recommend this practice, for they believe it will increase the response rate to the survey. Experimental research, however, has produced mixed results concerning the efficacy of this technique. It is not clearly understood what conditions must prevail for this technique to be effective. The primary purpose of this paper is to investigate whether the nature of the questionnaire (interesting vs. uninteresting questionnaire) interacts with the offer of survey results. It is proposed that offering the results will increase the response rate only when the questionnaire is of interest to the survey population. If members of the survey population find a questionnaire interesting, they should view a copy of the results as a reward, and thereby be motivated to respond. On the other hand, if a questionnaire holds little interest to members of the population, the results should not be of interest to them and should not serve as a motivator of response.

Two questionnaires were developed to represent opposite ends of the interest dimension. The interesting questionnaire was represented by the Mind Inventory Catalog (MIC). It consists of a variety of interesting questions covering topics such as vacation and job preferences, sex, love, marriage, divorce, money, religion, crime, and public behavior. The Tax Survey (TS), in contrast, consists of a series of monotonous questions on tax issues, and was designed to represent the uninteresting questionnaire.

To determine whether each questionnaire produced the desired effect, a perception study was conducted among 123 undergraduate business students. The students were randomly assigned to receive either the MIC or the TS in a classroom setting. Each student was asked to complete the questionnaire he/she had received and to evaluate it with a questionnaire consisting of ten semantic differential scales. The scales covered a variety of attributes such as length, variety, topic importance, and interest. Factor analysis was applied to the data and it indicated that the most important dimension represented by the ten scales was the "interesting-boring" dimension. Both the MIC and TS were evaluated on this dimension (i.e., the factor scores were analyzed) and it was discovered that the MIC was perceived by the students to be significantly more interesting than the TS. Thus, these results confirm that the MIC is a more interesting questionnaire than the TS.

To test whether the offer of survey results is affected by the nature of the questionnaire, a 2 X 2 factorial design was used. One independent variable was questionnaire interest (interesting vs. uninteresting questionnaire). It was manipulated by mailing the subject either the MIC (interesting questionnaire) or the TS (uninteresting questionnaire). The second independent variable was "summary offered" (summary offered vs. summary not offered). Each of the four treatment groups was randomly assigned 105 undergraduate business students, and each student was mailed a questionnaire package consisting of a questionnaire, cover letter, and stamped return envelope.

The results show that offering a copy of the survey results to the respondent had no effect on either the rate, speed, or quality of response, regardless of the nature of the questionnaire. Application of this technique simply increases the costs and time required to complete the survey. It is not clear why this technique was ineffective. It appears that the offer of survey results appealed primarily to those persons who would have responded to the survey even if the results were not offered. That is, the technique may have reinforced some respondents' inclination to respond but may have had little effect on those persons who were not already inclined to respond.



THE VALIDITY OF SURVEY RESPONSES  
AS A FUNCTION OF FEAR OF VERIFICATION AND NEED FULFILLMENT

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Over a stretch of four decades, many research studies have been reported in the social science literature corroborating the conclusion that there is substantial discrepancy between the respondent's answers to survey questions when the data are verifiable and the actual facts. While the identification of the problem is necessary, its solution depends on research efforts directed at explanation of causes of survey response error. Therefore, an attempt is made in this paper to formulate a heuristic theory of response error as a first approximation by contending that distortion of factual information may largely be a function of the level of threat of verification of the reported data (against recorded data) present in a situation, and the respondent's current need satisfaction level in a particular instance.

Based upon this conceptualization, three derivative hypotheses were tested: H<sub>1</sub> under conditions of "no threat" of verification, inaccurate responses occur more frequently to survey questions where the respondent feels safe from any threat of verification to enhance his or her position (e.g., economic); H<sub>2</sub> under conditions of "mild threat" of verification inaccurate responses occur less frequently to survey questions when the respondent feels "somewhat" unsafe from the threat of verification; and H<sub>3</sub> the frequency of inaccurate responses will be greater by respondents who lack more of "something" of interest or value (e.g., grades) which can be gained by misreporting factual information than by those respondents who lack the same thing less acutely. Thus, the combined prediction of the three hypotheses simply states that accuracy of survey responses may depend on the level of risk inherent in a situation and on the expected reward accruing the respondent.

One hundred thirty-eight undergraduate marketing students were randomly assigned to one of two levels of threat of response verification in an after-only with control group experimental design. S's were asked to report their grades for the semester. The two levels of threat conditions were manipulated through a cover story, communicating different possibilities of response verification. In the "no threat" condition, the instructor/experimenter informed the S's that he had lost the grade book including all test material beyond any hope of recovery, while in the "mild threat" condition, he stated to the S's that he had been unable to locate his grade book. The need satisfaction wanting was surrogated by the S's class standing (grades earned).

The discrepancy between reported and recorded grades were used as the dependent variable in a series of analysis of variance. A 2x2 ANOVA indicated significant treatment and interaction effects as shown in Table 1. Consistent with the first two hypotheses, over statement of grades occurred more frequently under conditions of no threat of verification of the reported

data against the actual facts than under mild threats. The prediction relating to the hypothesis that any outcome needed to enhance the position of the respondent gives rise to misreporting behavior was also empirically supported, for S's with lower class standing overstated their grades more than those who had higher grades going for them.

TABLE 1. Two-Way Analysis of Variance of Incorrect Grade Reporting Based on Student's Class Standing

Source of Variation	Sum of Square	df	Mean Square	F
Main effects	33047.22	4	3261.80	44.25*
Treatment	19868.66	2	9934.33	53.21
Class Standing	7458.24	2	3729.12	19.97
Interaction	3720.32	4	1420.08	7.66
Experimental Error	23523.69	125	186.69	--
Totals	96570.91	134		

\*P<.05

As a first approximation, the concept of survey response may be theoretically stated for further research as the related function of the algebraic sum of the products of the intensity of risk involved and the amount of reward that reporting behavior provides to complete a need. In a formula form, the foregoing statement is put in the following equation:

$$RE_{lt} = \sum_{i=1}^n T_{itl} \times N_{itl}$$

Where:

- $RE_{lt}$  = Respondent l's propensity of response error toward a particular survey topic<sub>t</sub>
- $T_{it}$  = The magnitude of threat of verification inherent for respondent<sub>l</sub> for answering to survey question<sub>i</sub> in topic<sub>t</sub>
- $N_{itl}$  = Respondent l's status of need satisfaction in the survey question<sub>i</sub> of topic<sub>t</sub>
- n = Number of related questions in a particular survey topic

Based on the findings from the present study, four tentative propositions were formulated to encourage further research on the model:

- Proposition One: The higher the threat, with a given level of need, the lower is the propensity of the respondent to misreport.
- Proposition Two: The lower the threat, with a given level of need, the greater is the propensity of the respondent to misreport.
- Proposition Three: With a given level of threat, the higher is the need, the greater is the propensity of the respondent to misreport.
- Proposition Four: With a given level of threat, the lower is the need, the lower is the propensity of the respondent to misreport.

A LONGITUDINAL STUDY OF FACTORS  
AFFECTING MAIL RESPONSE RATE

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There have been a number of studies reported in the literature during the past several years regarding methods of improving the quality and quantity of information generated by survey research. Mechanisms for enhancing the response rate of mail surveys have received most attention in the literature. A number of variables have been found to influence rates, including questionnaire length, sponsorship of the research, degree of personalization of the appeal, and use of monetary and nonmonetary incentives.

The objective of this paper is to investigate the effects of sponsorship, incentive use, and a variable which might best be described as involvement, on response rate and response time in a longitudinal mail survey experiment. Based on the results of previous research, the following hypotheses were tested:

1. Incentives will increase response rates, and rates of response will be higher for greater incentive levels.
2. Immediate rewards will produce higher response than promised rewards.
3. Higher respondent involvement will produce higher response rates.
4. Commercial sponsorship will produce higher response than student sponsorship.
5. Incentives and incentive levels will have an effect on response rate over time.

The same five hypotheses were expected to be true for response speed as the dependent variable as well as response rate.

#### Methodology

A survey was conducted in late 1977 and early 1978 to measure various characteristics and attitudes of credit card holders of a large regional gasoline refiner. Questionnaires were sent to 356 households. Of these, one group of 188 was defined as having a higher degree of involvement in the study since they held gasoline credit cards and might be expected to have a greater degree of familiarity with the operations of the company and be especially qualified to answer questions in regard to these operations. Equal numbers of households were assigned to one of five possible treatment groups which consisted of incentives given to promote the return of the questionnaire: One group was offered nothing, a second group was sent one dollar with the questionnaire, a third group was sent 50 cents, a fourth group was promised one dollar to be sent by return mail after the

questionnaire was returned, and a fifth group was promised 50 cents for returning the questionnaire. Thus, both incentive level and immediacy of reward were involved as treatments in the study, and credit card ownership was involved as a blocking variable. A third variable of interest, sponsorship of the survey, was established for this survey as a local research firm whose address was used for the return of the questionnaire.

A second survey was conducted 13 months later in early 1979. Questionnaires of the same length and content were mailed to as many as possible of the respondents from the original sample who had completed the first questionnaire in late 1977 and early 1978. A total of 190 of these 279 respondents were mailed this second questionnaire. Of these, 84 were credit card holders and 106 were not. No rewards of any type were offered for participation in the second survey. Sponsorship of the survey was attributed to a graduate student and the return envelope was addressed to his home.

Results- The results of a multiple comparison of proportions showed that the receipt of money with the questionnaire compared to no money provided a significantly higher rate of response as expected. However, the amount of money, whether 50 cents or \$1.00 made no difference. The promise of money to be sent after the questionnaire was completed yielded significantly lower response rates than sending money with the questionnaire. Use of a "promise" did not yield significantly different results than sending no money at all.

The possibly higher involvement of the respondent with the topic of the survey as indicated by the respondent's ownership of a credit card, was shown by the simple t test for the difference in proportions to be significant at the .05 level. Therefore, hypothesis three was accepted.

The test for the significance of the multiple comparison of proportions was performed for the response rates of the second survey. No significant differences in response rates were found for the five groups as defined by the incentive received in the first survey. Likewise, no significant difference in response rates were shown by a t test of differences in proportions for the credit card owners and non-owners. Since differences in response did not appear at all in the second survey, hypothesis five must be rejected. This demonstrated that no carryover effect of receiving incentives in the first study remained in the second survey.

The data suggest acceptance of the fourth hypothesis, though a conclusive test was not possible in this study. Comparison of incentive groups suggested that lack of monetary incentives in the second survey was not the reason for the lower response rate, since the "no money" condition in the second survey produced about the same returns as did the other groups. Although it is not possible to prove the reasons for the relatively poor response, it appeared that sponsorship combined with a preliminary interview were responsible.

An analysis of variance was conducted to assess the impact of the incentives and credit card ownership on the number of days required for questionnaires to be returned, or time of response. Unfortunately, no significant main effects of either the monetary rewards or of involvement as measured by credit card ownership were found in the first survey.

CAUSATION IN JOINT PRODUCTS LIABILITY LITIGATION:  
IMPLICATIONS FOR MARKETING MANAGEMENT

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In the past ten years several plaintiffs have attempted to prove industry-wide liability on the part of a number of groups of co-defendants (Davis v. Yearwood 1980; Beverly Hills 1979; Hall v. DuPont 1972). Though a variety of products have been involved, clearly the most publicized litigation has included the pharmaceutical industry (Abel v. Eli Lilly 1980; Payton v. Abbott Labs 1979; Sindell v. Abbott Labs 1980). These latter cases relate to the usage of DES, diethylstilbestrol, a synthetic hormone often prescribed between 1945 and 1971 for use by women to forestall accidents associated with pregnancy.

An important question in such litigation relates to causation. That is, whose fungible product actually caused the plaintiff's injuries? This seemingly simple question is a difficult one to answer if the product is destroyed when it harms the user, as is the case with unlabeled blasting caps, or if the product harms the user many years after it was ingested by her mother, as is the situation with DES.

Four approaches to industry-wide liability have been applied by courts and described by legal commentators: concerted action, alternative liability, enterprise liability, and market share liability. The first two approaches have been recognized by the courts for several years (Steffen 1965; Harper and James 1956) and have developed as the logical extension of theories of individual recovery in particular factual situations. The latter methods are policy arguments for the apportionment of damages and, as such, are a rationale or motivation for the doctrines that impose liability (Mallor 1981, p. 6; GLR 1981; Sheiner 1978, p. 995).

Regardless of which theory a plaintiff adopts for allegations in DES and other related litigation, causation typically emerges as the major issue. Under each of the four intra-industry liability theories, if certain facts can be established, the burden of proving causation shifts to the defendants from the plaintiffs. Each defendant must then prove that his/her behavior did not cause the plaintiff's injuries.

Several reasons account for the focus on causation. The lapse of time between use of the drug, DES, and discovery of the injury, from 10 to 20 years or longer, seriously impedes efforts to identify the specific pharmaceutical firm which made the product that caused the injury. The fact that the plaintiffs themselves did not consume the drug, but were exposed when their mothers took it during pregnancy, compounds the difficulties of tracing its source back to the suppliers. Plus, prescription purchasers do not make the choice of which product or brand to use; rather, a physician makes that decision. These circumstances combine to create a situation in which the plaintiff's mother might, at best, recall that she had taken a drug to prevent miscarriage but may never have known that it was DES.

With causation as the focal point in joint products liability litigation, the firm must be sure that its own marketing practices do not inadvertently associate it with the tortious conduct of its competitors. Manufacturing and engineering play obvious roles in minimizing injuries caused by faulty production and design, but marketing too must do its share to avoid joint liability. Specifically, marketing should be concerned with two areas of responsibility: (1) the unique identification of products through labels, brandnames, etc., and (2) the maintenance of records of product sales by channel, by territory, etc.

In the first situation, a company can dissociate its products from its competitors' similar offerings in a variety of ways. By changing the appearance of its products, a company can differentiate its products, but without changing the substance of the items. For example, by coloring its capsules in a unique fashion, a defendant may exculpate itself if the plaintiff remembers taking capsules of another color (Mallor 1981, p. 38).

The second area of responsibility, record-keeping, is important to the firm in defeating the causation question or, if found liable, in minimizing the share of the damages which must be paid. By being able to document when, where, and to whom its products were sold, a corporation can pass along the burden to less meticulous competitors. For example, if a firm can show it did not sell its products in the state where the plaintiff purchased the offending item during the time period in question, it will avoid liability.

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AN EXPLORATORY EXAMINATION OF POTENTIAL  
MARKETING APPLICATIONS FOR INTERPRETIVE  
STRUCTURAL MODELING

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Interpretive Structural Modeling or I. S. M. is a systems methodology that has proven useful in situations characterized by many decisional elements with complex interactions among the elements. Sage [1977] contends that the interpretive structural process transforms unclear, poorly articulated mental models of systems into visible, well defined models useful for many purposes. Past I. S. M. applications range from Waller's [1975] applied research which aided a special education teacher in the development of optimal strategies for helping learning disabled children to the development of computer software applicable to the study of information-decision flows in a research and development environment [Hanson, 1979]. I. S. M. has its origins in and developed from a systematic iterative application of graph theory which results a directed graph representation of complex pattersens of a particular contextual relationship among a set of elements.

A possible marketing application, the development of a model of consumer choice criteria, was analyzed using I. S. M.. Although the proposed application was brief, no major impediments were discovered in expanding the scope of I. S. M. to include marketing applications. A need appears to exist for actual marketing research to test this hypothesis. The purpose of this paper is to introduce I. S. M. in the marketing literature, to elicit discussion about potential uses in marketing, and to explore in a tentative manner how this process may be useful in marketing theory development.

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AN APPLICATION OF ECONOMIC THEORY TO  
THE TEACHING OF POLICY AND STRATEGY

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An area of significant difficulty for students in policy and strategy classes is understanding causal relationships in case studies. One approach to providing structure for understanding environment firm relationships is to use the basic concepts of Industrial Organization. Students faced with analyzing policy and strategy decisions in marketing cases tend to feel frustration at the apparent lack of pragmatic theory to guide them. Policies must be considered in light of some normative model if the student is to begin to understand the relationships involved. The authors have bridged this gap of subjective-normative by using the text, American Industry: Structure, Conduct, Performance, 4th Edition, Prentice-Hall, by Richard Caves. The remainder of this paper is devoted to a review of the concepts used from industrial organization and how those concepts are implemented to promote understanding by the student.

Market structure analysis as used by the authors in class, covers the following: (1) Seller Concentration, (2) Product Differentiation, (3) Barriers to Entry in Industry, (4) Buyer Concentration, (5) Fixed Costs—both absolute and relative to variable cost, (6) Growth of Market Demand, (7) Technological Innovation.

Market conduct is identified by examining the firm's potential (likely) policies in five areas: (1) Price Setting Policies, (2) Product Policies, (3) Production Policies, (4) Innovative Policies, (5) Competitive Behavior Policies.

Linkages between the market structure and likely firm behavior in the market place are developed by examining the historical behavior of a firm described in the cases studied. This behavior is then compared to the constraints provided by the market structure. The success or failure of various behavior/market structure combinations, when taken over a series of cases, provides support for the concepts presented. Students are encouraged to examine the reasons behind the variances in their case situations from the text theory. They soon discover that the linkages become less causal the further the firm drifts from the assumption of profit maximization.

Using the approach described above, students generally adapt quickly to the logic of the effect market structure has upon the policies of the firm. The models of price theory taken from earlier courses in economics are typically seen in clearer fashion as they are applied. The presentation of a structure to guide and explain analysis in this complex and unfamiliar area gives the student a logical reference to facilitate understanding.

The third and last link in the chain of causality is performance. The following are the typical measures of performance examined: (1) efficiency, (2) progressiveness, (3) contribution to full employment in economy, and (4) how equitable the firm is in promoting the social and economic distribution of opportunity and wealth in society.

Quite obviously, exact measurement of the above is impossible. Students are encouraged to think about measurement of goals and even goal formulation. How can one promote efficient operation of a firm without a corresponding concept and measurement?

After a background is developed and some working experience gained in industrial organization, students are required to write a paper analyzing an industry using the concepts covered. Students are then assigned to task groups of 3-5 people. This task group forms the nucleus for the student's study group, the case analysis group, and the industry analysis for the remainder of the term. After a short period of initial preparation, the instructor negotiates with each task group and assigns a specific industry for analysis. Student task groups are then given one week to prepare the analysis. During this time, each group must meet with the instructor to review progress. The resultant papers, due the middle of the third week, are typically 10-16 pages long.

The papers are formally presented to other task groups. Depending on class size, presentations to other groups can be altered. Generally a one-hour class period is allocated to the oral presentation of the industry analysis. Both peer and instructor evaluations are used to grade the presentation. The paper is graded by the instructor alone. Each member of the task group receives the grade for the paper based on percentage of total effort as defined by the task group.

Throughout the remainder of the term, students are required to use the structure-conduct-performance analysis on cases where sufficient industry data are present. On occasion, the instructor requires the students to research industry data and perform analysis when the case has inadequate data.

AN EVALUATION OF GOVERNMENT ASSISTANCE  
TO SMALL MANUFACTURING EXPORTERS

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Less than 10 percent of gross national product in the United States is spent each year for exports and imports. In addition, it has been estimated that as few as 30,000 U. S. companies do any type of exporting and that there are about 20,000 additional companies that could sell successfully in foreign markets. It seems, therefore, that there is a great potential for business firms to tap overseas markets. Since such a large proportion of the larger firms already export, it can be argued that the potential for "new" firms to begin exporting is greatest for smaller companies.

Previous research has provided many reasons why business firms, particularly smaller-sized companies, have not been engaged more heavily in exporting than they have. In addition to the general and historical feeling of lack of concern and interest on the part of American business, specific reasons include: (1) difficulty of determining foreign opportunities, (2) difficulty of obtaining adequate representation in foreign markets, (3) difficulty in obtaining funds necessary to get started in exporting, (4) difficulty in understanding foreign business practices, (5) high cost of transport and distribution, (6) high tariffs and restrictions, (7) insufficient marketing information, and (8) difficulty in export mechanics.

External change agents can play a key role in the export performance of a firm. One major external change agent is government. Assistance is available through the various export promotion programs of the federal government (Department of Commerce, Small Business Administration, etc.) and individual state governments. Although the services provided by most government agencies are available to all companies regardless of size, it is small business that is most likely to need the assistance, particularly when first starting exporting. Unfortunately there is evidence that smaller companies are less likely to be aware of the availability of such assistance and less inclined to view it as being important than are larger firms.

This paper reports on a study which examined the level of awareness, extent of usage, and perceptions of value of government export assistance activities directed to smaller manufacturers. The stream of research to date on this all important issue can be characterized as fragmented in terms of samples and populations that have been limited in size, geographic coverage, and/or nature of industry. The present study is another fragment in that it deals with a geographic-based population that has not been studied.

The research was carried out in two phases. In the first phase semi-structured depth interviews were conducted with representatives of the U. S. Department of Commerce, U. S. Small Business Administration, and state government for the states of Oregon, Washington and Idaho.

The main study involved collecting data using mail survey techniques. Questionnaires were sent to a stratified systematic sample of 645 small business firms (less than 500 employees) in the states of Oregon, Washington and Idaho. Stratification was on the basis of whether or not a company was already engaged in exporting. The questionnaire used was designed to provide the following types of information: (1) characteristics of the firm; (2) characteristics of existing international activities; (3) perceived problems and obstacles affecting international operations; and (4) familiarity, usage, and perceptions of usefulness of selected organizations offering assistance. Results are reported for 129 manufacturing companies; of these, two-thirds operated some type of export activity and one-third did no exporting at all. On the basis of number of employees, the responding manufacturers tended to be relatively small as over 80 percent had less than 100 employees.

The results of this survey of manufacturers have distinct implications for policy, at both the state and federal levels. There seem to be wide differences in perceptions between government officials and small business as to the value of existing state and federal government programs. The personal interviews with government officials responsible for international programs indicated that such programs were being received favorably by business firms. The results of this survey did not support this, and, in fact seem to indicate that the opposite situation exists.

It might be concluded, therefore, that there is a lack of clear understanding between government and small business as to the nature and value of existing programs. Since government programs supposedly often are developed on the basis of perceived need, the results of this study might suggest that future services be developed with input from business firms. In short, it is suggested that business be asked what they need before a program is developed and not used nor perceived to have much value. Elaborate programs that are not used nor perceived to have much usefulness by potential users really have little value to anyone.

## THE FOREIGN CORRUPT PRACTICES ACT: NOBLE MORALITY OR ARROGANT FUTILITY?

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Briefly: the notably controversial Foreign Corrupt Practices Act of 1977 prohibits the giving, or condoning, of "anything of value" to any foreign official to obtain assistance in directing business to the giver. Payments to foreign government employees with "essentially ministerial or clerical" duties are excluded, presumably to permit facilitating payments (i.e. "grease") to expedite, for example, favorable action by customs officials. This paper deals only with the anti-bribery sections of the Act. New record-keeping requirements have also been controversial.

The first comprehensive review of the impact of the Act appeared in a Report of the President to the Congress in September, 1980. It said that "the business community regards the F.C.P.A. as one of the most significant disincentives to exports....Most troublesome to U.S. exporters is the uncertainty associated with....key provisions." So troublesome are these ambiguities, says the Report, that "consultations with the private sector revealed instances in which U.S. companies....withdrew from joint ventures....; withdrew from existing markets; and declined to enter new markets."

Worth noting: (a) "It is virtually impossible to quantify the effect of these disincentives;" (b) "Corruption in international business transactions is forbidden even though the prohibition against bribery may in the short run result in some loss of U.S. exports....However, uncertainties should not be allowed to hamper exports;" (c) "The comprehensive solution to the problem of illicit payments in international business must ultimately be international agreement and collective action." Despite efforts, to date the U.S. had not succeeded in obtaining any such agreement.

Six months later, the General Accounting Office, after a major study, reported that over 30% of those engaged in foreign business said that "they had lost overseas business as a result of the Act." Over 50% of the respondents in the aircraft and construction survey so reported. However, "(these beliefs are) neither supported nor rejected by hard verifiable data." Such losses were undoubtedly in part the anticipated result of the anti-bribery provisions but were also in significant part the result of exporters' reactions to the ambiguities in the law.

Both Justice and the S.E.C. reacted sharply. They attacked the representativeness of the G.A.O. sample (Fortune's 1,000 excluded smaller businesses and financial institutions), G.A.O.'s interpretation of the results and the emphasis accorded that part of its findings which called for clarification of the Act. Both argued that the G.A.O. survey failed totally to distinguish between losses from the prohibition of bribery that were envisaged by the Act and those from alleged ambiguities which deterred exporter promotion. The S.E.C. believed the former (i.e. anticipated losses) were the bulk of the cases.

The G.A.O. replied: "We are unaware of any....study....that would lead the S.E.C. to reach such a conclusion....companies that reported a decrease in business were much more critical of the clarity of the anti-bribery provisions than companies who didn't experience a decrease."

These differences led this author to conduct an independent investigation. Extensive, confidential discussions were held with U.S. exporters and officers of several of the District Export Councils of the U.S. Department of Commerce. In addition, there was a comprehensive mail survey of 250 of the Fortune 500.

The findings: First, there is no hard evidence as to the amount of export business lost, either as a result of the prohibitions on bribery or the chilling effect of the ambiguities. Second, there is substantial concern about the perceived ambiguities but these concerns were by no means universal. Several major exporters stated that their own codes prohibited any payments that could conceivably be considered bribes and that bribery is simply unnecessary.

There were, however, strong statements that compliance with the Act was a deterrent to many exporters. For example: in response to the question "Payments apparently prohibited by the Act are frequently necessary to do business in....?", the following pattern clearly emerged: Canada, China, Scandinavia, the United Kingdom and West Germany were each cited by no respondent; Japan and France were rarely cited; Iran, Iraq, Italy, Mexico, Nigeria and Saudi Arabia were all commonly cited. As to whether an international code prohibiting such bribery would be genuinely helpful, few were sanguine and many were dubious.

Present status: No court actions have been brought by Justice. S.E.C. enforcement has been limited to obtaining injunctions in six cases and there is reason to believe that rigorous investigation cannot be anticipated.

Congressional hearings have been held during the past year. Charges similar to those referred to above were repeated and revisions continued to be demanded. No one apparently has asked for revocation of the Act.

The Senate has now passed a bill (S.708) that clarifies the Act in several respects but the House has as yet brought no bill out of committee. Odds are apparently against getting House action this session.

Major questions will persist for some. To what extent have U.S. exporters been impeded by the inability to offer bribes--losses clearly anticipated by the Act? What potential export volume has been lost because exporters were not prepared to face the possibility of heavy fines and/or imprisonment for unintentional violation of an ambiguous Act? These one may expect will go unanswered.

And one final question--not being raised publicly--will continue to nag. Having been unsuccessful in obtaining an international code, does the U.S. have a responsibility to remain the only country in the world to prohibit bribery to foreign officials? Reasonable men may find this moot.

THE INTERFACE BETWEEN MARKETING AND PURCHASING:  
AN INTEGRATED NORMATIVE MODEL

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Purchasing has traditionally been taught in departments of management rather than marketing. Unfortunately, the result is that the subject has been presented in a limited production oriented context. Its profitable interface with marketing has been ignored. The purpose of this paper was to determine the degree of interface that exists and that should exist between marketing and purchasing, and then to present an integrated normative model describing the desired interface.

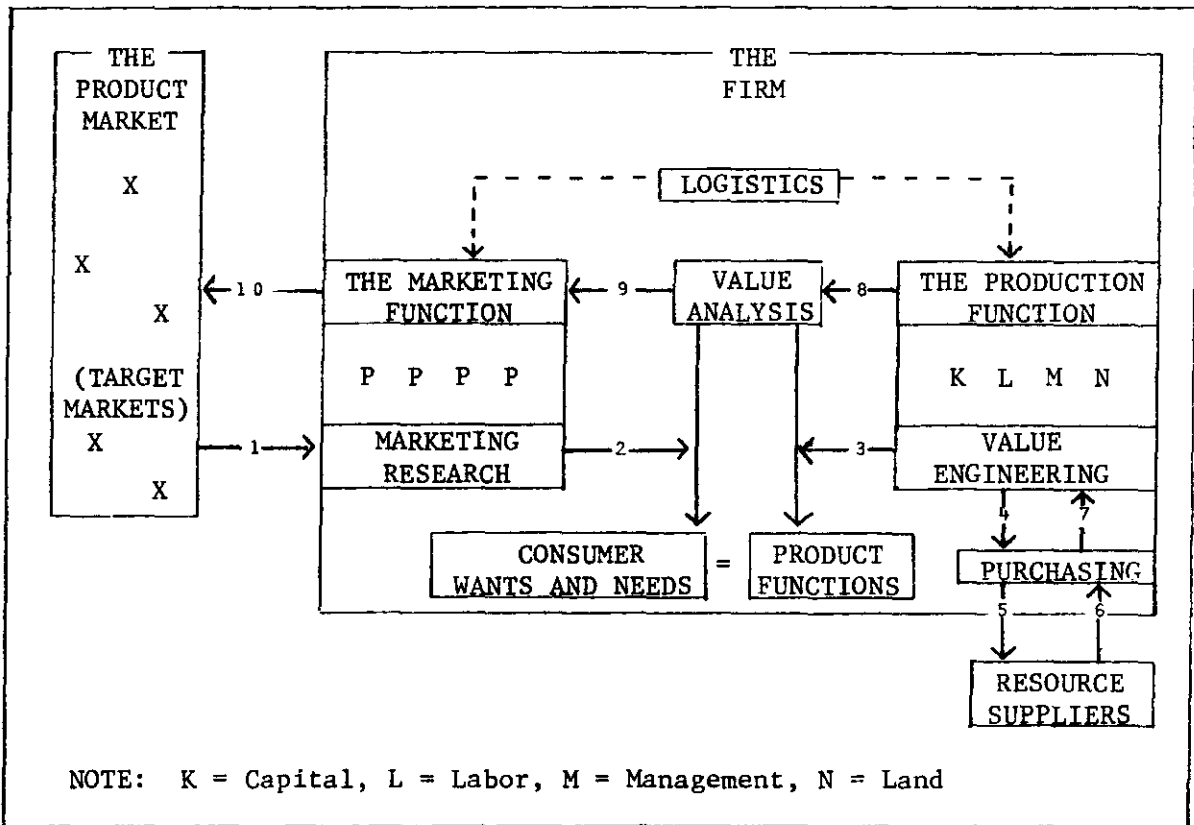
An examination of typical marketing management textbooks (such as Kotler, McCarthy and Stanton) failed to reveal an integrated perspective of marketing and purchasing. The topic of purchasing was not specifically discussed. Where the term purchasing (or its counterparts buying or procurement) was mentioned, it was in the context of marketing to a purchasing agent. For example, one might find the term purchasing discussed under the topic of "industrial buyers are problem solvers," "the basic methods and practices in industrial buying," or "purchasing behavior." In short, the subject was not discussed from the functional, i.e., the purchasing agent's point of view. The interface between a selling firm, its customers, and its purchasing agents was never identified. Consequently, the specific desirable conceptual linkages--such as that between the marketing concept (marketing) and value analysis (purchasing)--was never examined.

Perhaps marketing's failure to develop a "marketing-purchasing linkage" orientation could be traced to the discipline's traditional emphasis on the demand side of the curve--to a narrow expansion of the widely used definition of marketing which defined marketing as all the business activities extant between producer and consumer. However, the seeds of the normative model presented in this paper can be found in disparate sections of a typical marketing text.

For example, in his Basic Marketing (7th Edition), McCarthy presents a model of the U. S. macro-marketing system wherein he indicates that producers, middlemen, and facilitators perform the universal marketing functions of buying, selling, etc., to overcome discrepancies to create utilities for consumers. He later discusses the total system orientation--a way of implementing the marketing concept where a firm still has departments but all are guided by customer wants. He even presents a table of the departments such as accounting and sales where purchasing is specifically listed. Later, in the physical distribution chapter, he states that the firm should merge producing, storing, transportation, and selling into one integrated system--that "a physical distribution manager should work with the marketing manager to integrate production and distribution." All this seems to set the stage--to wet the appetite--but the potential is never developed.

The paper examined several marketing models found in typical marketing managements texts. It also examined models found in typical purchasing, logistics, and channel management texts. In no case were the expectations realized regarding the marketing implications of a "marketing-purchasing linkage" orientation as applied, for example, to distinguishable component parts and consumer orientation-value analysis (optimal matching of benefits sought with features provided). Consequently, an integrated normative model of marketing incorporating the purchasing function was developed as illustrated below:

AN INTEGRATED NORMATIVE MODEL OF MARKETING



We believe this model finally integrates purchasing into its correct position relative to the more traditional marketing models and practices reviewed in this paper and others yet to emerge as a result of case studies currently being written.



The area of target markets proved to be a significant problem-solving experience for the students. They found that management was often not truly clear in their definition of the several distinct target markets they were serving--particularly toward channel members. The students frequently commented on this, and felt that their company's marketing mix was not efficient with reference to the channel members.

In the classroom during the first of the semester, basic industrial marketing theory was presented. Individual students were called upon to relate that theory to their company and comment on it. This became very personal to them, and deep understanding began to occur. Frequently, the student felt his company was wrong in its structure, or was not optimizing, and gave his reasons for this. He then had to defend his comments with the other students in the class.

The second half of the paper--the critique--was due one week before final examinations. The student was to

- a. approve of his company's marketing structure and mix, and give reasons to support the approval, or
- b. restructure the marketing framework and mix, and show why this was better

It was in the area of part b. that the greatest internalization occurred. The students actually applied theory in a meaningful way and gave their reasons for so doing. The fact that this material was personal to "their" company seemed to make the difference. They did not take refuge in generalizations--as so frequently happens in normal term papers. They became specific and actually made business decisions, supporting them with marketing theory. The final examination was written away from the classroom and consisted of relating the concepts shown in each chapter of the book to their particular company. The above two actions caused the students to internalize the theory because it was personal.

Several problems were encountered in connection with use of the term paper as a tool, but none were insurmountable. A quasi-problem arose when several students discovered that their companies made no differentiation between consumer and industrial marketing for the same physical product. The students were confused. However, this resulted in the entire class studying and discussing the benefits to be realized when an industrial marketing structure is used for industrial customers.

The classroom discussions made the students realize that industry is operating at less than perfection. It also caused them to utilize materials learned in other areas of the business school, such as finance and management, in revising the marketing mix.

In summary, use by students of individual companies as real-world cases is an excellent vehicle for teaching industrial marketing.

## THE PLACE AS PRODUCT: A MULTIATTRIBUTE ANALYSIS

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Cities have been the object for marketing action for years, typically under the direction of the local Chamber of Commerce (business site marketing/place marketing). The focus is on actions taken to pursue companies and "sell" them on the city as a location for a plant or other business activity. The research reported in this paper concerns a related, but slightly different problem: the possibility that a city and state may be "demarketing" itself. The city is Los Angeles and the state, California. A marketing approach to the problem focuses immediately on the exchange process which exists--in this case, a complex choice on the part of a company (the buyer) to locate in or to remain located in a city and state (the "products"). The existence of an exchange process suggests that attitude formation and product evaluation processes occur and that the multiattribute model may be useful in studying the process. Accordingly, the city is conceived of as a multiattribute object, the evaluation of which can be studied with the following intuitive model:  $S = f(B, I)$  where

S consists of one of several summary measures of approach/avoidance tendency toward the Greater Los Angeles area as a location for manufacturing activity;

B is a measure of beliefs regarding the attributes of the area; and,

I is the importance of each of the attributes in a plant location decision.

Six measures of S were developed, covering attitude (e.g., willingness to relocate outside the greater Los Angeles area), behavioral intention (e.g., plans for on-site expansion) and behavior (e.g., actually conduct or subcontract manufacturing or assembly work outside the United States). Measures of B and I were developed for thirteen attributes of the area: environmental regulations, energy costs, availability of personnel, public regulations, employee productivity, cost of housing, governmental assistance, effects of unionization, quality of life, availability of transportation, business taxes, labor costs and land for expansion.

The importance (I) of each attribute in plant location decisions was measured on five-point scales (from extremely important to unimportant). Beliefs (B) were measured by asking respondents to indicate (on seven-point scales) "how attractive or unattractive each factor makes Los Angeles as a location for manufacturing activity when compared with alternatives areas." The final sample for the study consisted of 529 executives who responded to a mail survey.

The problem of determining whether certain factors in the business climate of Greater Los Angeles could lead to exit behavior ("disloyalty") involved testing the explanatory power of the multiattribute model. Primary interest was in whether the predictor sets were capable of explaining variations in attitude, behavior, and behavioral intention toward Greater Los Angeles, as well as the net effect of each predictor (and its statistical significance). Accordingly, simultaneous (non-stepwise) multiple regression and correlation analysis was used. In light of prior research on multiattribute models and the exploratory nature of this study, three basic models were evaluated: (1)  $S = f(I)$ , (2)  $S = f(B)$ , and (3)  $S = f(I \times B)$ . Given that six different measures of  $S$  were employed, 18 regression equations were computed.

Overall, the attractiveness predictors (B) worked best when compared with either the importance predictors (I) or the multiplicative predictors ( $B \times I$ ). This seems consistent with the general finding in consumer behavior studies that involve comparisons of the multiplicative model and the "beliefs only" model: dropping the importance weighting seems to have little effect on obtained correlations. Across all eighteen regression equations, however, explained variance was low. The maximum  $R^2$  was .19 for the regression of the attractiveness predictors on the company's current examination of sites outside California.  $R^2 = .16$  for the regression of the attractiveness predictors on willingness to relocate outside Los Angeles. In the latter regression equation, beta weights for three predictors were significant: availability of personnel, employee productivity, and quality of life (all in the expected direction).

The efficacy of the multiattribute model as applied here to place marketing can be interpreted in several ways. In some respects the model performed quite well in detecting a "disloyal" orientation on the part of executives as a function of certain attributes of the area. In that sense it fulfilled the practical objectives for which it was employed. As an approach to predicting location behavior, however, the model seems to offer little potential, at least with the set of attributes utilized here. In light of the many additional factors involved in location behavior, tentative blame for the low explanatory power of the model should be assigned to the process through which attributes were selected. That is, attributes were generated from a limited set of problems/benefits of the area. Thus, the model as implemented had only limited explanatory potential.

Regardless of the explanatory power of the multiattribute model, its application in this broadened marketing context has several implications. First, because of the way the model was operationalized and implemented, the specific attitudes of a large number of likely opinion leaders were discovered and should be useful to policy-makers. Second, the study revealed that executives are able and willing to respond to multiattribute measures, just as individual consumers are. Third, the study demonstrated that the concept of a city or other geographic area can be operationalized as a multiattribute object. And, finally, attribute importance can be determined and attribute comparisons made from this direct measurement approach, much as is done with consumer products.

## MARKET PLANNING FOR NON PROFIT ORGANIZATIONS

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Principles used in the marketing of a tangible consumer product for profit making organizations can be used effectively in developing plans to satisfy the goals of a wide range of non profit making organizations. This paper illustrates a rather unique application of marketing planning to a specific non profit organization--the Valley View Baptist Church in Spokane, Washington.

Religion in American life is changing. Demographic shifts and current economic difficulties contribute to a changing attitude toward and participation in the religious experience. Sound market planning can assist a church in defining products, identifying target markets, measuring market potential and developing marketing strategy to meet organizational goals.

THE MARKET GRID. With some modification, the market grid popularized by McCarthy forms the basis of the market planning matrix. Market segments are listed on the X axis and products on the Y axis. Each of the stages in the family life cycle plus a "divorced or separated" group represent potential market segments. Eleven mutually exclusive products are described.

ONE SEGMENT. Cultivating the Full Nest I as a market segment has the most potential for satisfying church goals of financial stability and increased membership. People in the Full Nest I (youngest child under six) feel squeezed financially because they are buying homes and household durables and child related products. Normally they attend church because they feel an obligation to expose their children to a Christian tradition because their own parents had been faithful church goers. People in this segment tend not to be tied to one church.

The products described by this segment in order of preference are guilt alleviation, education and fellowship. Guilt alleviation is defined as the feeling of forgiveness for taking the good things in life without giving thanks to a supreme being. If church attendance was required by their parents, feelings of guilt will be more pronounced. Education satisfies the thirst for knowledge about one's faith. Religious education is in part training for a life style thus satisfying the desire to know what is the "right thing to do" from a spiritual point of view. Fellowship is the feeling of belonging that results from association with others with whom one has something in common. Fellowship satisfies the needs for being part of a group, for companionship and for self expression.

OTHER DIMENSIONS. The definition of existing people resources in each segment adds another dimension to the market planning matrix. In the case of the Valley View Baptist Church, six good organizer/leaders were available from the Full Nest I market segment. These individuals could be counted on to develop programs oriented toward the education and fellowship products.

Next the size of the potential market was estimated by the Pastor. This estimate was based in part on census tract data and in part on market intelligence. As a member of the local PTA, the Pastor was familiar with the families in his market area. Furthermore, observation while driving in this area helped him identify householders in other stages of the family life cycle.

The last dimension in the market planning matrix is an estimate of the degree of difficulty in penetrating each market segment on a scale of 1-10 where 1 is the least difficult. This estimate is based upon the Pastor's intimate knowledge of consumer behavior in each of the market segments. A pastor can sharpen his estimates by observation and by talking to opinion leaders in each of the market segments.

RECOMMENDATIONS. On the basis of the information gathered the market planner can now decide on which markets to pursue to satisfy organizational goals. One of the goals of the Valley View Baptist Church was to increase membership by 25 percent in the next two years. The Full Nest I has the best potential for increased membership. Physical facilities are available for programs revolving around fellowship and education, 200 households are estimated in this segment and the estimated degree of difficulty in penetrating this market is 3. Furthermore, six individuals in this segment are currently available to plan and organize programs to provide products to consumers in this segment. Developing this segment should receive top priority. The Divorced or Separated market is the next priority. Although the degree of difficulty in penetrating the market is estimated at 5, the number of consuming units and facilities and people resources available give this segment second priority for cultivating church membership. The Sole Survivor and Senior Citizen II segments are also relatively easy to penetrate but the size of the potential market and availability of resources limits its attractiveness.

The second goal of the Church was to gain financial independence by 1984. Consuming units in the Full Nest II, Full Nest III, and Empty Nest represent stable church members with proportionally more of the financial capability to support the church than other segments. Indeed, the Empty Nest segment is probably financially better off than any of the other segments and in this market area also represents the largest market segment. However, the degree of difficulty in penetrating these markets is substantial. The church cannot look for much of an increase in membership coming from these segments but its financial health depends on keeping current members. Resources, therefore, should be directed toward providing the products desired by consuming units in these segments.

## SERVICES MARKETING: AN EMPIRICAL STUDY

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This paper is addressed to the problems and potentials associated with the phenomenal growth of the service sector of the economy over the last few decades or so. Seemingly, the main body of marketing literature, with a few exceptions, has by-passed the characteristics of services marketing. A strong "goods" orientation pervades the marketing concept. Occasionally, one comes across a journal article<sup>1</sup> on services marketing<sup>2,3</sup> which sounds like a cry in the wilderness. More recently, some marketing texts<sup>4</sup> have devoted a chapter or so on services marketing. This approach seems to view "services" as an addendum to the main body of "goods" marketing and not as an integral and growing component of the common body of marketing knowledge.

The growth in the service sector incidentally, is not peculiar to the U.S. economy alone; it is a characteristic of affluent economies all over the world. In fact, the growth in services is a natural process of economic development as was recognized by Colin Clark, the famous British economist, decades ago. Therefore services marketing is worthy of study at the domestic, as well as international level.

The scope of this study is limited to identifying some of the service needs of women which have originated as a result of the following structural changes in our society:

1. Women now comprise a larger portion of the workforce than ever before.
2. More and more women are becoming single heads of households.
3. With more income for discretionary spending and fewer non-working hours, women need services which they themselves cannot or do not want to provide.

To identify the service needs of working women, a questionnaire was developed and subsequently completed by one hundred thirty one (131) working women in an affluent Northshore suburb of Chicago. It is implicit that the selection of participants was purposive rather than random.

These women have high disposable incomes and knowing what they need, want, and demand in the service area can be translated into profits for service providers. The questionnaire included a five point Likert type scale. Respondents were asked to circle their agreement or disagreement with a need for various listed services. A response of 1 indicated strong disagreement and a response of 5, strong agreement. In computing the responses only 4's and 5's were combined, since these two responses indicated strongest need and would be of most interest to entrepreneurs. Thirty six questions about various service needs was included in the questionnaire.

While it may not be profitable to service some of the expressed needs, there are several potential businesses which have a ready, willing, and able clientele.

POTENTIAL PROFITABLE AREAS:

1. A computer based use of the Transportation Model for plotting service call routes could cut the service call wait from a whole day to within a two-hour period. Any business offering such a service could immediately capture a larger share of the market from competitors. This could currently be adapted by existing businesses with service departments; or it could be a new business established to provide the computerized routing to a series of existing business with service departments. There is pent-up demand for a whole range of services offered outside the 9 to 5, Monday through Friday schemata. This includes doctors, dentists, lawyers, banks, libraries, etc.
2. There is a profitable side business available to the ailing new car dealers. To meet the need for loaner cars, these dealers could convert unsalable trade-ins to rentals for their service departments' customers. Any dealer who does this could have all the service business that could be handled. Alternatively, locating a used car rental agency in the vicinity of automobile dealers could be a profitable new business.
3. Anyone who can develop a viable alternative to existing public transportation is likely to become financially independent quickly.
4. There is a great opportunity for a new business in career and financial counseling for the new generation of career women.
5. Firms specializing in evening and weekend courses for adults should have no difficulty in attracting customers, especially as colleges and universities are closing new enrollments. The demand is there for business courses, but state universities and colleges are financially strapped. Their only alternative to decreasing state funding is to stop accepting the increasing numbers of people applying for admission, a majority of which are adults wanting to return to school.
6. The entrepreneur who can develop a computer package to allow workers in selected fields to work from their homes via remote computer terminals will create a revolution in the workplace, such as to stagger the imagination. Just imagine--no more traffic congestion, no more pollution, no more office politics! The industrial revolution will have come full circle--it began when work was removed from the home and relocated in the factories; and it can end with work now being removed from the workplace to be completed in the home.

One of the fascinating findings of this study was what women did not express need for. Only 33 of the 131 women surveyed expressed a strong need for computerized shopping. Neither did this group of women express a great need for cooking services (39 of 131). This research illuminates the changing life styles and demands of women of the 80's with incomes.

STRATEGIC IMPLICATIONS OF DIFFERENCES BETWEEN GOODS AND SERVICES:  
AN EMPIRICAL ANALYSIS OF INFORMATION SOURCE IMPORTANCE

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Recently, both educators and practitioners have expressed an increasing interest in the distinctive differences between the marketing of goods and the marketing of services. Despite this apparent trend toward acceptance of the marketing of services as being different from the marketing of goods, substantial doubt exists, on the part of many marketers, as to the importance of the differences. This doubt is understandable, since the vast preponderance of the literature on marketing services is conceptual in nature, and virtually none of the articles in the major marketing journals have empirically addressed the issue from the consumer's perspective. This dearth of empirical investigation is a serious shortcoming in the literature, and constitutes an impediment to progress.

The purpose of this study was to select a variety of goods and services and examine them empirically for distinctive differences between goods and services. The particular item of distinctiveness selected was the importance of different sources of information. This is relevant to consumer behavior, while also being pertinent for formulation marketing strategy. For example, the finding that consumers rely heavily on salespersons for product information would indicate adopting a marketing strategy which places a high level of importance on salesperson performance and control. In addition to the goods/services classification, other possible causes of information source importance were examined simultaneously to determine the unique contribution of the goods/services taxonomy.

Classification of the variety of sources of information available to consumers utilized the approach devised by Andreasen (1968). His five categories of sources of consumer information are:

- direct observation or experience (examining or using the product)
- impersonal advocate (advertisements)
- impersonal independent (professional articles, radio or television programs not controlled by the marketer)
- personal advocate (salespersons, clerks)
- personal independent (friends, family, associates)

Combining two of the external sources of information, personal independent and impersonal independent, constitutes the definition of "guidance sources", a term used in the following hypotheses:

- H1: Guidance sources are more important for services than goods.
- H2: Guidance sources are more important for high price type of products than for low price type of products.



- H3: Guidance sources are more important for products of high evaluation difficulty (termed experience products) and least important for products of low evaluation difficulty (termed search products).
- H4: Guidance sources are more important for infrequently purchased products than frequently purchased products.

Results of the dummy variable regression analysis indicated that guidance sources are more important for high price products than low price products, more important for services than for goods, and more important for experience products than search products. Purchase frequency was not found to be significant, perhaps because the instruction to the subjects to evaluate a new brand of the product class obviated the effect of experience with purchases of the product class.

The purpose of the exploratory research is to investigate an area with the intent of determining whether or not more detailed study is warranted. To that end, this study appears to have served its purpose. However, although correspondent results of this study were in accord with the results of previous related research, due to shortcomings with respect to subject selection (MBA students), and product selection (subjective rather than random), any findings produced are tentative.

Confirmation of these findings by more focused research would indicate important strategic implications for marketing managers of services, effecting such areas as product development and advertising. With respect to product development, the greater variability of services production (Eiglier and Langeard 1977), combined with higher word of mouth importance, indicates greater marketer concern for consumer satisfaction is warranted. The satisfied consumer may not only be a repeat purchaser, but the generator (or repressor) of additional customers. Methods for obtaining rapid feedback information on satisfaction should be developed, and production personnel should possess the capability and authority to make field changes in service production.

Services advertising has previously been addressed by Shostock (1971) who admonishes the use of highly tangible portrayals of intangible services. The results of this study would indicate the wisdom of greater use of advertising for services which follows the advise of Dichter (1966) to simulate and stimulate word of mouth communication.

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## A SUGGESTED SOLUTION TO THE STUDENT MIX PROBLEM ASSOCIATED WITH A GROUP APPROACH TO TEACHING MARKETING

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University

### INTRODUCTION

The group problem solving approach used in teaching marketing is becoming very popular in most universities. A serious problem which emerges when this approach is used is that of the "student mix," because of differences which exist between the backgrounds and objectives of the students, working in groups is very often difficult. This article suggests that there is a technique available which after being employed, should reduce this problem. The authors outline how an Organizational Development intervention using Transactional Analysis was successfully used in their course.

The "student mix" problem became particularly apparent through the attempt of the authors to teach the "capstone" marketing management course through the use of the group problem-solving approach. Successful group performance requires leadership, cooperation, communication, emotional stability and self-confidence on the part of group members to overcome the "student mix" problem. Group work does not, by itself, teach these characteristics. In fact, when these group characteristics are missing, we typically witness students' disillusionment about one another, about the group approach to learning, frequently admit to frustrations and anger, and contend that their individual performances were of lower quality because of the group approach.

### ORGANIZATIONAL DEVELOPMENT AND TRANSACTIONAL ANALYSIS

One of the major objectives of organizational development (i.e., OD) is to improve organizational (groups) performance by intervening in existing social systems. The application of OD concepts will provide an understanding of group dynamics, interdependence, and conflict resolution. Transactional Analysis has emerged as one of the more successful techniques used in OD. Transactional Analysis is used because it is a practical way of understanding self and these connections, and of relating past emotional reactions still influencing us to present experience and behavior. Since group problems and frustrations are not unique to either business and or to classroom activities, it seems reasonable that training and exercises that have been applied in Organizational Development approaches should also fit in these classroom situations.

## OD APPROACH AND EXERCISES USED

Several problems exist when operationalizing OD models through the use of TA. The first problem deals with group complexity and the stress that one feels. The intervention contains several fantasy exercises which had the objective of increasing awareness of what each student usually did to handle and cope with interpersonal conflict and stress. The outcome of these exercises was to improve team member's skills in handling conflict or stress in the group setting. A second problem is the perceived role of the instructor. The students should be prevailed upon, and not the instructor, to challenge and correct dysfunctional behavior on the part of other group members. As a result of simplistic geometric exercise and empathy exercises introduced to pairs of students, most students suggested that they were able to gain experience by working together. Permanent groups of four individuals each are formed and given a simple planning task. One-half of the groups serve to work toward a solution while the other half observe the interaction and communication process. The observing Groups then report any potential problems and point to specific examples of "put downs", "discounts", and other transaction problems discussed in the first group. The group then rotates and becomes the observer for the next round. The result of these exercises is that the individuals learn of their strengths and weakness in group activities and are able to rate themselves on team membership skills. A final problem is the perceived severity of the "student mix"--particularly in the area of goal conflict and the need of goal clarification by group members. Much of the information was gathered through personal interviews with the students or through a questionnaire. Yet, exercises were conducted with the group members so that the goals and expectations could be verbalized with a common understanding of all group members.

These three problems do not represent all possible considerations but they represent a basic set of criteria, which helped us to operationalize OD in the most effective manner. Yet, this paper suggests why an Organizational Development intervention using Transactional Analysis can provide an awareness of student behavior and how that behavior might be changed and/or improved to provide better interactive skills needed in group work. These exercises contribute greatly to the needs of the students by providing them an open forum to reduce conflict and to get on with the task of the course. This report concludes that group training techniques, especially OD, can be used for this purpose.

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FACULTY TEACHING EVALUATION: MODELS,  
METHODOLOGY, AND RESEARCH NEEDS FOR BUSINESS COLLEGES

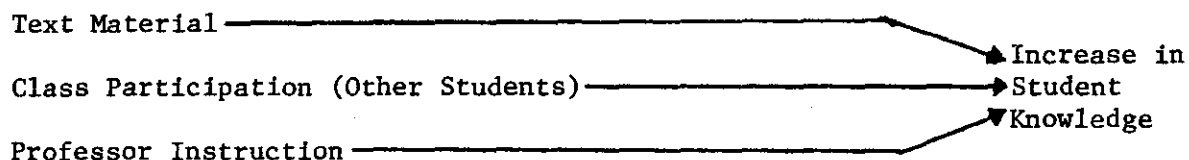
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Marketing professors, like many other professionals have been increasingly asked to prove their contribution to the attainment of organizational goals. One of the ways professors make that contribution is via their teaching within the classroom. To prove that such a contribution is made requires periodic evaluations of their effectiveness. The evaluations are frequently justified on economic, organizational, and societal bases.

Teaching evaluations come from various sources--students, peers, supervisors, and self-report. Their frequent uses include professional development and self-improvement, advising students, employer decision making (i.e. promotion and tenure), and attempting to identify the variables that are important and tend to correlate with professorial teaching effectiveness. However, when using any type of evaluation, close scrutiny needs to be given criterion measures, measurement, measuring instruments, and their reliability and validity.

Impact Model Implicit in the Literature

Figure 1--Implied Impact Model for Faculty Teaching Evaluation



The basic purpose of most evaluations analyzed in the literature to date tests the basic linkage: Professor instruction → increase in student knowledge. Text material and class participation are often considered under professorial control and as such are included.

Research/Literature State-of-the-Art of Teaching Evaluations\*

Student evaluations have been traditionally correlational in nature, and although they appear relatively reliable over time, some questions of content, empirical, and discriminant validity remain. Research has only recently begun to investigate student behavior and course structure as validity confounds. Peer evaluations appear more valid, but less reliable and are, therefore, more likely to be rejected for use by faculty themselves. Supervisor evaluations of teaching effectiveness have been

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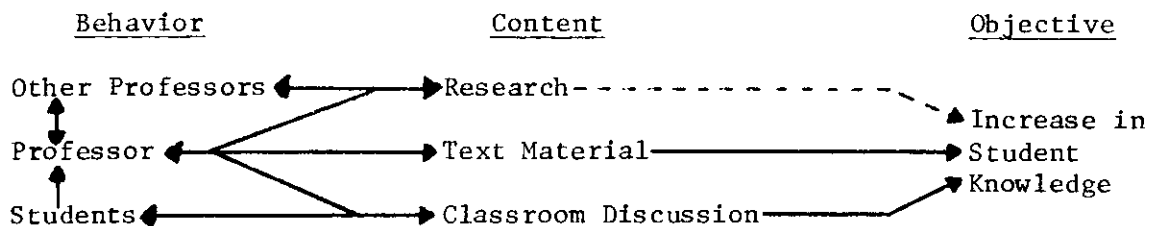
\*A more detailed summary of the major research efforts during the past six years is contained in the complete paper.

researched relatively little, and contradictory results on criterion measures appear in those few research efforts. Likewise, little research has been oriented toward self-report mechanisms except as a construct validity measure to other forms of evaluation. Reliability, validity, and criterion measure problems are cited as the reasons for low research emphasis.

Proposed Impact Model

The more complete impact model proposed considers the objective of the classroom experience, content necessary to achieve the objective, and individuals/ participants who operate in the classroom or in an evaluative capacity. It suggests no single source could give a complete picture of teaching effectiveness, therefore, evaluations of various types should be matched to the desired use.

Figure 2--Proposed Impact Model for Faculty Teaching Evaluation



Recommended Evaluation Methodology of Teaching Performance

Student evaluations with content and behavioral orientations should be administered at the end of a course. Their prime usefulness would be professorial self improvement and student advising. Behaviorally oriented--with some content inquiry--peer evaluations should aid in professional development. Supervisor evaluations should be time staggered and open to the professor and any decision making group.

Evaluation Research Needs in Business Colleges

Since few, if any, studies utilized business faculty/classes as a basis for research, research is needed in order to test the appropriateness of transferring criterion measures and measuring instruments from other disciplines. Supervisor and peer evaluation acceptance research needs to be broadened. Reliability and validity tests of all forms of evaluation need to be tested for business colleges.

THE EFFECTS OF EVALUATIVE CRITERIA AND OCCUPATIONAL ROLE IN  
THE EVALUATION OF ADVERTISING IN A CORPORATE ENVIRONMENT

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Most of the current literature on evaluative criteria and the purchase decision, relates a person's environment and background to the formation of guidelines used in the evaluation of products. There does not, however, appear to be extensive marketing research in the area of evaluative criteria in relation to a corporate environment. It was because of this that the occupational role within a corporate structure was manipulated along with specific advertisements aimed at that role. The hypothesis was that with a high quality industrial good, management would be more influenced to support a product with advertisements stressing a low purchase price and operating cost, which is in direct contrast to workers who would be more influenced to support a product with advertisements stressing environmental improving features.

A total of 20 subjects were selected on a voluntary basis for the experiment. Role taking was used where the assumed role was anchored to the subject's real-life occupation. Ten randomly selected senior and intermediate studio accountant auditors assumed the role of a motion picture studio corporate purchase manager and 10 randomly selected studio set construction workers assumed the role of a studio worker, placing the subjects under cost constraints and comfort constraints, respectively. Role taking was necessary due to the difficulty of obtaining a large number of studio corporate purchase managers for the experiment. The accountant auditors were used in this study because of their real-life, cost-oriented, occupational similarity to studio corporate purchase managers. The experimental environment used for the role-taking exercise was one in which a price-quality relationship was not strong. After reading a description of their environment and assigned role, 5 "cost" oriented advertisements and 5 "no heat and environment" oriented advertisements were randomly issued to each group. Subjects evaluated the "cost" oriented advertisement or the "no heat and environment" oriented advertisement in terms of cognitive, conative, and affective components of attitude. A 2 X 2 factorial design with both independent factors between groups was used where the independent variables were the advertisements to be evaluated and the roles assigned. The dependent variable was a measure of attitude toward the product.

An analysis of variance was done in order to test the hypothesis that management would be more influenced to support a product stressing a low purchase price and operating cost, while construction workers would be more supportive of advertisements stressing

environment improving features. The role of studio corporate purchase manager differentially affected the responsiveness of subjects on all dependent measures for the low price and operating cost advertisement. Conversely, the role of studio worker differentially affected the responsiveness of subjects on all dependent measures for the no heat and environment advertisement.

The results provided support for the hypothesis concerning the relationship between environment, evaluative criteria, and selective perception as applied to the evaluation and support of product and advertising. Within the experimental corporate environment and assigned role constraints, the attitude rating of those subjects assuming the role of a studio corporate purchase manager was higher toward the "cost" oriented advertisement than toward the "no heat and environment" oriented advertisement. The reverse was observed with those subjects assuming the studio worker role.

People function and interact within many different environments. While this paper focused only on a corporate environment, all possible environments place constraints on an individual's attitudes, beliefs, actions, perceptions, and evaluations. Because the consumer's evaluative criteria must be accepted as a given by the marketer, it is essential that the business firm adapt the product advertisements to the actual decision maker's important evaluative criteria as determined, and reinforced, by his or her environment.

MONITORING THE CONSUMER'S INFORMATION SOURCE AS  
AN INDICATOR OF PRODUCT LIFE CYCLE STAGE

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INTRODUCTION

A product life cycle portrays the evolution of product attributes and market characteristics over time. The primary application of the product life cycle is to plan changes in marketing strategy as the product moves through its various stages. Accurate monitoring of the product life cycle therefore is important for effective use of this concept. A number of techniques have been developed by marketing researchers to forecast and monitor life cycle stages. Exploratory research by the authors suggests monitoring the consumer primary source of information about the product class over time may be used as an additional indicator of the product's life cycle phase.

INFORMATION SOURCE SURVEY

The authors asked people attending an event at California Polytechnic State University in San Luis Obispo to take part in a consumer survey. Demographically, the participants varied widely in terms of age, education and income. The consumer survey asked participants: (1) where they went first for information; (2) their confidence in this information; (3) the most important source of information; and, again (4) their confidence in this information source for a number of products and services.

SURVEY RESULTS

The pattern of information responses to photography and stereo equipment, two of the fifteen products included in the survey, were expected to be fairly similar. Both products have been available in the marketplace for many years and along with other similarities are relatively expensive and fairly technical, yet the pattern of response as illustrated in Table 1 (abbreviated) are quite different.

TABLE 1

	FIRST SOURCE		MOST IMPORTANT SOURCE	
	Photo	Stereo	Photo	Stereo
<u>Consumer Report</u>	20.8%	5.1	27.8%	8.1%
<u>Label Information</u>	2.5%	25.4%	1.0%	21.8%
<u>Sales Person</u>	22.3%	9.1%	10.7%	3.6%
<u>Specialist</u>	12.7%	8.1%	28.4%	14.2%



Perhaps the most dramatic data is in the participants' responses to label information for these products. Fifty of the participants would use label information as the first source of information for stereo equipment, and forty-three of them felt this would provide the most important information. The same responses for photography equipment were five and two respectively. Using a chi-square test for homogeneity, the information response pattern for photography and stereo equipment were found to be significantly different at the .001 level. There was, no significant difference in their confidence in the sources of information.

#### DISCUSSION

The results of this exploratory survey should be viewed with considerable caution. The authors, made no attempt to specify the price ranges or complexity of the photography and stereo equipment which can vary widely. Nor were the sources of information defined. Participants undoubtedly had differing views of what was included in each product class and what information would be provided by each of the information sources. Ignoring these and a number of other limitations, this exploratory survey of the consumer's primary information sources suggests that stereo equipment, as a product class, is well along in the mature phase of its product life cycle. Indeed, the research indicates that stereo equipment is approaching or has reached a commodity status when buyers are more likely to be more price conscious and much less responsive to promotion efforts. (See Erickson and Montgomery 1980).

Since there have been as many as twelve types of product life cycle patterns discovered by investigators, it would be inaccurate to suggest that stereo equipment is further along in its mature phase than photographic equipment. The survey indicates consumers are generally less familiar with photographic equipment and do not shop for it as frequently as they do stereo equipment. Purchasers of photographic equipment, therefore, may be more likely to use attribute information processing while stereo equipment purchasers may be more likely to use brand information processing. As Newman and Lockeman (1980) suggest, survey-based measures of information seeking may not capture the true scope of the consumer's information search. However, the authors believe surveys monitoring the consumer's primary source of information may provide valuable insight into a product's life cycle and important data for advertising decisions.

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COOPERATIVE ADVERTISING AND  
CHANNEL COMMUNICATION, INVOLVEMENT, AND CONFLICT

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Cooperative advertising is a growing trade practice. In order to function effectively, cooperative advertising arrangements require a high level of interorganizational management effort. As an offer or deal associated with a merchandising transaction, cooperative advertising entails the management of information flow. As a joint promotional activity, its practice requires the participation of appropriate parties. Finally, as a body of norms constraining promotional activity, cooperative advertising can generate conflict and create a need for conflict management.

Problems in information flow include the restricted availability of complete information on cooperative offers and the nonstandardization of such offers both between different manufacturers as well as within individual manufacturers over time.

Involvement of various parties in the cooperative advertising "channel" may not always be appropriate or functional. Wholesaler involvement, for example, appears to have posed some problems. More functionally involved parties include input material producers, specialized service organizations, and the media and its representatives--particularly newspapers and newspaper trade associations.

Cooperative advertising can be a source of conflict insofar as manufacturers and retailers may have less than congruent promotional goals. To some extent such conflict rests on the fundamental question of whether the brand or the outlet is receiving the bulk of the benefits from a given cooperative advertisement. More subtle problems may arise from such issues as promotional budget synchronization and the possible negative effect of so-called horizontal cooperative advertising on store image differentiation. However, the trade literature indicates that most complaints are about control over advertisement content and the failure of retailers to use accrued allowances.

The study of cooperative advertising can illustrate the potential complexity of interpreting the effects and assessing the effectiveness of advertising when more than one channel member stand to benefit. Its study also provides an illustration of the public policy problem of providing free-flowing transaction information as a foundation for equitable participation by competing retailers. Furthermore, cooperative advertising, as a uniquely interorganizational marketing tool, constitutes a pedagogical supplement to the traditional dichotomy between "push" and "pull" promotional strategies.

## SOUTHERN CALIFORNIA HISPANICS: SEGMENTATION POSSIBILITIES

Gary D. Klein, Ph.D., California State University, Long Beach  
Joan L. Carbrey, California State University, Long Beach

Depending upon the estimate, there are currently between 19 and 23 million Hispanics residing in the U.S. At the current pace, Hispanics will likely constitute the largest minority group in the U.S. by as early as 1985. To say then that Hispanics represent significant marketing potential is only to understate in the most extreme of ways. And what is true for the country is even more accurate for California, where more than 30% of the total U.S. Hispanic population resides.

In order to gain first-hand and current information about Hispanic consumers, a field survey was conducted during Summer, 1981. A total of 359 interviews, all conducted in East Los Angeles by trained bilingual interviewers, were completed. Results were distinct: the Los Angeles Hispanic community was not a monolithic, homogeneous group. Differences were observed in social class, country of origin, length of U.S. residency, English and Spanish proficiency--and consumer behavior. Four distinct segments were defined.

New Arrivals: Hispanic who have lived in the U.S. less than one year. It was estimated that there were between three-quarters and one million such individuals in Southern California. These new arrivals understand some English but feel more comfortable with Spanish. They are younger and more independent than other Hispanics. This market apparently lacks stability and a commitment to residency. They tend to read Spanish-language newspapers and listen to Spanish-language radio.

Residents in Transition: Hispanics who have lived in the U.S. more than one year and less than ten. It was estimated that there were 1.5 to 2.0 million persons in this category in the greater Los Angeles area. This is perhaps the prime area for marketing attention. The segment has not firmly established buying habits, is more susceptible to advertising than the other segments, is not unstable like the new arrivals, yet not as assimilated as the longer term Hispanics. They have a better command of the English language than the new arrivals. This group continued to prefer to listen to Spanish-language radio and read Spanish-language newspapers.

Long-Term Residents: Persons who have lived in the U.S. more than 10 years. Ten years of residency in the United States appeared to mark the end of the transition period, a point at which the assimilation process is as complete as it will become for a non-native Hispanic. There were three-quarters to one million persons in this segment. This group tends to be the opinion leaders of the community and the sponsors of new arrivals and residents in transition. Opinion leadership is an important link in the brand selection process of Hispanics; hence this group would be significant to marketing strategists. They are more comfortable with the English language than the previous segments. Over 75% are bilingual and approximately 40% speak Spanish at home. English-language media had increased in preference when compared

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to the previous groups; however, Spanish-language media listernship remained serving only a supplementary role.

Hispanics Natives: Hispanics whose parents were born in the U.S. There were approximately .5 to .8 million people in this segment. This group had an apparent preference for the English language, yet retained an understanding of the Spanish language. In this survey, 93% were bilingual, 78% completed the survey in English and 88% spoke English at home. They were most likely to read English-language newspapers and to listen to English-language radio. They were less likely to live in the highly concentrated Hispanic communities.

While the previous segmentation paradigm can only be viewed as preliminary in nature, marketing implications can nevertheless be seen. For example, several possible media strategies are apparent. Past studies had agreed that Hispanics held a definite preference for radio and television over print media. Current research indicated that this bias has decreased; and, in the aggregate, this study also supported these conclusions. However, it is suggested that for a more accurate picture of Hispanic media habits, it is necessary to take into account the particular biases and preferences of each individual market segment. When such analysis is performed, it can generally be concluded that the longer Hispanics have resided in the U.S., the more reasonable it would be to use print media and English messages to communicate marketing information. On the other hand, the shorter the residency, the greater would be the necessity of using broadcast media with Spanish messages to reach the relevant sub-segments.

It became apparent that there existed a strong congruency between traditional U.S. social classes and the Hispanic segments suggested here. Thus, New Arrivals are dominated by lower-lower class individuals--mostly unskilled laborers, uneducated, living from day to day. Residents in Transition represent the lower end of the upper-lower class--semi-skilled laborers and blue collar workers. Long Term Residents span the upper end of the upper-lower class through the lower segment of the lower-middle class; and Hispanic Natives are comprised of over-privileged lower-middle class consumers as well as all upper-middle class consumers. To the extent that such social class correlations remain stable, traditional social class theory and strategy may then be applied to the explanation of Hispanic consumer behavior.

The transitory nature of New Arrivals may make them ideal candidates for relatively inexpensive non-durables and other high repeat purchase products, particularly those which are not tied to other durables--e.g., beer or hand soap but not detergent. Residents in Transition may be the key marketing segment, primarily because these consumers are literally in the process of establishing new buying habits; therefore, these consumers may be particularly attractive to marketers of products which tend to encourage high brand loyalty. Long Term Residents possess the greatest proportion of opinion leaders; it would be reasonable to give them priority consideration when introducing new products and brands. Finally, Hispanic Natives, in most instances, should probably not be singled out as Hispanics; rather, they should be appealed to as part of the primary culture. On the other hand, it is extremely important that marketing efforts do not alienate these consumers as Hispanics; for although they have physically left the Hispanic community, they retain strong emotional and communication ties with it.

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TELEPHONE PSYCHOGRAPHICS  
ABSTRACT

Dr. Jerry Thomas  
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Non-traditional mediums of shopping have experienced tremendous growth during the past two years. Consumer values concerning leisure time, energy, and multiple family incomes, as well as increases in crime and other current characteristics, have contributed to this expansion in non-traditional shopping mediums. A subset of these mediums is telephone shopping.

The objective of this study was to enumerate a national psychographic profile concerning toll-free telephone shopping. The need for the study evolved from the limited, localized, and conflicting results of research prior to "Psychographics of Telephone Shopping."

Limitations of the study included (1) the spurious and unproven relationship between consumer attitude and behavioral intent, (2) the restriction to female heads of household as the only respondents, (3) the limited number of hypotheses tested, (4) the assumed error inherent in stochastic models, and (5) the relatively limited existing body of research concerning telephone shopping.

The method implemented was an extension of Martin Fishbein's attitude model, where  $A_o = \sum_i B_i a_i$ . The belief and evaluative aspect data were compared with the attitude object through a multivariate linear regression analysis, where  $Y = A + B_1 X_1 + B_2 X_2 + \dots + B_k X_k$ . Further quantitative investigation was accomplished by analysis of variance and correlation coefficient calculations. Additional quantitative explanation was developed through an orthogonal rotation factor analysis.

The sampling frame consisted of all residential Bell Telephone Company subscribers in the continental United States. The sample was stratified by West, North-Central, South, and Northeast regions. Sample data was collected from over 1300 respondents.

The test instrument consisted of a closed-end, telephone questionnaire. Three pilot tests were drawn to validate questions concerning the one dependent and twenty-one independent variables. A Likert, summated, rating scale was used to record attitude responses.

The empirical frequency analysis indicated that the stratified regions were homogeneous in responses to the dependent and independent variables. Only slight variation existed. Favorable agreements existed in the perceptions toward enabling a post-point-of-purchase sale (89 percent), expanded shopping area (85 percent), enabling purchases not justifying a trip to the store (79 percent), and propensity to use telephone shopping in the future (75 percent). Lower responses were recorded in perceptions concerning paying slightly more for a product using the telephone shopping medium (52 percent),

the likelihood of purchasing a product for the first time using the telephone (33 percent), and that telephone shopping provides better access to knowledgeable sales personnel (45 percent). The demographic characteristics of the respondent most likely to use telephone shopping in the future are that she is a non-metropolitan, a female head of household larger than three, between the ages of eighteen and forty-four, and has a higher than average income (but not strongly so).

The inferential analysis presents four key factors, including several independent variable characteristics which explain the propensity of consumers to use telephone shopping in the future. First, the convenience and efficiency resulting from telephone shopping is the major factor which is related to a positive attitude toward using the medium. Second, consumers were responsive toward the increased product awareness and availability associated with telephone shopping. Next, the respondent was encouraged by special announcements from retailers concerning sale and special items. Last, the consumer perceived an inverse relationship between the availability of effective public transportation and the use of toll-free telephone shopping.



TABLE 1

The Relative Importance of Selection Variables  
For All High School Samples (N = 488)

Factors	Mean Value (Highest Score=4)	Rank
Offers What I Want to Study	3.73	1
Quality of Faculty	3.63	2
Prestige of the Department in which you intended to Major	3.51	3
Employment Opportunities after Graduation	3.47	4
Variety of Courses	3.43	5
Academic Standards	3.39	6
Tuition Costs	3.30	7
Helpfulness in Finding Career Employment	3.27	8
Financial Aid Plans	3.13	9
Geographic Location	3.07	10
Prestige of the University	2.99	11
Flexible Academic Programs	2.99	11
Campus Appearance	2.96	13
Intellectual Environment	2.94	14
Admission Requirements	2.94	14
Social, Academic Mix	2.93	16
Student Social Life	2.92	17
Ideals of University	2.90	18
University Housing (Facilities, Requirements, etc.)	2.87	19
Type of Students Attending	2.82	20
School Spirit	2.80	21
Tradition of University	2.78	22
Close to Home	2.63	23
Size of University (Number of Students)	2.61	24
Climate of Geographic Area	2.56	25
Intercollegiate Athletic Programs	2.55	26
Reinforcement from Peers	2.33	27
Desire to Leave Home	2.26	28
Friends Attending	2.19	29
Expected by my Family	2.18	30
Fraternalities/Sororities	2.02	31
University Religious Affiliation	1.87	32

INTERNATIONAL MARKETING'S POTENTIAL FOR DOMINANCY IN  
PREPARING FUTURE MANAGERS WITH WORLDWIDE PERSPECTIVES

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International Marketing should be the spearhead for the international involvements of business firms. "Multinational marketing is both a major corporate opportunity and an important means of ensuring corporate survival" (Keegan 1980). This spearhead must emphasize the vital functions of marketing management. All of which constitute crucial components of effective Strategic Corporate Planning. To be most effective, the International Marketing endeavor must be holistic and system-oriented reflecting the alternative ways business firms may become involved internationally.

Pressures from Top Managers to Internationalize Training of Future Managers. During 1981, a proliferation of articles appeared in U.S. periodicals reporting numerous top managers' highly critical observations of the curriculum used by business schools to train potential future managers. Virtually every business school has been either directly or indirectly under extreme criticism. Not since the Gordon and Howell and the Pearson reports in 1959 has there been such focused criticism. Now, the critical focus is on two highly publicized deficiencies, namely, the lack of adequate emphases on (a) formal Strategic (long-range) Corporate Planning from a top management holistic perspective and (b) the international dimensions of management. If properly perceived, international marketing has a crucial leadership role in alleviating these criticisms.

Pressures from AACSB to Internationalize Training of Future Managers. By 1973, about 200 U.S. business schools were offering some international business courses. However, most U.S. business students were graduating without any significant exposure to any aspect of international business. In 1974, the AACSB made the following change: "The purpose of the curriculum shall be to provide for a broad education preparing the student for imaginative and responsible citizenship and leadership roles in business and society--domestic and worldwide"--the change was the addition of the three underlined words (Nehrt, et al. 1981). Then in 1978, the AACSB published: "Schools of business and management should demonstrate a basic awareness that business in general extends beyond our country's boundaries. The curriculum should demonstrate a sensitivity to international dimensions and that exposure to international business will be available in the curriculum" (Nehrt, et al. 1981). Next, in June 1980, the AACSB stated: "There is no intention that any single approach is required to satisfy the 'worldwide' dimension of the curriculum standard, but every student should be exposed to the international dimension through one or more elements of the curriculum" (Nehrt, et al. 1981). Subsequently, in October 1981, the AACSB published the monograph Case Studies in Internationalization of Business School Curriculum (Nehrt, et al. 1981).

Of the six different approaches for internationalization generally acceptable to the AACSB, two are probably most feasible, if adequate faculty are available: (a) If a semester course in international business is part of

the "core," the minimum international content is undoubtedly being covered. (b) If a school has courses in international marketing, finance, management, and accounting, and students majoring in any of these fields are required to take the international course, the requirement would appear to be satisfied. However, students not majoring in those fields would also have to take one of the courses, or some other acceptable international course.

Pressures for University Multi-Disciplinary Approach to Internationalization.

Numerous university departments, such as economics, political science, geography, languages, sociology, history and others, have become interested in involvements in the AACSB internationalization process. Relatedly, I made a principal presentation at the January 28-29, 1982 national conference on International Business and International Studies: Latin American Prospects and Concerns. Also, the Council for International Studies and Programs of NYC is sponsoring 3-year projects in 40 U.S. colleges to introduce more internationalization into all degree programs. These efforts may lead to greater collaboration with academicians in disciplines outside of business administration.

Implications for International Marketing's Role in Internationalization.

Probably the other strongest contenders for leadership roles in internationalization are finance and accounting, plus the general international business course. Thus, a fleeting opportunity exists for marketing faculty to spearhead internationalization and also enhance their role in Strategic Corporate Planning. Further, in support of International Marketing, the firm's first major consideration in internationalization is typically whether or not its present and future products and services have viable international markets. And with growing nationalism and more restrictions on foreign ownership and control, direct investment may wane and marketing may become more dominant as the primary mode for international corporate involvements.

However, as International Marketing competes for the spearheading role, its activities will be more critically scrutinized, except for decisions regarding channels of distribution and promotion. Thus, considering the potential impacts of pricing decisions on possible allegations of dumping, appropriateness of transfer pricing, and profit and tax considerations, the accounting, finance and legal disciplines may contend for more responsibility. Similarly, in determining products and services the firm will offer, manufacturing/production management and research and development academicians may desire to be dominant. Yet, if the holistic approach to International Marketing's involvement in the strategic future of the firm is adequately emphasized, International Marketing may soon become the dominant activity in internationalization. Still most business schools and colleges have neither responded to the challenges of top management's demands for internationalization nor to the AACSB's intent. International Marketing probably provides the greatest latent potential for spearheading the internationalization; and it may be able to realize considerable support by collaborating with other academicians within the greater university to reinforce its spearheading role.

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AN EXPERIMENTAL EVALUATION OF THE EFFECTS OF A VERIFIABLE  
AND A NON-VERIFIABLE DECEPTIVE CLAIM ON CHILDREN

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Although concern as to the effects of advertising directed toward children can be traced to the Toy Advertising Guidelines of 1961 (adopted by the National Association of Broadcasters), academic research in this area is relatively recent. The necessity for investigation in this area stems from the generally accepted premise that children are a segment of society deserving special protection in many areas - alcohol, automobile usage, movies, etc.

The specific fear of advertising centers around the unequal skills of the child for processing commercial messages relative to the high level of persuasive skills of the typical advertiser. Additionally, there is concern over potential parent-child conflict over products to be purchased and a feeling of socializing children in an overly materialistic manner.<sup>1</sup> This becomes an extremely cogent issue considering that the average child views over 30 hours of television a week.<sup>2</sup> Estimates have ranged to as many as 20,000 commercials a year.<sup>3</sup>

Further, concerns have been expressed over deceptive advertising aimed at children and its potential effects.<sup>4</sup> This study investigates the effects of potentially misleading/deceptive claims on children and is intended as a pilot study to help in further investigation in this area.

#### METHODOLOGY

Two age groups of children (ages 7 - 8 and ages 11 - 12) were exposed to two deceptive claims about a popular cereal marketed to children. The convenience sample was selected from a middle class west coast grade school consisting of two second grade classes and two sixth grade classes. One of each grade level was selected for exposure to the experimental treatment variable, the other classes were chosen as control groups.

The treatment variable consisted of three exposures to each deceptive claim and product trial immediately following. Although a convocation setting was used, the treatment variable (deceptive claims) itself was placed in a natural setting consisting of four pages of cartoon material of interest to children. Of course, the true purpose of the study was disguised by indicating to the children that they would be asked questions concerning the material they had read.

One deceptive claim stated that the cereal product was nutritious (non-verifiable through product trial). The other deceptive claim stated that the cereal tasted like "chocolate chips" (verifiable through product trial).

Comparisons between experimental groups and control groups did not indicate a statistically significant difference; thus, belief formation was not evident. However, the analysis between age groups (2nd graders and 6th graders) indicated statistically significant results for the two beliefs as related to the deceptive claims. Additionally, a third belief indicating that the cereal was "a good part of a complete breakfast" (a theme used by the cereal tested and many other cereal producers) revealed a statistically significant result. The direction for all three beliefs was in the predicted direction: the younger children's belief scores were stronger.

The results with respect to the two deceptive claims may indicate that the older children are more skeptical than the younger children; or, perhaps, that they are not as readily predisposed to respond as positively to questions. The results of the third belief (the currently running theme) may also indicate a greater sophistication in evaluating commercial messages.

#### SUMMARY AND CONCLUSIONS

Even though the Federal Trade Commission under pressure from the current administration has indicated that it will not pursue regulations concerning advertising directed toward children, the necessity for a better understanding of its effects must still be investigated. If this investigation clearly indicates a special vulnerability to commercial messages (deceptive or not) as a matter of public policy we should all be concerned. In particular, if commercial messages concerning health, safety and nutrition are found to be deceptive, then, perhaps, the necessity for government intervention becomes clearer.

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## THE EFFECTIVENESS OF FEMALE NUDITY IN ADVERTISING

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Today we are more aware of the "role of women" than at any other time. This awareness has called attention to the treatment of women in our society in general, and specifically, of the treatment of women in advertising. One criticism levied against advertisers is their use of partially nude females.

Although female nudity appears to be increasingly employed in advertising, little scientific evidence exists in regard to its effectiveness. Because huge amounts of money are expended by advertisers, a primary goal of advertising research must be to identify factors which influence advertising effectiveness. The lack of research on nudity-based advertising should be of utmost concern to advertisers, because as well as moral and philosophical questions, there is the reality of "financial consequences." The focus of this paper is not on the moralistic issues, but rather, the focus is on the test of these opposing hypotheses regarding advertising effectiveness as a function of female nudity.

CURRENT STUDY

This experiment investigates the influence of partially nude female communicators on advertisement effectiveness, as measured by attitudinal measures. The independent variables are (1) the partially nude and clothed condition of a female communicator, and (2) the sex of the receivers (male and female). The dependent variables are measures involving attitudes toward the advertisement, the product, and the communicator.

The basic hypothesis tested was:

An advertisement with a partially nude female communicator will be more effective (for each of the cognitive, affective, and conative attitude components) than with a clothed communicator.

The theoretical support for this hypothesis is Festinger's distraction theory. The partial nudity of the communicator is expected to serve as a distraction which reduces the ability of a receiver to generate internal counterarguments. Therefore, the persuasive attempt is more effective than when no such distraction (i.e., clothed communicator) is presented.

Manipulation of the appearance condition was achieved by use of two black-and-white photographs. These photographs involved a professional photographer and a professional model. The partially nude condition presented the communicator in a blouse which was open to her waist and which exposed a substantial portion of her breasts. The clothed condition presented the communicator in a buttoned blouse that in no way revealed any portion of her breasts.

Materials. The materials consisted of three pages: an introduction, an advertisement mock-up, and a response form. The introduction page thanked the subject for participating, gave instructions, and assured total anonymity of the subject's responses. The advertisement mock-up page presented a photo of the communicator combined with typical copy for a new body soap. The advertising copy was written by an advertising practitioner. The response page used a seven point semantic differential scale to assess affective, cognitive, and conative attitudinal effects of each advertisement condition.

Potential subjects (at a major university library) were randomly approached, and asked if they would mind taking a few minutes to participate in a marketing communications study. Upon approval the subject was handed the materials and instructed to read the first page. The data from a total of 60 randomly selected subjects (controlling for equal cell size) were used.

Analysis. Consistent with earlier studies, the data were subjected to factor analysis. The appropriate multiple measures for each attitudinal component were summed and averaged to attain a single score for each component. Analysis of variance was performed for each set of affective, cognitive, and conative component scores. T-tests were performed on each measure to investigate differences between groups.

## RESULTS

The basic hypothesis that a partially nude female communicator will be more effective than a clothed female communicator received mixed support. The data for the male receivers are supportive of this hypothesis, but the data for the female receivers are not.

Cognitive. Analysis of variance indicated that the partially nude and clothed conditions were not significantly different, while the sex of the receivers was significant for the cognitive attitude component. The cognitive component for the partially nude condition was significantly higher for males than the clothed condition. The effect was opposite for females.

Affective. Analysis of variance performed with the affective component scores indicate significant main effects for the appearance conditions and the sex of the receivers. The affective measures of the males were significantly higher for the partially nude versus the clothed communicator. The affective scores for the females were in the same direction as the males but were not significant.

Conative. The results of the conative attitude component are comparable to the cognitive results. The appearance conditions were not significantly different while the difference between the sexes was significant. The partially nude condition produced significantly higher conative measures for the males and significantly lower measures for the females, than the clothed condition.

THE GROCERY SHOPPING CHARACTERISTICS OF THE SINGLES SEGMENT:  
SOME PRELIMINARY FINDINGS

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Recently, increased marketing attention has been focused on the growing size and purchasing power of the "singles" market. The research summarized in the paper examines how the attitudes, opinions, and store preferences of 840 single (unmarried) shoppers in the 20-35 year old age group relate to their grocery shopping behavior.

A single is defined as an unmarried person, living alone, with another unmarried person or persons, or with children. Over the past fifteen years, the singles segment has shown rapid growth. In 1979, e.g., singles in the 20-35 year old age group accounted for 25 percent of the U.S. adult population.

The study examined three issues that relate to the grocery shopping behavior of single consumers. These were (1) attitudes toward grocery shopping, (2) the factors important in the store selection process, and (3) the impact of these factors on grocery shopping behavior.

Data were collected from 840 single consumers who were randomly interviewed at 42 supermarkets in the Greater Los Angeles and Orange County areas in April-May, 1981. The stores provided a representative geographical and demographic coverage of the 20-35 year old singles population in this market. The singles responded to 74 questions most of which employed 5 point Likert-type scales.

The results indicated that singles are very time-conscious and are a less price-conscious segment, which is reflected in their lower use of coupons and the lower levels of importance given to price-related factors in the selection of a supermarket. They are a highly mobile group, more likely to change supermarkets frequently. They are also nutrition-conscious, evident from the high priority given to fresh produce in selecting a store.

The results, however, cast doubt on some commonly held perceptions of singles. They are not heavy patrons of the hot food and deli specialty departments found in supermarkets. Singles, also, may not be as innovative as commonly believed. They have not overwhelmingly accepted the new scanner checkout technology and they do not seem to be highly innovative in trying new products.

The study indicated many singles make most of the specific decisions regarding actual products and brand choices in the store. As a result, singles are likely to be impulsive shoppers. In the selection of a store, singles overwhelmingly prefer to shop in one larger store. As supermarkets get larger in response to one-stop shopping strategies, singles are one group likely to be supportive. Singles, however, do not appear to be attracted to many of the service departments (e.g., hot food delis, in-store bakeries, etc.) that these larger supermarkets contain. There also seems to be little interest in purchasing specialty products (e.g., automotive supplies, albums and tapes) in supermarkets. Most singles appear to



perceive supermarkets basically as places to purchase more traditional grocery products.

The study suggests that supermarkets need to make changes if they are to more effectively meet the needs of the single shopper as a large percentage of the singles interviewed believe that supermarkets are not presently doing a good job in meeting their needs. Singles will continue to become a more important segment for grocery retailers and manufacturers through the 1980s and 1990s. The results of the study suggest that popular stereotypes of younger singles might need to be reassessed if grocery product marketers are to more effectively meet the needs of this rapidly growing and affluent segment.

MARKET SEGMENTATION WITHIN THE COURTROOM:  
AN EXTENSION OF THE SOCIAL MARKETING CONCEPT

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The concept of social marketing has received much research attention in the last decade with the marketing literature now reflecting this extended perspective (Hunt 1976). Examples abound where the application of the marketing concept and its methodologies have improved both the programs and the financial support of non-profit and public organizations.

In spite of our expanded marketing orientation, the market analysis of the legal system has been largely neglected. Darden, Darden, and Kiser (1981) reviewed the marketing literature and found little evidence that marketing concepts were in application. This problem is one of the lack of a market planning process within the legal system.

The market planning process as applied to the legal system is important by merit of its breadth of impact, ranging from the distribution of services to the planning of services to be offered. Legal markets must be defined and segmented, positioning strategies must be developed for the services offered, and effective pricing distribution and communications strategies must be developed for the targeted market segments.

The purpose of this paper is to create an awareness of the domain for marketing applications within the legal system. This domain extends from the marketing of legal services to the analysis and identification of attitudinal segments present within the jury.

In order to gain perspective, we must recognize that firms have long gained competitive advantage through the use of market planning and evaluation techniques. The application of marketing techniques to the evaluation of legal problems and strategies produces a similar advantage. The identification of jury segments that are favorable to a client provides a considerable advantage in directing jury selection, argument formation, and trial strategy.

The interface between market analysis and legal planning occurs at several distinct points in the strategic decision making process. The representativeness of the prospective jury, as evaluated through the perceptions held by the prospective jury, underly each of these strategic decisions. The specific decisions that may be influenced by such a market analysis include:

1. The decision to settle a case out of court prior to trial, where a pretrial analysis of the behavioral intention of prospective jury members will aid in making this decision.
2. The determination of the most effective way to question and evaluate prospective jurors during the process of selecting the jury. Effective questioning creates a least favorable jury through the process of selectively excusing unfavorable prospective jurors. Given a disposition

to excuse a prospective juror, counsel may pursue a line of questioning that demonstrates bias in the prospective juror and leads to the judge dismissing the juror through the issuing of a "challenge for cause". In the event that a challenge for cause is not supported by the court, one of a limited number of preemptive challenges may be issued, where the juror is excused at the discretion of counsel.

3. The determination of the trial strategy that is most advantageous to the case. The detailed understanding of attitudes held by the impaneled jury is a necessary prerequisite for developing and presenting arguments that are maximally persuasive, but not so extreme as to be rejected by the jury as untenable.

4. The evaluation of the decision to appeal given an unfavorable verdict. If the jury is sufficiently non-representative of the community, jury analysis may show that prima facie evidence of bias exists.

The legal precedents surrounding the jury representativeness issue provide a basis for recognizing the concept of a jury segment. This concept has been discussed and demonstrated using a survey of 1,000 prospective jurors to demonstrate an application of market analysis techniques.

The application of market segmentation methodologies is of key importance in making a series of strategic legal decisions that are faced by the business community. These decisions extend beyond the evaluation and selection of the jury, to include determining the trial strategy most likely to result in attitude change, and the evaluation of the post trial decision to appeal a court decision.

Broadening the application of segmentation methodologies as detailed above, leads to an inventory of attitude and behavioral predispositions held by each jury segment. Effectively used, this information base provides the necessary details to plan arguments, to plan points of emphasis, and to form a logical progression of the case arguments. The strength of this approach is in the indication of which attitudes can be most readily changed, and the degree of attitude change that can be expected.

The application of these techniques that enhance legal decision making has produced a string of acquittals and hung juries that would have occurred with no more than a .00004 probability by chance (this assumes a 50-50 probability of a given verdict on each case). Such results mean that the firm will increasingly be confronted by these methodologies, especially where significant monetary settlements or ideological issues are at stake.

The identification of this information through segmentation of a jury has been shown to lead to the monitoring and to some extent the control of the jury selection process in that the representativeness of the impaneled jury is also impacted, raising serious ethical considerations.

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## Advertising As The Manager Sees It!

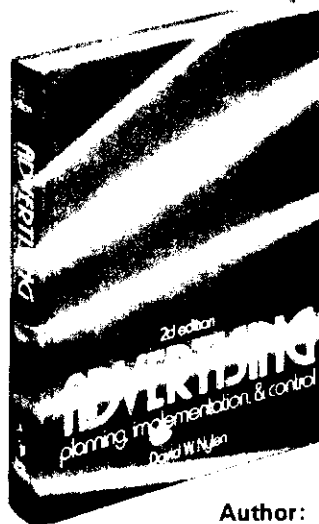
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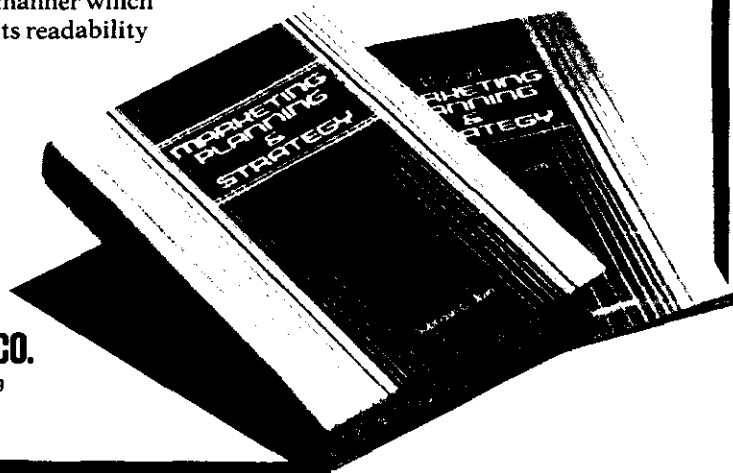
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