INTEGRATED MARKETING SYSTEMS: AN ALTERNATIVE TO THE 4 P'S
Richard D. Nordstrom, California State University, Fresno
Charles S. Sherwood, California State University, Fresno

INTRODUCTION

Traditional approaches to teaching introductory marketing courses have focused on analysis of the four P's of the marketing mix to explain the discipline. However, recent emphasis on integration of the functional areas of business for strategic planning indicates the need for development of a systems approach to marketing (B.W. 1984). The need for expanding the current educational approach to principles of marketing is two dimensional. First, it is increasingly important that marketing be viewed as a subsystem of a larger corporate system. Secondly, students need to understand that the marketing system itself is composed of interactive and symbiotic subsystems. While most principles textbooks emphasize application of systems theory to the organizational whole, they fail to go one step further and apply the same approach to the marketing system itself. Doing so would not alter traditional methodologies of marketing education, but rather complement and enhance the student's understanding of the dynamic nature of marketing. Subdividing a marketing system into discrete parts can lead to a loss of essential characteristics. Therefore, a logical approach to study marketing is not by using the parts to define the whole but by using the desired system output to explain the role played by its individual parts. Such an approach to marketing would help students better understand the integrative nature of the elements of the marketing system.

The purpose of this paper is to provide a means of introducing students to the principles of marketing whereby the “activities” of marketing are viewed as subsystems of the marketing system. The approach principle textbooks emphasize applications of systems theory to the organizational whole, they fail to go one step further and apply the same approach to the marketing system itself. An attempt is made to move away from the 4 P's approach by viewing the marketing subsystems as contributing to each other as well as to the hierarchical marketing system. In addition, pedagogical implications are presented in an attempt to bridge the gap between theory and classroom presentation.

DEVELOPMENT OF A SYSTEMS APPROACH TO MARKETING

Advocacy of a systems approach to the basic study of marketing is not a new idea. Breuer (1949) felt that the extant body of marketing knowledge should be reoriented to analyze the pattern of systems in marketing as had been done with the analysis of channel systems. However, this approach was considered to be somewhat deviant when it came to basic texts. Subsequently, physically distributed and logically emerged using a systems approach emphasizing the importance of the interactive nature of its elements (Bartels 1976). Systems theory also contributed to the inclusion of marketing as a vital system in strategic planning. At the principles level, many authors have overlaid the traditional 4 P's approach with a systems approach to show that marketing was a system whereby the firm related to an environment (Cundiff and Still 1964, Kotler 1983, Stanton 1984). Reidenbach and Oliver (1981) recently examined marketing within Miller's General Living Systems Theory. They stressed the importance of viewing marketing as a specific set of subsystems and that the discipline must extend itself from its functional perspective to a systematic one. In doing so, they identified the organization as a system operating in an environment with subsystems that service and generate demand. The result is not a rejection of the functional approach, rather a broader perspective of the role of marketing activities as subsystems. Finally, Cook (1981) concluded that the whole broadening/deepening of the marketing concept controversy is really no more than a discussion of where to draw the system boundaries for marketing.

We believe agreement exists that marketing must be viewed as a system. All that remains is a simple means of taking the process one step further for it to be made operational for educational purposes. A closer examination of basic systems concepts and proposed marketing subsystems will permit a more detailed description of the integrative nature of marketing activities, a valued aim of many marketing educators (Kotler 1984).

SYSTEM CONSIDERATIONS IN MARKETING

A systems approach to marketing should act in a supplemental manner to an analytical approach. Analytic approaches take the elements and explore them (e.g., the 4 P's approach). System approaches take the elements and explore interactions or linkages between them. It would be incompetent to suggest that students should learn marketing without having a basic understanding of the elements or functions of marketing. In fact, the basis of systems analysis is somewhat analytic. In order to study a system, one must first define and isolate that system and its component elements (Passer 1985). The pedagogical change is in focus, not in locus.

Churchman (1968) has provided five basic considerations which can be applied in an attempt to understand marketing as a system. While the list may not be considered all inclusive by some, it is a solid starting point for an understanding of how to view functional areas of businesses as systems (i.e., finance, marketing, production, personnel). Figure 1 helps conceptualize the following systemic considerations suggested by Churchman:
1. What are the objectives of the system and how is performance measured? Business goals may be growth, retrenchment, survival. Goals are reached via a carefully developed corporate strategy. Thus, the output of a business system should be a profit or sales strategy which will move the organization toward its desired goal. All elements or subsystems (e.g., marketing) have a goal of contributing to the implementation of the firm's strategy. Performance of both the prime system (business) and the subsystems is evaluated based on the effectiveness of the strategy. Thus, central to any system is the control and evaluation process.

2. How is the system managed? The decision system of a marketing subsystem and managerial control of the business system is where coordination of components occurs. It is here that the total benefits concept can be put into practice. Though each subsystem has its own strategies which it considers to be optimal, an adjustment must often be made to optimize the output of the total organization. It is management's task to avoid suboptimization by evaluating, coordinating, and controlling the components of the system.

3. What are the components of the system? System components or tasks are the activities which are managed as described above. Each of the functional areas of business shown in Figure 1 (finance, production, personnel, and marketing) represents a task or subsystem of the business. In turn each subsystem (e.g., marketing) has tasks which can also be subsumed to further systemic analysis. For purposes of brevity, further division has been omitted. Tasks, at all levels, are accomplished by the application of system resources.

4. What are the resources or inputs for the system? Resources are inside the realm of the system's control and allocated by management. Essential for accomplishment of strategies and goals is the complete and proper allocation of resources (e.g., manpower, equipment, budgets, inputs from other systems, etc.). The strategic output is affected, if not controlled, by this allocation and it is this output which is used to evaluate the effectiveness and efficiency of the system. While allocation of resources is controllable, the system operates in a generally uncontrollable environment.

5. What is the system environment? Systems do not exist in a void. It is not necessary for the purposes of this paper to give complete descriptors of the environment of a business system. However, note that the marketing subsystem depicted in Figure 1 has an external environment which can be called the Market Environment which is a specific portion of the larger business environment. Since the environment consists of anything beyond control of the system, the marketing subsystem environment consists of the organization, market environment, and total environment.

In summary, for purposes of this analysis, the marketing system is defined as a set of tasks which collectively culminates in strategic output of the system aimed at achieving a specified goal or objective. Effectiveness is evaluated and measured by the outputs and is subject to management control. The system functions in a given yet evolving environment. Conceptually, marketing is an important task and hence a subsystem of the overall corporate system. The output of any subsystem may become an input to other subsystems and their collective output, input to the higher system. It should be noted that this discussion of systems theory is in no way exhaustive, rather it is intended to be sufficient for application in a basic course in marketing.

THE MARKETING SYSTEM

Once an understanding of systems is accomplished, marketing may be defined as a set of subsystems organized to facilitate mutually beneficial exchange relationships. Effective application of marketing provides the economic utilities of time, place, and ownership and thereby is an integral part or input to corporate strategy. In doing so, marketing strategy contributes to the accomplishment of the overall goal of the firm (e.g., growth). How a marketing system operates to facilitate exchange can be explained by an analysis of the tasks or subsystems of marketing. Figure 2 depicts the critical aspects of the marketing system. The output of the system is a strategic marketing plan. Application of resources to the tasks of the system contribute to this strategy. Finally, the effectiveness of the system is evaluated relative to its contribution to the stated goal of the firm.
1. What are the objectives of the system and how is performance measured? Business goals may be growth, retention, or survival. Goals are reached via a carefully developed corporate strategy. Thus, the output of a business system should be a profit or sales strategy which will move the organization toward its desired goal. All elements or subsystems (e.g., marketing) have a goal of contributing to the implementation of the firm's strategy. Performance of both the prime system (business) and the subsystems is evaluated based on the effectiveness of the strategy. Thus, central to any system is the control and evaluation process.

2. How is the system managed? The decision system of a marketing subsystem and managerial control of the business system is where coordination of components occurs. It is here that the total benefits concept can be put into practice. Though each subsystem has its own strategies which it considers to be optimal, an adjustment must often be made to optimize the output of the total organization. It is management's task to avoid suboptimization by evaluating, coordinating, and controlling the components of the system.

3. What are the components of the system? System components or tasks are the activities which are managed as described above. Each of the functional areas of business shown in Figure 1 (finance, production, personnel, and marketing) represents a task or subsystem of the business. In turn each subsystem (e.g., marketing) has tasks which can also be subsumed to further systemic analysis. For purposes of brevity, further division has been omitted. Tasks, at all levels, are accomplished by the application of system resources.

4. What are the resources or inputs for the system? Resources are inside the realm of the system's control and allocated by management. Essential for accomplishment of strategies and goals is the complete and proper allocation of resources (e.g., manpower, equipment, budgets, inputs from other systems, etc.). The strategic output is affected, if not controlled, by this allocation and it is this output which is used to evaluate the effectiveness and efficiency of the system. While allocation of resources is controllable, the system operates in a generally uncontrollable environment.

5. What is the system environment? Systems do not exist in a void. It is not necessary for the purposes of this paper to give complete descriptors of the environment of a business system. However, note that the marketing subsystem depicted in Figure 1 has an external environment which can be called the Market Environment which is a specific portion of the larger business environment. Since the environment consists of anything beyond the control of the system, the marketing subsystem environment consists of the organization, market environment, and total environment.

In summary, for purposes of this analysis, the marketing system is defined as a set of tasks which collectively culminates in strategic output of the system aimed at achieving a specified goal or objective. Effectiveness is evaluated and measured by the outputs and is subject to management control. The system functions in a given yet evolving environment. Conceptually, marketing is an important task and hence a subsystem of the overall corporate system. The output of any subsystem may become an input to other subsystems and their collective output, input to the higher system. It should be noted that this discussion of systems theory is in no way exhaustive, rather it is intended to be sufficient for application in a basic course in marketing.

THE MARKETING SYSTEM

Once an understanding of systems is accomplished, marketing may be defined as a set of subsystems organized to facilitate mutually beneficial exchange relationships. Effective application of marketing provides the economic utilities of time, place, and ownership and thereby is an integral part or input to corporate strategy. In doing so, marketing strategy contributes to the accomplishment of the overall goal of the firm (e.g., growth). How a marketing system operates to facilitate exchange can be explained by an analysis of the tasks or subsystems of marketing. Figure 2 depicts the critical aspects of the marketing system. The output of the system is a strategic marketing plan. Application of resources to the tasks of the system contribute to this strategy. Finally, the effectiveness of the system is evaluated relative to its contribution to the stated goal of the firm.
The marketing system cannot function if any of the tasks are left unperformed. Therefore, tasks are performed to accomplish a desired output which contributes to the output of a larger system. Each task (e.g., analysis on consumer needs) can be further examined as a subsystem created to accomplish the goal of the system (strategic marketing plan). Finally, each system has a task of coordinating internal efforts (decision making subsystem) and the means for evaluation and control for performance monitoring.

FIGURE 2
MARKETING SYSTEM

Goal of the System is to produce an OUTPUT (Strategic Marketing Plan) which will support the Goal of the SBU or Corporate System.

TASKS - Create Subsystems to:
1. Communicate to various publics.
2. Gather information to analyze needs of consumers.
3. Develop a means of satisfying consumer needs.
4. Service consumers by delivering need satisfiers in a timely manner.
5. Coordinate all subordinate subsystems to facilitate effective exchange relationships.

RESOURCES - Manpower
- Technical expertise
- Equipment
- Budget

CONTROL AND EVALUATION
- Market share
- Profit contribution
- Customer loyalty
- Least total system costs
- Outputs from other systems

Traditional approaches to marketing using the 4 P's may begin with a view of a business system and may even mention that marketing is a system. However, most fail short of full explanation or elaboration. Students may wonder how the product, promotion, price, and distribution "mixes" are blended into a full marketing mix. They may also wonder which "mix" comes first. A systems approach will help them understand that events are virtually simultaneous, that the "mix master" is a process inherent in the system, and that while subsystems may act to their own best interests, the decision controls the best interests of the larger system to which they belong. The discreteness of the 4 P's is now replaced with a process or flow approach familiar to educators of consumer behavior, channels, logistics, and communications.

MARKETING SUBSYSTEMS

The marketing system, as depicted in Figure 2, is composed of five tasks (subsystems) each with their own output, tasks, resources, and means of being controlled or evaluated. A more complete analysis of each of these subsystems is provided in Figure 3. The individual lists are not meant to be exhaustive but illustrative of possible factors to be included. Note how each subsystem has a unique output which contributes to the marketing system. In addition, these parallel subsystems contribute to each other and thereby become resources for other subsystems. This is where the integration in marketing occurs.

FIGURE 3
MAJOR MARKETING SUBSYSTEMS
The marketing system cannot function if any of the tasks are left unperformed. Therefore, tasks are performed to accomplish a desired output which contributes to the output of a larger system. Each task (e.g., analysis on consumer needs) can be further examined as a subsystem created to accomplish the goal of the system (strategic marketing plan). Finally, each system has a task of coordinating internal efforts (decision making subsystem) and the means for evaluation and control for performance monitoring.

FIGURE 2
MARKETING SYSTEM

Goal of the system is to produce an OUTPUT (Strategic Marketing Plan) which will support the Goal of the SBU or Corporate System.

TASKS - Create Subsystems to:
(1) Communicate to various publics.
(2) Gather information to analyze needs of consumers.
(3) Develop a means of satisfying consumer needs.
(4) Service consumers by delivering needed satisfiers in a timely manner.
(5) Coordinate all subordinate subsystems to facilitate effective exchange relationships.

RESOURCES - Manpower
   - Technical expertise
   - Equipment
   - Budget

CONTROL AND EVALUATION
   - Market share
   - Profit contribution
   - Customer loyalty
   - Least total system costs
   - Outputs from other systems

Traditional approaches to marketing using the 4 P's may begin with a view of a business system and may mean little to their common sense. However, most fall short of full explanation or elaboration. Students may wonder how the product, promotion, price, and distribution "mix" are tied into a full marketing mix. They may also wonder which "mix" comes first. A systems approach will help them understand that events are virtually simultaneous, that the "mix master" is a process inherent in the system, and that while subsystems may act to their own best interests, the decision controls the best interests of the larger system to which they belong. The discreteness of the 4 P's is now replaced with a process or flow approach familiar to educators of consumer behavior, channels, logistics, and communications.

MARKETING SUBSYSTEMS

The marketing system, as depicted in Figure 2, is composed of five tasks (subsystems) each with their own output, tasks, resources, and means of being controlled or evaluated. A more complete analysis of each of these subsystems is provided in Figure 3. The individual lists are not meant to be exhaustive but illustrative of possible factors to be included. Note how each subsystem has a unique output which contributes to the marketing system. In addition, these parallel subsystems contribute to each other and thereby become resources for other subsystems. This is where the integration in marketing occurs.

FIGURE 3
MAJOR MARKETING SUBSYSTEMS

<table>
<thead>
<tr>
<th>COMMUNICATIONS SYSTEM</th>
<th>EVALUATION &amp; CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>Promotion Budget</td>
</tr>
<tr>
<td>Advertising</td>
<td>Technology &amp; Equipment</td>
</tr>
<tr>
<td>Sales/Training</td>
<td>Human Talent</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>Management</td>
</tr>
<tr>
<td>Public Relations</td>
<td>Message Fit to Market</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DATA COLLECTION SYSTEM</th>
<th>EVALUATION &amp; CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Problems</td>
<td>Human Talent</td>
</tr>
<tr>
<td>Select Data</td>
<td>Technology &amp; Equipment</td>
</tr>
<tr>
<td>Select Bases</td>
<td>Human Talent</td>
</tr>
<tr>
<td>Foreman</td>
<td>Message Fit to Market</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKETING PERSONNEL SYSTEM</th>
<th>EVALUATION &amp; CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Development</td>
<td>Human Talent</td>
</tr>
<tr>
<td>Product Promotion</td>
<td>Communication Strategy</td>
</tr>
<tr>
<td>Product Positioning</td>
<td>Message Fit to Market</td>
</tr>
<tr>
<td>Product Advertising</td>
<td>Message Fit to Market</td>
</tr>
<tr>
<td>Promotions</td>
<td>Message Fit to Market</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SERVICE SYSTEM</th>
<th>EVALUATION &amp; CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>Message Fit to Market</td>
</tr>
<tr>
<td></td>
<td>Message Fit to Market</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKETING COORDINATION SYSTEM</th>
<th>EVALUATION &amp; CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Analysis</td>
<td>Message Fit to Market</td>
</tr>
<tr>
<td>Decision Analysis</td>
<td>Message Fit to Market</td>
</tr>
<tr>
<td>Message Fit to Market</td>
<td>Message Fit to Market</td>
</tr>
</tbody>
</table>

Absence of input and coordination from other subsystems results in suboptimization, system output is reduced, and synergistic benefits lost.

As each subsystem operates, it generates an output which is filtered back through a decision subsystem. The "mix" which best meets the needs
of the marketing system is determined and becomes part of the marketing plan. Similarly, the other four subsystems blend their individual tasks to accomplish the subsystem's goal. The first issue may be that which is best for the subsystem. If this does not fit the needs of the higher system, a “remixing” occurs to better fit these needs. Internally, this may be accomplished by a reallocation of resources, redirection of effort, or reprioritization of target markets.

CONCLUSION AND PEDAGOGICAL IMPLICATIONS

If students are to understand the true nature of how marketing works, not just the tasks associated with the discipline, beginning marketing courses should start with an introduction to the concepts of systems. However, showing students the business system without further application to functional areas results in an incomplete picture. Once the aspects of systems are understood, including the impact of environments on the systems, one can move to the identification of system outputs, tasks, resources, and evaluative procedures. Much of the content of current marketing texts could remain the same. However, analysis of marketing activities based on systems and subsystems helps students appreciate the interactive nature of marketing. Perhaps of greater value is an understanding of why and how they interact.

Once marketing is viewed as a subsystem, it is easier to understand how marketing interacts with other subsystems. Time must be spent introducing some of these interactions. If other basic courses were taught in this manner, a student would be better prepared for business strategy and policy classes. They would be cognizant of problem solving from a systems approach rather than a purely analytical approach. Understanding basic marketing systems also will better prepare students for advanced courses. As students progress to specific areas of marketing (e.g., promotion), relationships to other tasks will be readily identified.

Finally, a systems application extends the four P's concept to fit today's expanded marketing discipline. If students understand marketing as a system, they can overlay the concept to fit any special application of marketing. This will make the student's adjustment to service, international, or not-for-profit marketing easier. A realization takes place that the system output is a strategy necessary to accomplish a goal. Goals and strategies change, not the tasks associated with marketing. In the modern strategic planning mode of business, subsystem strategies are combined to develop a synergistic strategy that would be impossible if marketing departments were actually organized along the rudiments of the 4 P's (Reidenbach and Oliva 1981). Thus, use of systems concepts in training marketing students will expand the traditional elements of marketing such that students will realize that the systems concept fits all aspects of marketing.

REFERENCES

Bartels, Robert (1976), The History of Marketing Thought, Columbus, Ohio: Grid Press, 204-206.


ABSTRACT

With the prospect of continued limited resources and with the increased amount of material that is relevant to the preparation of an undergraduate student in marketing, the basic curriculum in marketing should be constantly monitored for possible areas to achieve efficiencies. If we carefully review the stage in the development of the material in the consumer behavior area and the current state of the art in marketing research, and compare these situations with the needs of the undergraduate student in the marketing area, a significant reduction in the resources allocated to each of these topics is possible. This integration can be accomplished in a process that makes the final result a more useful experience for the undergraduate student.

INTRODUCTION

This paper suggests a modification of the traditional approach to teaching the undergraduate courses in marketing research and consumer behavior. The proposed change is based on two observations. First, most of the students who are required to take the undergraduate marketing research course are not going to be marketing researchers. Their relationship with marketing research is more likely to be as user of the output, rather than as developer of the input. Second, a majority of the material found in the undergraduate course in consumer behavior that has immediate relevance to marketing decision making and application has found its way into other required courses in the marketing curriculum. Some representative examples in introductory texts would include: McCarthy and Perreault (1984, Part II); Mentzer and Schwartz (1985, Part Two); Cundiff, Still, and Govoni (1985, Part Two); Murphey and Enis (1985, Part 3); Evans and Berman (1985, Part Two); and Schoell (1985, Chapters 5 and 6). This consumer behavior material is also covered in texts that might be used for more advanced courses for the marketing majors. Some illustrative examples are: Buell (1984, Chapters 4 and 5); Lilien and Kotler (1983, Chapters 7, 8 and 9); and Ring, Newton, Borden, and Biggadike (1984, Chapter 1).

Based on these observations the author feels that perhaps it is time to reexamine these two areas. A better utilization of the limited resources available to most schools might be obtained by combining the two courses into one. Those who have taught either or both of these courses are likely to have a negative reaction to the suggestion of combining two courses that currently may not seem to have adequate coverage as separate courses. However, a careful evaluation of what the undergraduate marketing student really needs from these two important areas may alter our traditional perspective. Support for the proposed approach begins with the fact that the consumer is the primary focus of a major portion of the marketing research that is conducted. To this we add the reality that most marketing graduates, particularly at the Bachelor level, will not be involved in multivariate analysis or other sophisticated data analysis or research design techniques. They do need to be aware of these tools and their appropriate application and interpretation. Somewhat as a driver must understand an automobile. Obviously this is considerably different from the knowledge required by the engineer who designs an automobile. That is, they need to understand the value of the information generated and the general constraints that apply to the generation of data, but typically they do not need a mastery of the techniques utilized in developing that information. In addition, with the wide spread use of personal computers and the availability of sophisticated data analysis soft-ware, statistical techniques as a focus of attention are likely to become more and more an area for specialists.

DESCRIPTION OF THE APPROACH

For the past two years the author has been teaching an undergraduate course called Consumer Analysis and Marketing Information Systems. The orientation of this course has been to view marketing research as a tool that the marketing decision maker has at his disposal to better develop his overall marketing strategy. In our curriculum, as appears to be common practice, the basic concepts of consumer decision making are introduced in the introductory marketing class. In the proposed modification this initial exposure to consumer decision making is strengthened to the degree necessary to deal with specific marketing problems. In the classroom setting, these marketing decision problems are presented, primarily in the form of cases. Basic research procedures are introduced and immediately applied to specific problems arising from case analysis.

Thus, the three major pedagogical components of the course are: (1) material on consumer behavior (organized to facilitate comprehension with an appropriate consumer decision model), (2) material on basic research techniques, i.e., problem definition, sample research techniques, i.e., problem definition, sample design, data gathering instruments, data analysis, and report preparation and (3) actual marketing problems (presented in cases - with a research focus or orientation).
A MODIFICATION OF PERSPECTIVE

A critical factor in designing this course is to determine the theoretical depth necessary for the undergraduate marketing student. How much exposure is necessary into the derivation of consumer decision models and the extensive, but rather loosely focused, related literature from the behavioral sciences, to provide an adequate background for a student to conceptualize and intelligently work through marketing decision problems?

As marketing scholars we appreciate total conceptual models and a near exhaustive exploration of why something happens. It is our responsibility to develop and test explanatory models. However, the benefit to the decision maker is the resulting generalizations and the limitations that constrain the application of those generalizations. The situation in utilizing the behavioral sciences is similar to the decision that must be faced in teaching statistics. How much does the individual who is responsible for making decisions based on the results of data analysis need to know about the derivation of and justification for a particular statistical technique? In viewing this design question it is important to differentiate between "ideal" (the end user should understand the total process) and what is operationally realistic.

SPECIFICS OF THE COURSE

The course begins with an overview of the nature and role of marketing research in an organization. Then the dimensions of consumer analysis are reviewed and expanded as initially required. Finally the relationship between consumer analysis and marketing research is developed. After this general introduction, which should involve 8-10% of the course, the student is required to analyze a case requiring the development of a marketing program. The choice of this first case is very important. The case selected should be comprehensive but the nature and extent of the information provided should leave many areas of uncertainty in the minds of the marketing decision maker. The author has found that any of the cases in part 8 of Blackwell, Engel and Thompson (Basic Marketing, 1975) work well as an initial case.

The purpose of this initial pragmatic activity is through personal experience to develop a sensitivity to the student's frustration that occurs when an individual is faced with the need to make decisions with less than adequate information. After this experience the student is more receptive to a discussion of ways to cope with this frustration. The simple approach of asking, "With which of the decisions you had to make in your marketing program do you feel the most uncomfortable?" can start the process of focusing the students attention on the need for information.

After the student has identified the major decision problem, you can follow with the question, "What kind of information would you need to feel more comfortable with this decision?" When the student has responded to that question you can indicate that the process the two of you have participated in is the same process that a wise marketing researcher will try to initiate with the marketing decision maker who has indicated a desire for research to help solve the problem. This interaction illustrates the difficulty as well as the importance of a careful and clear definition of the management problem that the subsequent research is expected to aid in solving.

After this initial groundwork, you can begin to discuss the research design. This discussion should proceed in a similar, easily understood, and focused manner. First the specificity of the research problem can be discussed. Approaching the development of the research design in this way clearly makes one point that there is a difference between the decision problem and the research problem. It results in recognizing that the results of the research will very likely be something less than a total solution to the management decision problem. This limitation is a fact of life that exists if for other reason that the "perfect data information" about future conditions is not obtainable. Developing an awareness of this difference between research results and decision needs is critical to generating realistic expectations on the part of all parties involved, regarding the role of research in the decision making process. It also sets the stage for a discussion of the necessity to adequately consider the current state of the art in research procedures and what is capable of being done, at what cost.

Once the research problem is clearly understood, the student can be helped to discover that the logical next step in the research design is to identify the questions that need to be answered to solve the research problem. These questions provide the outline for designing data gathering instruments, as well as identifying the appropriate sources for answers. That is, what is secondary research and/or from whom (population definition, for primary research) can the answers to the questions be obtained. Once these guidelines are developed the specifics of sample design, questionnaire design, the mechanics of data gathering, and pre-analysis data validation and organization can be dealt with to the depth that seems appropriate for the students involved. The primary criteria for this depth decision is providing adequate information for the decision to be made.

Data analysis is a difficult area for most students. In this approach it can be dealt with by having them now consider the original research problem and the nature of the data that must be in to solve the problem. This helps the student see that data analysis is not a mystical process that only a limited number of initiated people can understand. Rather the student sees data analysis in its proper role. That role is as a tool or process for developing information
to make a specific management decision. This information is derived from the answers to specific research questions. The answers are the raw data that has been gathered following guidelines that were developed from an initial consideration of the management decision to be made.

Finally, the presentation of the research report is guided by a return to the management decision problem (not the research problem). The initial discussions with the decision maker trying to choose between two or more alternatives resulted in a specific statement of what information was required to reduce the uncertainty in making that choice, as well as an indication of what form that data should take to be most useful in making the decision. These are the guidelines for developing the final research report. With this focus on the management decision to be made it then seems natural that the description of, justification for, and other technical items related to the research process may be omitted in some reports, or when included, placed in an appendix.

JUSTIFICATION FOR THIS MODIFICATION

This proposed approach to introducing students to the research process has the advantage of presenting an integrated whole, as opposed to disconnected parts. It highlights the purpose of research as a tool to aid in decision making. It clearly shows that the management decision the research is being conducted to facilitate should provide the guidelines for the various technical research related decisions that have to be made during the research design and implementation processes. Presenting the research process in the fashion described also helps the student who is more likely to be a user rather than a provider of research to understand what can be expected and perhaps more importantly, what can not be expected from research. This integrated approach has the advantage of highlighting the things a manager/decision maker can do to facilitate and enhance the benefits of the research process.

Detailed discussion and development of the various phases of the research process are dealt with over the span of the course. Topics in consumer behavior are interspersed with the material on research techniques. This is more similar to how they will be used rather than how the topics are developed in the literature. The organizational framework for the introduction of consumer decision making concepts can best come from some commonly accepted model of the consumer buying decision process, such as Engel and Kollat (1962) or Howard and Sheth (1969), or if one wanted to place a strong emphasis on computer simulation, the Nicosia (1966) model could be used as the organizing framework.

EXAMPLES OF SPECIFIC ASSIGNMENTS

The important point is that, in addition to introducing the concepts of consumer behavior to the student this material is also used as a vehicle for applying the research concepts being studied. For example, a topic in consumer behavior that would probably be introduced early in the course would have to do with social and cultural influences on the individual consumer decision process. Students could be required to prepare a bibliography on this topic and then select three to six works from that bibliography and develop a literature review. In meeting this assignment the students would be involved in the literature of a significant topic in consumer behavior at the same time they were experiencing the research techniques involved in secondary data gathering. This early exercise provides the student with experimental exposure to the process of doing the preliminary research that usually precedes the development of research problem statements. Class discussion after this assignment was completed would then round out the necessary background preparation in the area of social influences on the consumer decision process.

If experience with experimental research designs is desired, a later assignment could be something like:

"After examining the literature on perceptions and learning, select a problem in either area and prepare an experimental design to increase our knowledge in this problem area."

To perform well on this assignment the student must get into the literature on perceptions and learning and study it carefully enough to recognize what is known and what is not known. After this level of awareness is accomplished, he still must work with the material enough to put together a logical experimental design, which will obviously require consideration not only of the major concepts but their dimensions and elements as well. In addition the student is faced with considering the direction of cause and effect, as well as the logic of predictions based on that direction.

In my classes an assignment similar to those described above is made about once a week. By the time the term is completed the student should be ready to prepare a complete research proposal. An example of such an assignment would be:

"Please prepare a research proposal in the area of 'cognitive dissonance'. This proposal must be in enough detail so that it could be evaluated for funding."

I have also found it useful to either have an ongoing group project during the entire course or as an alternative an intensive group project during the last week. This should be a simple project, the main purpose of which is hands-on experience. As an example I recently assigned the following for the last week of the term:
"Your group is to design, carry out, and prepare a written report on the results of a price comparison study for a 'typical food basket' in local food stores."

If time permits another useful experiential dimension can be added by having some or all of the groups present their research report orally to the rest of the class.

A case book such as Blackwell, Engel and Talarzyk (1985) gives you the opportunity to deal with specific issues of research related to consumer analysis in a more structured and controlled manner. The cases are selected and worked into the course design for desired emphasis and control over topics being explored.

SUMMARY

The course briefly described above provides little opportunity for the student to become bored. The required workload is relatively heavy but contains a large amount of variety. While a fair amount of conceptual material is dealt with, it is always done with a pragmatic or application objective clearly indicated. Students have never described the assignments as "busy work." From a pedagogical viewpoint it offers an attractive blend of conceptual and pragmatic material at a level that students can grasp and experience. From our experience with this approach it seems to be a better use of scarce classroom resources for the undergraduate student considering the Bachelor degree in marketing as a terminal degree.

At the same time the student who may be considering continuing their education through some level of graduate work has not only been exposed to the basic concepts of research, but has also had the experience of applying those concepts in a situation providing close to immediate feedback. This required application and critique in a relatively low risk setting seems to result in a good foundation for future more sophisticated training in scientific research.

REFERENCES


Murphy, Patrick E. and Ben M. Enis (1985), Marketing, Scott, Foresman and Co.

Nicotra, Francesco M. (1966), Consumer Decision Process: (Marketing and Advertising Implications), Prentice-Hall.


A SURVEY OF MARKETING CURRICULA IN CANADIAN UNIVERSITIES

Chiu Ling Hung, The University of Calgary
Everett E. Johnston, The University of Calgary

ABSTRACT

Marketing curricula in Canadian Universities with business degree programs are examined to reveal the relative emphasis placed upon various marketing subjects. An attempt is also made to compare marketing curricula in the United States and Canada.

INTRODUCTION

Compared to the humanities and physical sciences, marketing is a relatively new subject taught at universities. But over the past two decades we have already witnessed a significant change in academicians' perception of its scope and its role in society. Since March 1985 the American Marketing Association has adopted a new definition of marketing to reflect its wide-ranging dimensions and the extended orientation of the activities. A recent study on marketing curricula in the last ten years in U.S. universities (McDaniel and Rise 1984) has also revealed that there have been notable changes in the course requirements and contents.

This paper presents a summary survey of the marketing curricula in Canadian universities and the relative emphasis placed upon various marketing subjects in the undergraduate program. A comparison with the situation in the U.S. will also be made.

DATA

The data used in this survey are obtained from program descriptions contained in Canadian universities' 1985/86 calendars. There are 39 universities in Canada with business programs at the undergraduate level, conferring degrees in commerce (B.Comm.), business administration (B.B.A.) or administrative studies (B.A.A., B.Admin.). Of these 39 universities 31 allow a major (or concentration) in marketing. Table 1 enumerates the senior marketing courses offered in each of these 39 universities under ten subject areas. These numbers are weighted in Table 2 to show the relative emphasis placed upon each subject by taking into account the number of courses offered in a subject compared to the total number of marketing courses in the curriculum. Table 3 gives the proportion of universities offering the subjects.

<p>| Table 1 |
| Marketing Curricula in Canadian Universities |</p>
<table>
<thead>
<tr>
<th>University</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acadia ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Alberta ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>British Columbia ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Toronto ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>McGill ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>McMaster ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Queen's ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>St. Michael's ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>St. Mary's ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Saskatchewan ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>St. Francis Xavier ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>St. Michael's ...</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

Before we examine the figures in the tables a few clarifications have to be made:

(1) A course listing in the calendar does not guarantee that it will be offered. It only indicates the faculty's intention to teach the course; but a listed course may be withdrawn for various reasons.

(2) Different universities may use different course titles for the same course, e.g., 'retailing' and 'retail management', 'marketing policy' and 'marketing strategy'. Some course titles may not be specific enough to indicate the course content, e.g., 'marketing 11'. In these cases course descriptions in the calendars are used to identify and to put these courses under the subject areas.

This number (39) does not include the post-secondary community colleges, technical institutes and 'open universities' (instruction by correspondence) which may also have business and marketing courses in their diploma or degree programs.
Canadian universities vary widely in the number of marketing courses they have in their curricula, from a low of one to a high of sixteen. The size of the faculty and the number of years which the faculty has been established are the main determinants, but the orientation of the faculty is also important. For example, Queen's, Toronto, Western Ontario and York are four of the largest universities in Canada and each has a well-established business faculty; however, they place the emphasis of business education at the Master's degree level, and there are only a few marketing courses offered in the undergraduate program. In fact, these four universities do not have a major in marketing.

The mean number of undergraduate marketing courses offered by all Canadian universities with business degree programs is 8.5. But there is a wide difference in the mean number between universities with a marketing major and those without - 9.3 for the former and 5.1 for the latter.

Four subjects are offered by more than 80% of the universities: 'advertising' (including 'promotion' and 'communication'), 92.3%; 'marketing research' (including 'quantitative methods for market analysis'), 92.3%; 'marketing policy' (including 'marketing strategy', 'marketing planning' and 'marketing management'), 87.2%; 'consumer behavior', 87.2% (Table 3).

When the universities with no marketing major are excluded, the percentages are slightly higher, and 'advertising' is alone by itself in the first place while 'marketing research' shares the second position with 'marketing policy'.

But when the number of courses in a subject compared to the total number of marketing courses in the curriculum is taken into account to reflect the perceived importance of the subjects (Table 2), there is a notable difference in the rank positions. Counting all the universities with business degree programs, 'marketing research' regains its first place (with a weighted subject score of 5.908) whereas 'advertising' (5.189) drops to the fourth place behind 'marketing policy' (5.618) and 'consumer behavior' (5.301).

When we look at the curricula of only those universities with a marketing major the relative positions of these subjects are different again. 'Marketing policy' is now in first place with a weighted subject score of 4.609, 'advertising' in second (4.430), 'sales management' in third (4.348), 'marketing research' in fourth (4.316) and 'consumer behavior' in fifth (3.376). The gap in the weighted subject scores between 'consumer behavior' and the other four subjects is much wider. Apparently, 'consumer behavior' is not perceived as particularly important by those universities with a marketing major. On the other hand, 'sales management' (including 'retailing' and 'merchandising') is much more em-

---

(3) The courses which are offered by the marketing division/department but which are apparently not marketing courses as judged by the course titles and descriptions have been excluded, e.g., 'Business administration' and 'international business'.

(4) Under the 'others' category the marketing seminars or 'selected topics in marketing' could have focused upon a well-defined topic, and should be placed in some specified subject areas; but as long as they are not clearly spelled out, which will be placed under 'the others' category.
phosphorized when it is offered even though it is available in less than two-thirds of the universities.

The other subjects on the list are not as extensively available as the above five subjects. They have a much lower level of perceived importance too, as measured by the weighted subject scores. Somewhat surprisingly there is a high proportion of universities teaching 'international marketing' (including 'comparative marketing' and 'export marketing') - close to two-thirds for all universities with business degree programs and about three-quarters for universities with a marketing major. Its availability is even more extensive than 'distribution' (including 'marketing channels' and 'logistics') which is a more classical marketing subject taught at universities. Equally amazing is 'industrial marketing' (including 'resource marketing') which is available in about one-half of the universities. Apparently, the structure of the Canadian economy has had an impact. Since the economy is basically resource-based and is very much export-oriented, Canadian universities are more ready and willing to include these two subjects in the marketing curriculum.

At the bottom of the list is 'macro-marketing' (including 'social marketing' and 'non-profit marketing'). It is offered by only around one-third of the universities. Evidently, marketing curricula in Canadian universities are still very much focused upon the firm and are oriented toward activities at the micro level.

COMPARISON WITH U.S. CURRICULA

In a survey of the marketing curricula in U.S. universities McDaniels and Hise (1984) report that there have been notable changes in the marketing curricula in U.S. universities in the ten-year period 1973-83 "toward a more conceptual orientation" and "problem-solving, decision-oriented courses". The writers arrive at this conclusion on the basis that there has been a significant increase in emphasis (availability) on courses such as 'marketing research', 'consumer behavior', 'marketing strategy' and 'marketing cases/problems'. They have also suggested that this is a move in the right direction because such a move is proposed by a number of marketing educators and coincides with market feedback-based recommendations (Blackwell 1981, Done 1979, Rudolph 1981, and Wilson and Darley 1982).

Using McDaniels and Hise's course list Table 4 compares the marketing curricula in U.S. and Canadian universities in terms of the availability of the courses/subjects. Because the U.S. sample only includes universities with a marketing major, Canadian universities without a marketing major have been excluded.

According to the survey by McDaniels and Hise the average number of marketing courses offered by the 75 sample U.S. universities in 1982/83 is 11.8, which is 2.5 higher than the 9.3 registered for Canadian universities. But since the U.S. figure includes the introductory course ('principles of marketing') offered by 92% of the U.S. universities and the U.S. sample includes only 'accredited' (by the American Assembly of Collegiates Schools of Business, AACSB) business faculties, the difference between the U.S. and Canadian figures is very marginal.

Topping the U.S. list is 'marketing research' which is available in 84.0% of the 75 U.S. universities surveyed. The corresponding figure for Canadian universities at 93.3% is even higher, but since 'quantitative marketing' has been singled out in the U.S. survey but is included in 'marketing research' in the Canadian survey, the extent of availability of this subject should be very close in the two countries.

The same can also be said of 'marketing management' and 'advertising'. Even though the Canadian percentages are higher than the U.S. percentages by more than a 20% margin in both instances the difference may be attributed to the expansion of 'marketing policy/strategy' in the former and 'promotion', 'advertising/mass communication management' and 'marketing communication' in the latter in the U.S. survey. If the two surveys have the same subject classification the figures should indicate that both U.S. and
Canadian universities place a very heavy emphasis on 'marketing research', 'marketing management' and 'advertising' in their curricula.

'Consumer behavior' shares the first place with 'marketing research' in the U.S. survey as the most popular course and has registered the greatest percentage-point gain in U.S. universities - from 40.7% in 1973 to 84.0% in 1983. But as mentioned earlier it is not particularly emphasized in Canadian universities with a marketing major when measured by the weighted subject scores even though the percentage availability is as high as 93.3%.

'Retailing' in third position on the U.S. list has only a slightly higher percentage availability than it is in Canadian universities; but if we combine this course with 'sales management', 'merchandise management' and 'personal selling' which is done in the Canadian survey it conceivably that the figures suggest a much heavier emphasis placed on this subject ('sales/retailing/merchandising management') in U.S. universities than in Canadian universities. This is also true for 'physical distribution' and 'marketing channels'. If they are combined in the U.S. survey the percentage total should exceed the one for Canadian universities by a much wider margin.

'Product planning/management' is another course which is comparatively more extensively available in U.S. universities. While it is offered by 16 or more than 20% of the 75 U.S. universities surveyed, it is available in not more than three (or 10%) Canadian universities. At any rate these figures show that 'product planning/management' is not considered to be important in both U.S. and Canadian universities.

In contrast to 'retailing' and 'physical distribution', 'international marketing' and 'industrial marketing' have evidently received more attention in Canadian universities than U.S. universities. 'International marketing' is offered by only 53.3% of U.S. universities. This figure is more than 20% point lower than the 78.2% for Canadian universities, and is wide enough to indicate that this course has been given a notably greater emphasis in Canadian universities. The difference for 'industrial marketing' (51.6% versus 40.0%) is not as wide, but it is still worthy of note.

'Social issues in marketing' is offered by 15 of the 75 U.S. universities. The Canadian percentage (35.5%) is higher, and this remains true even if 'non-profit marketing' is included in 'social issues in marketing' in the U.S. curricula.

'Marketing cases/problems' is a separate course in close to two-thirds of U.S. universities, but in Canada only a handful (not more than three) of universities have a separate course on marketing cases and/or problems. Canadian faculties, however, do use case analysis extensively in the teaching of marketing, but case analysis is normally incorporated in a subject as a method of instruction. One cannot conclude from the figures that the use of marketing cases and/or problems is neglected in Canadian universities. It is simply a reflection of the difference in style and not a difference in substance as far as the use of marketing cases and/or problems is concerned.

SUMMARY REMARKS

This present survey is only a modest attempt to describe in broad terms the marketing curricula in Canadian universities and the relative emphasis placed upon various marketing subjects. In addition the survey on marketing curricula in U.S. universities by McDaniel and Hise has been used for comparing the curricula in the two countries.

Not surprisingly there are more similarities than differences in the marketing curricula in U.S. and Canadian universities. Both place a very heavy emphasis on 'marketing research' and 'marketing management'. The emphasis on 'advertising' and 'consumer behavior' is equally comparable. As for the notable differences there is a greater emphasis on 'international marketing' and 'industrial marketing' in Canada. On the other hand, 'sales' and 'distribution' are more extensively available in U.S. universities, which may indicate that the greater size and complexity of the domestic market in the U.S. has necessitated a greater emphasis on these two subjects. In this respect the marketing curricula in both U.S. and Canadian universities do reflect the special features of the environment and the needs of the marketplace.

REFERENCES


MARKETING AND PUBLIC POLICY: A NEGLECTED AREA OF THE MARKETING CURRICULUM

Craig A. Kelley, California State University, Sacramento
Jacqueline J. Brown, University of San Diego

INTRODUCTION

Periodically universities must evaluate their curricula to determine whether their students are being adequately prepared to begin a career in their chosen field. This is especially true within departments such as marketing where the subject matter is diverse and dynamic. Over the years, marketing educators have responded to the needs of their students by offering courses in retailing, advertising, and marketing departments have offered courses in services marketing and nonprofit marketing. In spite of these developments the curricula of many marketing departments does not include a course in public policy in the marketing curriculum and to assess how marketing educators have responded to a need for such a course.

WHY A COURSE IN PUBLIC POLICY

The public policy environment has and will continue to have a significant impact on marketing decisions. In addition, although the variables composing this environment are largely uncontrollable, new arguments have emerged which suggest marketers could take an active role in shaping this environment. Recently, some reasons, it is the authors' opinion that marketing departments consider developing a separate course that would investigate the generation, impact and opportunities of public policy decisions.

HOW HAVE MARKETING EDUCATORS RESPONDED

To get an indication of how marketing educators have approached the study of marketing and public policy, undergraduate marketing texts, the availability of publication outlets, and the syllabi of public policy-related courses offered at different universities were examined. Nineteen recent edition texts were evaluated on the basis of their coverage of various public policy issues. Most of the texts cover the antitrust laws, consumer protection laws, consumerism, and marketing ethics. The most common method of presenting these issues is to provide a brief description of the issue. Seven texts, however, relate their discussion to how these aspects of public policy impact marketing decisions.

In terms of publication outlets, the Journal of Marketing, Journal of Consumer

Research and Journal of Marketing Research have all published empirical tests of certain marketing activities in a public policy context. In addition, most educator conferences regularly include sessions devoted to the discussion of public policy issues.

Finally, a review of the course offerings in the marketing departments of AACSB-accredited schools that offer a marketing related major or concentration was conducted. Thirty-eight of one hundred schools were marketing departments offered one or more public policy related courses. A personalized cover letter (explaining the purpose of the study and requesting a copy of the syllabus) and a postage-paid return envelope were mailed to the chairpersons of the marketing departments. Of the thirty-eight chairpersons contacted, a total of twenty-five replied for a response rate of sixty-six percent. Seven schools indicated that they no longer offered the course. Twenty syllabi were received from the remaining eighteen departments.

Content of Course Syllabi

Information derived from a content analysis of these syllabi was somewhat limited given the variability in the completeness of each syllabus. Some courses covered several topics, while others were more comprehensive. Social responsibility, ecological issues, marketing ethics, and government regulation were the topics most frequently covered in these courses. The importance of consumerism, labor relations, and the antitrust laws to marketing decisions were also studied in approximately twenty-five percent of the courses. The small sample of syllabi does not provide a consensus as to what should be covered in a course in marketing and public policy. However, the syllabi do provide some sense of the types of topics that might be covered in such a course.

CONCLUSION

The Fall 1984 edition of the Marketing Educator and the call for papers at this conference both featured neglected areas of marketing education. The study of marketing opportunities and development of strategies from public policies is one of these neglected areas. Marketing students need to be exposed in detail to this interaction before their marketing education is complete. Marketing educators should adapt their curriculum to ensure that this need is met.
EXECUTIVE COMMUNICATION: A COURSE FOR PUBLIC RELATERS

Eric J. Soares, California State University, Hayward

The purpose of this paper is to advocate and describe a comprehensive communication skills course for future executives. One question which may be asked is, who needs an executive communication course? Here are some quotations from a few individuals that will answer this question.

One person wrote, "...I know now—that the ability to communicate is everything." That man is Lee Iacocca (1984, p. 18). Donald Sabett (1984, p. 182), CEO of J.C. Penney, stated, "Another key characteristic of the typical chief executive officers I know is that they communicate well at every level in the company." (emphasis in original)

Don Keough, president of Coca-Cola, said that the ability to communicate has been important in the development of his career. He added:

I believe that for a top executive not to realize that he has an enormous obligation to try to communicate as effectively as possible is just not facing up to a major responsibility. It's almost a contradiction in terms to see someone in a senior executive position who isn't able to communicate well. (in Linver and Taylor 1983, pp. 242-243)

Iacocca (1984, p. 15) stated it succinctly: "The important thing I learned in school was how to communicate." Iacocca said he felt that more and more college graduates could express themselves clearly, but he attended a Dale Carnegie public speaking course to sharpen his expressiveness skills. Another executive, Don Bader of Occidental Petroleum, asserted, "Communication is extremely important to any career, and yet we spend probably the least amount of time in college or school really developing effective communication." (in Linver and Taylor 1983, p. 284)

The consensus of executive opinion seems to be that effective communication skills are essential. Whether college graduates receive adequate training in communication skills is another matter. Don Bader thinks communication should be emphasized more. Iacocca mentions that many entry level executives can express themselves adequately in writing and basic speaking, but cannot listen. In other words, some communication needs are being met in college and some are not. Thus, companies are forced to send their executives to seminars and workshops at company expense to gain proficiency in various communication skills. This should be unnecessary. Universities could prepare managers in these requisite skills—and they do.

Twenty years ago, many business students were not required to take communication classes. Today, a business writing and speaking course is a core requirement in most business schools throughout the country. So, business writing and basic public speaking needs may be met, but persuasive speaking, sales presentations, public relations, motivation, interpersonal skills such as listening and providing feedback, group problem solving, negotiation and bargaining, and conflict management are not given enough emphasis. The management and organizational behavior literature compiled to date suggests that more emphasis in communication skills is necessary.

What the Managerial Theorists Say

Chester Barnard (1938, p. 82) wrote, in his benchmark work, The Functions of the Executive, "The first executive function is to develop and maintain a system of communication." Chris Argyris (1962) devoted an entire book to developing interpersonal communication competence in organizations. Likewise, William Haney's (1940) enduring work, Communication and Interpersonal Relations, discussed communication theories in organizational settings.

A perusal through classic discussions of management effectiveness (Drucker 1966, Etzioni 1964; Guest, Barney & Blanchard 1977) and contemporary management and organizational behavior texts (Certo 1980; Mathis and Jackson 1976; Riggs, Bethel, Atrwater, Smith & Stackman 1979; Smith, Carroll, Kefalas & Watson 1980; Tansik, Chase & Aquilano 1980) shows that communication skills are considered important for managers. Further, at least three recent texts, Organizational Management Through Communication (Allen 1977), Managerial Communication: A Strategic Approach (Smeltzer & Waltman 1984), and Susan and Ervins' (1979) Communication for Supervisors and Managers, are centered around managerial communication skills.

Also, there are a number of trade books whose authors espouse the importance of effective executive communication skills (see Burkett 1983; D'Aprile 1977; Hart 1980; Levinson 1981; Rice 1965). A quotation from one trade book author represents this view. Duerre (1971, pp. ix-xiii), wrote:

Management is communication. The one single thing that each and every manager depends on, that sorts the successes from the failures, is the ability to communicate with other people and to organize their communications among themselves.


In spite of the impressive amount of literature that focuses on communication skills for executives, universities do not require a course in executive communication. Most universities do not even offer an elective course in executive, managerial or leader communication. The next section describes common
Communication Courses

A person might note that executive communication courses are not required because communication in all its contexts is adequately covered in a myriad of other classes. This is true. Let’s examine some of these other classes.

Within the business school core lies the aforementioned “business communication” class that stresses business writing and public speaking. Most business schools require this course. The course is often offered by marketing or management departments. Or, if outside the business school, it is housed within the English or communication department. Each course, depending upon who teaches it, places emphasis on writing or speaking. This is a necessary course that focuses upon theory and application of theory. But, as mentioned before, it cannot adequately encompass writing, basic speaking and all the other types of communication that executives do.

Well, perhaps other business classes over communication. This is also true. Most management departments offer courses in organizational behavior, theories of management, leadership, and personnel development. These classes mention communication in passing—and some delve into communication theories in depth, but none offer practical experience and application of communication theories in organisational contexts.

Marketing departments emphasize communication in specific contexts. Examples of these include sales management, sales training and development, public relations, consumer behavior, and advertising classes. These classes are good but usually do not center on the executive’s roles and behaviors in these communication contexts.

Communication departments offer a variety of classes that pertain to the executive: persuasion; forensics; interpersonal, organizational, group, public, mass, and nonverbal communication; communication and conflict; and negotiation and bargaining. Again, these offers are good. However, a business student would have to declare a double major or take a minor in communication to derive the maximum benefit from these ten courses. This may be a good idea. But, as in the case of the management courses, professors usually emphasize theory and not practice. Thus, students leave these classes full of ideas and devoid of skills. They can recite the qualities of a competent communicator, but they cannot demonstrate these behaviors. Later, corporations are forced to send these incompetent executive communicators to communication workshops offered by the Dale Carnegie Institute and other training establishments. Dale Carnegie gets paid to enhance executives’ communication performance, not just increase their knowledge base. It would be nice if universities could offer an executive communication course that exposed students to relevant theories AND helped them develop their communication skills. At least one Western university does offer such a course.

The Executive Communication Course

At this university, the executive communication course is housed within the marketing department. There are several reasons for this. First, the executive is more than just a manager or supervisor. Yes, executives perform all management functions and attend to human resource decisions, but they also lead people. They are figureheads for the organization; they communicate the company’s culture and philosophies. O’Toole (1984, p. 232) wrote, “Iacocca’s biggest achievement may be that he convinced more people to follow him than any business leader has ever done before.” A motivator is a marketer.

Additionally, executives, especially chief executives, give the organization’s viewpoints and positions to the public, meet with important visitors, produce professional conferences, and serve as liaisons with other organizations and government agencies. As Lundborg (1981, p. 245) pointed out, “A CEO is called upon to do more things, be in more places, serve on more boards and committees, make more speeches than anyone could possibly do.” It is this public communication commitment that justifies placing this course within the marketing department. Just as in advertising, the top executives are personally marketing the company to its many publics. It is just as Robert Cushman, CEO of Norton Industries, stated it:

...managers of big institutions...must spend more time trying to understand and influence external affairs than they spend on the more traditional job of internal management. (In Steiner 1983, p. 25)

Increasingly, according to Steiner (p. 57), top executives are discovering the necessity to communicate effectively with the media. Some CEO’s are now featured in television advertisements for company products (e.g., Exxon’s Mobil, Ford’s T-bird, Avis’ David Mahoney, Remington Shaver’s Victor Kim, and of course Chrysler’s Lee Iacocca). These campaigns are successful due to the CEO’s ability to project credibility to the public. This credibility is based upon the competence and safeness that the CEO communicates (Hartel 1984, pp. 150-151). This executive advertising lends itself to a course situated in a marketing department.

Course Format, Content, and Activities

The executive communication course at this university emphasizes knowledge and performance. Students learn theory through lecture; application through readings, films, and discussion; and behavioral skills through structured communication activities.

Students who perform well are invited to participate in a management conference where they compete in three executive communication skill categories. The California Management Conference is hosted each Spring by the University of California, Berkeley. It is open to all undergraduates at Western colleges and universities. The competition is judged by local business executives on the three aforementioned areas. The first area is group problem solving. Students are placed in small groups, given a local business context and a topical news issue, and asked to discuss it. They are judged on how well they
perform. The second area is negotiation and bar-
gaining. Here students are judged by how well
they can bargain in a business conflict of some
sort. Impromptu public speaking is the third area.
Students are handed a current news topic, given
five minutes to prepare, and then deliver a five
minute speech. Students then complete a portion
of the GMAT and meet the sponsoring firms. Winners
are announced that evening. The competition pro-
vides students with an opportunity to show off
their executive skills to company recruiters.
Thus, students have an incentive to perform well
in the class.

The class meets once a week during a ten week
quarter. At the first meeting, students introduce
other students in one minute speeches. They are
instructed to mention something memorable about
the person they are introducing. Afterward, the
professor discusses the importance of awareness,
perception, and knowledge in successful executive
performance. Students are assigned readings. To
become aware and knowledgeable (and to be able to
participate in group discussions), students are
required to read the Wall Street Journal and a
local newspaper on a daily basis. They are also
responsible for the contents of Business Week and
NewswEEK. Every subsequent class begins with a
thirty minute discussion on current events and how
these relate to business. The first class ends
with a lecture on empathy and listening.

For the second class period, students are required
to read and discuss Iacocca. Discussion focuses
on the communication concepts in the book that are
similar to the competition areas mentioned above.
This book is assigned because Iacocca is a well
known executive that communicates often in public.

In the third meeting, students are introduced to
leadership theories and read and discuss an article
that features a photograph of Iacocca and President
Reagan. The author delineates leadership and man-
agement differences (Gonzales 1985). This article
is succinct and points out that good executives
must manage and lead simultaneously.

The study of leadership is continued in the
fourth meeting. Here, students view a sixty min-
ute videotape starring Captain Kirk of the tele-
vision series Star Trek in a variety of executive
communication situations. It is important for
students to actually see a successful leader's
communication style, even though Kirk is a ficti-
tious character. On this day, students hand in a
short report and deliver a two minute speech on a
famous past or current leader and his or her com-
munication style. Again, the point is to have
students focus on leader communication style in
various contexts.

At the start of the fifth day, students turn in a
self profile which lists their strengths and weak-
nesses. Following Selbert (1984, pp. 24-29), lec-
ture centers around building self confidence
through self appraisal and iterative, hierarchical
successes. For students to compete in a public
arena, they must have realistic self confidence
that is based upon their capabilities and limita-
tions.

The first part of the sixth class revolves around
a lecture on corporate culture. Students view and
discuss the In Search of Excellence documentary
videotape. This is an important class because stu-
dents get the opportunity to see successful compa-
nies run by outstanding executives who know how to
relate with their internal and external publics.
The second part of this class is devoted to lecture
on small group communication theory. This lecture
is necessary as it introduces students to interper-
sonal and group behavioral concepts that they will
need to know before they can practice group interac-
tion competencies in applied settings.

Group problem solving is the agenda item for the
seventh session. Students are assigned to groups of
seven and are subjected to conditions they will face
in the competition at the conference. The entire
class time is devoted to repeated practice and feed-
back from fellow group members and the professor.

In the eighth class meeting, the professor lectures
on group conflict management and students continue
group problem solving practice. In the final hour
of the eighth meeting, the professor gives a lecture
on theories of negotiation and bargaining.

Students are placed in bargaining situations similar
to those they will be exposed to at the conference;
this practice occurs during the first part of the
ninth class meeting. During the second part of the
class, the professor lectures on the nuts and bolts
of public speaking.

In the first part of the final class meeting, stu-
dents view a videotape on persuasive public speak-
ing. Then they are given topics and speak on these
in small groups. The instructor and classmates pro-
vide feedback to speakers. The entire class period
is spent practicing impromptu speeches. For their
final examination, students perform one last round
of impromptu speeches. After that, students are
prepared to compete in the management conference
and in the real world.

Conclusions

To summarize, the aim was to advocate and explicate
an executive communication course that would be
taught in a marketing department. We quoted four
executives who think that communication skills are
essential. We showed that respected managerial
theorists and current management and organizational
behavior text writers recognize the material link
between communication skills and success in manage-
ment. We listed three current managerial communica-
tion papers and noted that journals and the popular
press devote space to executive communication.
Further, we established that available communication
courses do not adequately meet the theory/application/
performance requirements of a quality executive com-
munication class.

We explained that a marketing department was the
appropriate place to locate this class because the
course focuses on executives who interact with and
influence the public. We described the course and
demonstrated that it succeeds in interfacing theory
with performance.

This executive communication course provides train-
ning for a management competition where students
manifest their skills in a public setting—and are rewarded for their performance. As their careers progress, they will be rewarded with more communication challenges. Here is a class that makes our students marketable. The question is, will you elect to offer this course?

References


MARTKETING TRAINING FOR STUDENT LEADERS
Gary McCain, Boise State University, Boise
James Kreider, Boise State University, Boise

ABSTRACT
A set of workshops was devised to use the talents of campus staff and faculty to provide leadership training for student organization officers. The scope, objectives, and structure of the marketing workshop address the problem of "getting the word out" about the organization and its events.

INTRODUCTION
Every year on thousands of campuses tens of thousands of students become the new officers of student organizations. These new student leaders bring with them a high level of expectation and enthusiasm. They aspire to lofty accomplishments for their organizations whether they be intellectual pursuits, socio-political positions, or mutual fellowship activities. Unfortunately, all too often, they have little or no training or experience in managing an organization. Goal setting, measurement of objectives, motivation, and program evaluation have rarely been considered. Skills have not been developed in such areas as understanding how to attract future members, promoting events, attracting funds and support, coordinating energies, and many others. Each new student officer faces alone the challenge of this new position. Some organizations have retained more experienced officers to turn to for support, training, and advice. More often, former office holders have left little information to draw on; and other incoming officers are facing their own unfamiliar situations. By the time new officers learn enough to be successful, if ever, the school year comes to an end and the process begins anew.

STUDENT LEADERSHIP WORKSHOPS
A program was designed in 1985 to utilize the resources of the university to give leadership education to new officers and officers elect. First, a needs assessment survey was sent to all campus organization officers to identify areas in which they felt a need for assistance. From that survey, major areas of concern were found to be in goal setting, marketing, and management. Based on the needs assessment, a series of topics were identified (Table 1) which could be developed into a workshop training program.

The workshop model used for this leadership training program was based on the claim that people learn best when their "whole person" is involved in the learning process. This involves the intellectual, emotional, physical, and spiritual parts of each workshop participant. Involvement of the intellectual self is appealing to that part of the person that thinks, solves problems, and is able to reason. The emotional self demands attention and responsiveness to the feelings of the participants. The physical self in a workshop needs stimulation to avoid low energy levels, fatigue, and bodily tension. The spiritual self deals with man's ability to see beyond oneself and find meaning in life and the world around (Cooper and Heenan 1980, Myers 1981). The program was designed to address each part by attracting workshop facilitators who would convey enthusiasm in the subject and be recognized as being knowledgeable in the topic presented. An assessment of campus resource people identified faculty and staff who had expertise in these areas as well as an ability and willingness to work with the students.

TABLE 1
MAJOR WORKSHOP UNITS

I. What does your organization want to do and how can it be done?
II. How to get the word out about events!
III. How to get members, keep them and ensure that they are happy and productive.
IV. How can an organization raise money through fundraising events and through the student administration?
V. What is an officer's role in an organization?
VI. How are decisions made?

Each topic was divided into several subtopics of specific interest. The sets of related sessions formed a teaching unit exploring the main topic. This paper will expand on the second unit, "How to get the word out about events." Each of the other units was developed in a similar manner.

MARKETING WORKSHOPS
"How to get the word out about events" is generally oriented toward identifying target audiences for events then assessing the best methods to reach the target audience through promotion and advertising. The subtopics identified in the needs assessment were 1) promotion and marketing strategies, 2) publicity--use of graphics, and 3) media relations. The facilitators invited for these subtopics were a marketing professor, a public relations specialist from the university information office, and the manager of the university printing and graphics services.

Facilitators jointly developed a specific program with clearly defined subject areas, learning
objectives, and experiential exercises for each topic: 1) Marketing Strategy, 2) Publicity and Advertising, and 3) Graphics and Layout.

The team then developed a set of learning objectives for each workshop (Table 2) that would allow the student to know specifically what they would learn from each session. The workshops would then be evaluated by the student to see if the learning objectives were met. These learning objectives were designed with consideration that few, if any, of the students had any business, marketing, advertising, newswriting, public relations, or graphics courses or experience in their background. Each member of the group reviewed all objectives to achieve a consensus regarding the appropriateness and ability to accomplish the objectives in the available time frame. They also were able to plan for continuity among sessions.

**TABLE 2**

**UNIT II: HOW TO GET THE WORD OUT ABOUT EVENTS**

**Marketing Strategy - Marketing Professor**

1. To identify who is most likely to be interested in your offerings.

2. To determine what characteristics distinguish these people from the population at large.

3. To determine how these people may be contacted, informed, and persuaded.

**Publicity and Advertising - Public Relations Specialist**

1. To write effective copy for news articles and announcements.

2. To know how to distribute news releases, community services announcements, and plan for advertising.

3. To develop contracts with media representatives.

**Graphic and Layout - Printing and Graphics Manager**

1. To create a visually appealing layout.

2. To be familiar with sources available to make attractive camera ready material (typesetting, copying, pastemup, clip art, etc.)

3. To prepare materials of camera-ready quality.

Each leader was also asked to link events to the common theme, The Ernest Hemingway Year, already set by the University President for 1986. This would allow the leaders to coordinate or relate their activities with publicity efforts of a number of other high visibility activities sponsored by the university. Such an event would actually be part of most student organization programs for the year, so in addition to participating in a feasible and evaluable exercise, the leaders should be able to apply this experience to their own organizational needs. Relating the exercise to the organization's goals was hoped to provide for the intellectual, emotional, physical and spiritual needs of the participants through a higher level of involvement.

The first workshop on marketing strategy requires the students to develop a strategic plan by developing a worksheet that focuses attention on each of the learning objectives covered in the discussion. Each leader then describes the event and the target audience. They then analyze and divide the audience into segments which have identifiable and reachable distinguishing characteristics. Options for communicating to each specific segment must be listed and evaluated for effectiveness and cost efficiency.

The second workshop on publicity and advertising requires students to prepare written copy for news releases, public service announcements, and advertisements. The facilitator takes the facts and objectives of an event (or more than one) developed in the first workshop and provides students all the relevant information about that event in a haphazard format. Each student then uses the principles taught in the session to compose interesting and informative copy in correct news style for dissemination to the media.

The third workshop follows the same event and, using the strategy and copy already developed in the first two workshops, teaches students to design their own layout and graphics to prepare a camera-ready mockup of a poster announcing the event. Principles of graphic design and use of space are covered. Materials available for graphics such as clip art and typestyles are demonstrated. Each student uses the materials and instruction to make a poster announcing the event.

The entire leadership training program consists of a total of thirteen leadership training workshops with eighteen contact hours of instruction.

**PRELIMINARY RESULTS**

It is too early to quantitatively evaluate the impact of the program on the quality of student leadership and management skills. One measure of the reaction of students to the program is the growth of the sessions. Early sessions were very small, under five on occasions. As the program progressed the average session size increased each week. The "word-of-mouth" promotion was attracting other student leaders who were hearing positive things about the workshops. Feedback from participants in the sessions indicates that student leaders are able to design their
activities better and feel more confident in their ability to organize efficiently. Some have said they had been afraid to initiate anything new because they were overwhelmed with fear of unknown obstacles. The sessions provided a system to manage the obstacles and overcome these fears.

In the later stages of the first round, some faculty members and some department heads inquired about the possibility of attending sessions when the sessions are repeated. Student attendance declined in the final session of the program. Investigation revealed organizations' leaders had assigned officers to attend but had failed to follow through on notifications and reminders.

A limitation revealed was that students only attended a few sessions as their schedule allowed or their interest was attracted. They indicated regret that they could not find time to take them all. Some of the value of the sessions was lost by missing some of the concepts.

DISCUSSION

At this stage, the program is still too new and has instructed too few students to be called a success or failure. Preliminary indications are that students do believe they are better able to conduct the activities of their organizations, that they give positive referral information to fellow student leaders, and that the program is attracting faculty who perceive similar leadership training needs. It is a program designed to take advantage of campus resources and talents to deal with campus needs. Its main requirement—time and commitment from faculty and staff—can also provide a sense of satisfaction and involvement for both. The long-term success of the program will require attention to providing positive reinforcements to the facilitators as well as to the students involved.

The time commitment from students requires a motivation level that is hard to stimulate and maintain. Full participation in the entire set of leadership workshops could be facilitated by awarding academic credit as an elective course in the curriculum. Several academic departments could accommodate such a program in their individual missions or as an interdisciplinary program. As an elective it can satisfy credit load limitations for students and contribute to their lifetime leadership potential as well.

REFERENCES

Cooper, Susan and Cathy Reenen (1980), Preparing, Designing, and Leading Workshops. CBI Publishing Co.

THE USE OF SPREADSHEETS FOR TEACHING MARKETING TECHNIQUES ON MICRO-COMPUTERS.

David B. Bagley, Lancashire Polytechnic, Preston, England

ABSTRACT

Despite the widespread adoption of spreadsheet packages throughout industry, their use by marketing educators has been limited so far. An example is given of how a spreadsheet can be used to teach Bayesian value analysis together with a discussion of the benefits of such a teaching method.

Many techniques which are frequently used in marketing demand careful study and close attention by students before their subtleties are fully understood. For example Bayesian value analysis demands that students should be familiar with fairly complex computations before they can get to grips with its implications and assumptions, its strengths and weaknesses. It is not surprising therefore, that many of these techniques are unattractive to students who often feel they spend many long hours in learning the mechanics of a technique, only to discover in subsequent classes that the underlying assumptions of a model make its usefulness limited.

A partial solution to this problem is to computerise the mathematics involved, hence allowing more time for analysis of the assumptions and implications. Unfortunately, however, custom made programs are often used as a black box by students who end up knowing little about either the model or computing. The author feels that many techniques can be taught more appropriately and effectively by using a spreadsheet package.

AN EXAMPLE

Bayesian value analysis has long been advocated by academics as an approach to the evaluation of marketing research proposals. The technique is explained in many standard texts (Green 1978; Tull 1984; Kinneir 1983) and has been explored in many journal articles (Lacava 1982; Assmus 1977). Academics appear to be attracted by the elegance of its argument and students find it can formalise their intuitive reasoning, however, we can identify the following limitations in the technique which the student must be made aware of:

SOFT INPUT DATA

The probabilities used as inputs to the model are usually quantified values of managers' subjective assessments of the likelihood of each outcome. These probabilities may vary because different managers feel different degrees of optimism towards a project or, alternatively, different managers may ascribe a different probability to a given degree of likelihood: to one man the term "highly probable" may be expressed by a probability of 0.9 while to another it may mean a probability of 0.75.

Such problems can be overcome to some extent by the use of sensitivity analysis: the repeated application of the procedure using different probabilities to assess the effect of such changes.

COMPUTATION PROBLEMS

The procedure, although intuitively attractive and mathematically elegant, is longwinded; it takes time and care to calculate the expected values. This obviously makes the technique less attractive for practitioners. Demands for sensitivity analysis compound the problem.

NON-LINEAR UTILITY FUNCTIONS

Work that has been done in this area suggests that many managers are risk averse, (Swalm 1966). Faced with a choice between (a) a certain profit of $10,000 or (b) a potential profit of $50,000 if heads come up on the flip of a coin and nothing if tails come up many managers would opt for the certain $10,000 despite the fact that the expected values of the options are $10,000 versus $25,000. The expected monetary values usually associated with the Bayesian model are an inadequate expression of such risk averse activity.

LACK OF USE

Research has shown that this technique is not used widely in industry (Albaum et al 1978). This may be because industrialists see no relevance in it or it may be that they have not been exposed to it. Investigation of syllabuses circulated by the Marketing Education Group in the U.K. suggests that few colleges place teaching emphasis upon it and a study of recent
examination papers reveals that few questions are set in this area. Similarly, a typical one semester course of marketing research in U.S. universities is unlikely to allow sufficient time to deal with the technique in detail. It is certainly true that the subject adequately demands considerable time and application by both teacher and student. The conclusion is drawn therefore that slight weight is placed upon this area by educators, perhaps because of its time intensive nature or perhaps because it is seen as of low relevance.

While remaining an enthusiast the author accepts that teaching the model poses problems: it demands more teaching time than can frequently be justified, and it is difficult to overcome the hurdle of the computation problems, which many students encounter, before being able to tackle the more interesting obstacles of the model's assumptions and limitations.

The author has traditionally used the matrix layout of the problem as advocated by Enis (1973) rather than the decision tree approach and this layout translates simply and effectively onto a computer based spreadsheet.

Lotus 1-2-3 on an Olivetti M24 microcomputer was used for the following example but many similar packages have also been used by the author on both micro and mini-computers. Copies of the template can be obtained from the author for the price of a blank diskette. This has been used as follows:

After a general introductory lecture on the subject, and an example worked in class, students were presented with the blank spreadsheet shown in fig. 1. They were required to extract the relevant data from a case study ("A.D. Brown" Case 1-3 in Churchill 1983) and to insert the figures in the appropriate cells in the spreadsheet. Thus they need to find:

1. the probabilities associated with each outcome S1, S2, S3, S4,
2. the payoffs associated with each course of action and outcome,
3. the probabilities of each agency making a correct forecast.

The expected value of the proposed research is then calculated with the workings shown on screen. Figure 2 shows the values inserted for the bid by J.R. Flag which are then replaced by those for "The Peyton Co." to allow comparison of the results.

Thus, students are presented with a familiar layout on the V.D.U. into which they can insert figures and perform recalculation immediately by overtyping the data. They are able to see how the various "answers" are achieved, and can see how the value of each cell is derived simply by "pointing" to it.

This ability for rapid recalculation overcomes one of the major problems of the technique which students are usually quick to point out: that of weak input data. Previously the question "What if P(S1) = 0.25, rather than 0.20?" meant time-consuming recalculation in class time for a thorough analysis of its effect but

---

**FIGURE 1**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROBABILITY</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>PAYOFF: A1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>PAYOFF: A2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>MAX</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>EVPI</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>R1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>R2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>R3</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>P(RK)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>S1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>S2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>S3</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>S4</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>VALUE</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>ERR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**NEW PAYOFF: A1**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**NEW PAYOFF: A2**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**NEW EMV**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**OLD EMV**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

**VALUE**

<table>
<thead>
<tr>
<th></th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERR</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
### Figure 2

<table>
<thead>
<tr>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>EMV</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>0.1</td>
<td></td>
</tr>
</tbody>
</table>

**PAYOFF:**
- A1: -300 100 300 600 170
- A2: 0 0 0 0 0
- A3: 60

<table>
<thead>
<tr>
<th>R1</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.20</td>
<td>0.40</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R2</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.20</td>
<td>0.60</td>
<td>0.50</td>
<td>0.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R3</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.80</td>
<td>0.20</td>
<td>0.10</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NEW PAYOFF:**
- A1: 350.0 202.3 -116.0
- A2: 0.0 0.0 0.0

**NEW EMV** 199.00
**OLD EMV** 170.00
**VALUE** 29.00

### Figure 3

<table>
<thead>
<tr>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>S6</th>
<th>EMV</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**PAYOFF:**
- A1: 0 0 0 0 0 0
- A2: 0 0 0 0 0 0
- A3: 0 0 0 0 0 0
- A4: 0 0 0 0 0 0
- A5: 0 0 0 0 0 0
- A6: 0 0 0 0 0 0

**MAX**

<table>
<thead>
<tr>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>S6</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

**EVPI**

<table>
<thead>
<tr>
<th>R1</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>S6</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**VALUE**

<table>
<thead>
<tr>
<th>R1</th>
<th>S1</th>
<th>S2</th>
<th>S3</th>
<th>S4</th>
<th>S5</th>
<th>S6</th>
<th>P(Rk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**NEW PAYOFF:**
- A1: 0.00 0.00 0.00 0.00 0.00 0.00
- A2: 0.00 0.00 0.00 0.00 0.00 0.00
- A3: 0.00 0.00 0.00 0.00 0.00 0.00
- A4: 0.00 0.00 0.00 0.00 0.00 0.00
- A5: 0.00 0.00 0.00 0.00 0.00 0.00
- A6: 0.00 0.00 0.00 0.00 0.00 0.00

**NEW EMV** 0.00
**OLD EMV** 0.00
**VALUE** 0.00
now students are able to experiment with
different probabilities and other input
data and to see the effect upon expected
values. As a result students quickly
become able to discover those crucial
inputs most sensitive to amendment. Such
experiments can lead naturally to a
discussion of other weaknesses in the
model and suggestions for how it could be
applied in "real" problems. Usually such
deep analysis is only possible after
lengthy explanations of the mathematics to
ensure that the mechanics have been
understood. In effect, the
computerisation of the model minimises the
calculation time and skills required and
hence allows students to concentrate upon
understanding the model rather than simply
mastering the mechanics of the process.

The spreadsheets shown in figures 1 and 2
are simple to establish but restricted to the
solution of one specific problem. It is
a straightforward task to build one
which is more generally applicable: fig. 3
shows one for the solution of problems
with up to six outcomes and six possible
courses of action. It is also possible to
incorporate utility measures as well as
monetary values into the spreadsheet.
There is usually insufficient time
available in undergraduate classes to cover
non-monetary evaluation of information and
the problems of non-linear
utility functions: even such devotees as
Tull and Hawkins seem to accept this fact
by relegating their worked example to an
appendix (Tull 1984). However, by using
spreadsheets enough teaching time can be
saved to allow the concept to be
introduced. Thus, the use of this simple
device allows more complex and realistic
concepts to be taught than has hitherto
been possible.

CONCLUSION

Ideally, if we want students to comprehend
enough of the theory underlying Bayesian
data analysis to enable them subsequently
to use it in industry they should be able to:

(a) understand the importance of
the source data
(b) compute revised expected values
of information
(c) interpret the results of such
computations
(d) recognise the limitations of the
technique and how such
limitations can be overcome.

Such detailed knowledge and understanding
requires more time than is usually
available. It is the contention of the
author that the use of spreadsheet
packages speeds up the teaching process
considerably. Spreadsheet templates can
similarly be of use in teaching regression
analysis or indeed any procedure which
demands repetitious calculations. What is
required now is the creative use of such
packages in both education and commerce.

REFERENCES

Albaum, G. Tull, D.S., Hanson, J.,
Lineweaver, M. (1978). The use by
Business Firms of Expected Value of
Information in Marketing Research
Decisions, Western Regional Conference,
American Institute for Decision
Studies, 182-185

Assmus, G. (1977), "Bayesian Analysis for
the Evaluation of Marketing Research
Expenditures: A Reassessment", Journal
of Marketing Research (November)

Research – Methodological Foundations

Enis and Broome (1973), Marketing
Decisions: A Bayesian Approach,
(Outext)

Green, P. and Tull, D.S. (1978), Research
for Marketing Decisions, 4th Edition,
Inc.

Kinnear and Taylor (1983), Marketing
Research – An Applied Approach 2nd

Lacava, G. and Tull, D.S. (1982),
"Determining the expected value of
information for new production", Omega
Vol. 10, No. 4, 385-9

Solly, D. J. and Williams (1983), "Product
Testing, Business Risks and Decision
Making", Market Research Society
Conference Proceedings, Brighton:
Market Research Society.

Swalm, R. (1966), Utility Theory –
Insights into risk taking, "Harvard
Business Review" (November, December)
121-134

Marketing Research – Measurement and
Method, 2nd Edition, New York:
Macmillan Publishing Co. Inc.
USING THE MICROCOMPUTER IN MARKETING EDUCATION: EXAMPLES OF COURSE USE

David M. Ludington, Saint Mary's of California

ABSTRACT

This paper describes several instructional resources that can be used to integrate microcomputers into marketing education.

INTRODUCTION

The key to the use of microcomputers in marketing education is the integration of micros into the learning process. However, the mission is to teach marketing and not to teach people how to use microcomputers. We should not spend two or three of class sessions teaching students how to use the micros or the application software. This suggests two things: first, it would be best if the students have a basic understanding of micros before they take the marketing course; and second, the application software that we use should be complex enough to handle the level of data manipulation necessary—yet be relatively simple to learn and use.

Introducing Students to the Microcomputer

Most schools of business have recognized the need to provide their students with a number of core foundation courses before they begin the application course process. Among these are accounting, economics, statistics, quantitative decision making, and, to a lesser degree, computer literacy and programming. The student should learn to use the micros during this part of their program and not as part of the marketing class. However, many curriculums are now stretched and there is little room to add more courses.

This can be solved by combining the microcomputer learning process with the computer literacy course or by integrating the introduction of micros into one of the quantitative or decision making courses. In our program we have a required course called "Computer-Aided Decision Making." In this course the students learn the basic operating system commands of the microcomputer, a little basic programming, and an introduction to computer usage and terminology. They are introduced to regression analysis, forecasting, PERT/CPM, and linear programming using microcomputers. They are then asked to apply their new microcomputer skills in problem solving. This provides the students with a basic understanding of the use of microcomputers and helps them concentrate on decision making applications rather than having them spend time performing routine math calculations. When students enter the marketing, finance, and strategy courses they know how to use the micro to assist them in analysis/decision making and need only to learn to run the specific application software for that course.

In some institutions a curriculum change may not be possible. In these cases the department may wish to offer workshops in microcomputer use. The students can be taught the basics of operating a microcomputer and using in one or two of these special sessions.

User Friendly Software

Just as marketing professors should not spend classroom time teaching microcomputer basics, they should not spend a great deal of time showing the students how to use the application software. Professors should take great care in selecting or developing software that is powerful enough to handle the level of data the student will be using, however, the software should be user friendly. A student, with just a basic understanding of the use of microcomputers, should be able to learn how to run the application program in a very short period of time. The programs should be self-prompting and guide the student through the data input and analysis phases.

MICROCOMPUTER RESOURCES FOR MARKETING EDUCATION

Small Exercise and Project Analysis

Most marketing courses present the students with several experiences to help them develop marketing research and planning skills. Usually the student will be asked to do small end-of-chapter exercises, several mini-research projects and/or a term research project. Much of this analysis does not require a data bank. The student is given some data and asked to make an analysis. In these cases the student needs a quick, easy-to-use program to perform the calculations. One package that meets these needs is Compsat: Solving Statistical Problems by Microcomputer by Leonard Presby. This package is available in versions for Apple and IBM PC. The package contains a workbook and a program disk. The diskette contains the standard statistical and forecasting functions. It also has 50 modules that contain exercises, minicases, and questions that use a data set. The first section of the workbook contains a brief 'getting started' section so students do not need to have any prior knowledge of micros to use this package. The Instructor's Manual also contains the code for the programs used in the package so you can modify this software to fit your specific needs, i.e., you could allow for storage of data or for unlimited input of data.

This package is best used in a first course in marketing or marketing research when the student...
needs assistance in routine statistical and decision making analysis. It works quite well with most marketing management and marketing research texts and exercises books. It can also be used with a marketing project that does not require a data bank.

The workbook details the step-by-step instructions for inputting data and running each program. In addition, it also provides the student with a brief overview and review of the statistical technique. However, the package cannot manipulate large amounts of data nor can it store it. The students will have to input data each time they want to make a calculation. The package is not recommended for complex or ongoing studies.

Advanced Classes, Large Studies, or Term Projects

Many assignments require the manipulation of larger amounts of data that require data banks. This usually occurs when the marketing professor wants to use data banks in exercises or with a marketing term project. First, it must be remembered that the micro cannot replace the mainframe and minis for large and complex studies. However, while their use is more limited, they can still be a great resource in assisting students with many larger projects.

Stat City: Understanding Statistics through Microcomputer Applications by Howard Gitlow is a workbook that was written for use in basic statistics classes. It provides the student with unified statistical problems that are related to a 'Stat City' data base and are performed for 'Stat City' interest groups (e.g., the mayor, the telephone company, the electric company, and so on). 'Stat City' is a fictitious town in the United States. It is comprised of families (dwelling units), businesses, schools, parks, non-profit organizations, and places of worship. There is a business district and a residential district that is divided into four zones. Each zone is divided into blocks. The data base contains the information from 1,373 questionnaires on 27 variables.

The Statistical Processing System is a microcomputer inter-active software statistical package that allows the user to perform most of the standard statistical functions on a data base. The system uses a program diskette and data disks. The system is menu driven with prompting. If you combine this system with 'Stat City', you can create a package that contains statistical review components with a microcomputer analysis package that has data base capabilities. The 'Stat City' questionnaire data, once loaded on the 'SPS' data diskette, produces a microcomputer data base that can be provided to each student for use in reviewing statistical skills, developing term projects, or for use with term assignments. The 'SPS' microcomputer system is also powerful enough to be used as a stand-alone statistical system for small studies in much the same manner as SPSS packages on a mainframe or minicomputer.

The variables in the 'Stat City' data base are numbered and could be renamed to provide a data base for almost any simulated study. The 'SPS' package allows one to strip variables and create new files so that the 'Stat City' data base, can, in effect, create an unlimited number of data bases. Since both packages are relatively inexpensive and do not require a great deal of the professor's time to learn, they can be easily adopted to provide a meaningful tool for improving marketing education.

Self Developed Software

Because software for marketing education has been so slow in coming, many marketing professors have developed packages for use in classes. These packages tend to developed for a specific class such as marketing management, consumer behavior or marketing research. Many have also developed microcomputer based cases that can be updated or changed from year to year to keep them fresh.

The first package that one usually develops is one that provides some aids for marketing decision making. These packages are used in marketing management courses for problem and case analysis. Such a package includes programs in statistics, forecasting, financial analysis, and decision making. The two basic considerations in such packages are: (1) that they contain programs that are general to the course and (2) that they require little or no instruction to run them. The only prerequisite is one that requires students to understand the analysis technique prior to running the program, i.e., the regression analysis runs a regression analysis, it does not teach the principles of that technique.

To get started, the student simply inserts the diskette into the disk drive and turns on the computer and monitor. In about 10 seconds the student is presented with an introduction message to the use of the disk. It tells that student to type CATALOG and press the return key to see a menu of the programs available.

The CATALOG shows a listing of the programs available to the student on the disk. The names of the techniques are displayed so that the student can easily identify each choice. To run a program the student types 'RUN (NAME OF THE PROGRAM)' and presses the return key. For example, if the student were to pick the Simple Regression program, it would ask the student to indicate how many observations are to be analyzed and then give the student instructions for inputting the values for each observation. Once the student had put in all of the values, the program does the calculations and gives the student the answer. The student must decide what the answer means.

Other Microcomputer Resources

The packages discussed in this paper are but a means the only microcomputer resources available to the marketing professor. They are presented
only as examples of resources that the author has used. There are a number of other statistical books and software packages on the market. A number of packages are being developed for marketing classes and should be available shortly. There are a number of commercial publications that are available in most bookstores that review various statistical software packages, provide information on current prices, and give the location of the publishers. The professor should exercise as much care and caution in picking a software package as he or she would in picking a text book.

CONCLUSIONS

There is now little doubt that the microcomputer is the foundation of the second computer revolution. Today's business people depend on microcomputers to assist them in decision making. The microcomputer will most likely form the nucleus of the automated office. If students are to be competitive professors are going to have to integrate the microcomputer into their education. It is the task of business educators to introduce the student to the various uses of the microcomputers. Marketing professors need to become microcomputer literate, apply this knowledge to the profession, and pass it on to students. Marketing professors are in an especially good position to foster this education. Many of courses have required computer assistance for many years and the on-going use of microcomputers is a logical extension of this process.

REFERENCES


THE COMPUTERIZED CASE STUDY: AN APPLICATION OF NEEDED PEDAGOGY FOR MARKETING

Brenda Moscow, Robert Fletcher, and Dennis Guseman
School of Business and Public Administration, California State College, Bakersfield

ABSTRACT

The utilization of computers in the business world as part of the decision-making process necessitates the integration of computer applications with the case method in order to provide a realistic learning experience for marketing students. Moreover, students must progress from the technical proficiency of data entry to data interpretation and problem solving in order to be effective decision makers. This paper presents a specially designed case, based upon an actual business experience, that can be utilized for classroom discussion to provide a learning tool for integrating marketing theory and computer techniques with effective decision making and implementation.

INTRODUCTION

The role of the case method in teaching marketing decision-making skills through experience in relating marketing theory to actual business practice has been extensively discussed and widely accepted (Corey 1981; Cravens 1983; Dalrymple 1983; Star 1977; Kotler 1984; Lamb 1985; Wrenn 1984; McCarthy 1984; Hinkle 1984). In 1983, the Harvard Business School Case Services provided four different directories of cases for use in marketing instruction (Wrenn 1984). The pedagogy involves theoretical, technical, and analytical inputs, as well as conceptual, attitudinal, and interpersonal ones. The tasks involved are: problem/opportunity identification, data gathering and interpretation, strategy formulation, decision making, and implementation. The overall outcome desired is competent decision making.

However, to make the case method a valuable experience for students to develop decision-making skills, it is necessary that the cases be realistic. The utilization of computers in the business world as part of the decision process necessitates the integration of computer applications with the case method. Getting students over the psychological block of using the computer (Pfurter 1980) and carrying them from the technical aspects of data entry into data interpretation and problem solving are logical extensions of the case approach. However, the problem of obtaining such cases is similar to the problem facing Harvard Business School in the 1920s (Corey 1981) when materials had to be developed by faculty members in cooperation with marketing managers to approximate the kinds of problems encountered in real-life situations.

To address the problem of the shortage of cases bridging the gap between marketing theory and computer techniques to produce the desired outcomes, this paper presents a specially designed case that can be easily utilized for classroom instruction.

THE BLAST COLA CASE

The Blast Cola Case presents a problem-solving situation designed to meet the current needs of marketing instructors, particularly for the graduate marketing management and policy courses, by combining the case method with computer applications. The case is designed to motivate students through the utilization of actual data derived from a real-life marketing research study. Teaching objectives are to provide interaction with a computer terminal, to enhance analytical and interpretive skills, to foster communication skills through written and oral reports of the findings, and to sharpen interpersonal management abilities through a consulting team approach.

Students will utilize SPSS to analyze the data. Four SPSS crosstab programs are provided to analyze the data. Depending upon the computer capabilities of the case user, students may be able to type in desired crosstab relations without altering the programs. Four data files are also included with the case. Each of these files follows standard SPSS format specifications and is related to one of the crosstab programs. For those institutions subscribing to BITNET, these programs and data files can be transmitted by this system. In other instances, computer tapes or PC diskettes are means of transmitting the information to case users.

Copies of the case, TV story board, computer data, teaching note, and instructions for implementing the case assignment may be obtained from the authors. A condensed version of the case and selected exhibits follow accompanied by highlights of the authors' experiences in using the case in the classroom.

BLAST COLA: A MARKETING AND POLICY CASE STUDY

The Company and Environment

Although the case is adapted from an actual business problem, the names of the individuals, companies, cities, and products are fictitious or have been changed. Industry information has been adjusted to fit the context of the case. Therefore, the information presented does not represent the characteristics of the soft drink industry but is supplied merely to establish parameters for the case.

The R & F Food and Beverage Company, a subsidiary of a large publicly held corporation, marketed Blast Cola, a carbonated nondiet soft drink for
more than twenty years. Blast Cola is the second best-selling brand in the nondiet cola market which is dominated by Bright Cola with a 55 percent market share. Blast Cola has an 8 percent share and the rest of the market is split primarily among 8 competitors with individual market shares of less than 5 percent. Overall, colas account for more than 60 percent of the U.S. soft drink market.

Blast Cola has not aggressively been marketed because R & P Food and Beverage Company traditionally concentrated on its food products as a primary revenue source. However, overall profits have steadily declined, and the stockholders are demanding an increase in earnings per share. The company still enjoys a favorable financial position, however.

Overall, marketing policy is set at the national headquarters for R & P Food and Beverage Company located in San Francisco. Mr. Jones, the Vice President of Marketing, joined the company three years ago. Mr. Jones has established a career record of success in marketing food and other consumer products for large companies. The advertising, sales, promotion, distribution and other marketing policies and strategies are established within the headquarters. Mr. Jones is primarily responsible for these strategic decisions and for results achieved.

A regional Marketing Manager is charged with implementing those policies and is accountable for the outcome in his/her geographic area. The company has developed a distribution system that places Blast Cola in most outlets where the main competitor, Bright Cola, is sold.

Creative Advertising Agency, located in Los Angeles, has handled the advertising account for Blast Cola and several food products marketed by R & P Food and Beverage Company for seven years. The advertising agency is recognized for its expertise in consumer products marketing. Mr. Sala is the account executive. He maintains an excellent rapport with his clients. However, Creative Advertising Agency was recently purchased by one of the leading international advertising agencies, and Mr. Sala finds that he has a difficult time balancing his time between servicing his clients and learning (and speculating) about new company policy.

The Advertising Campaign

Creative Advertising Agency designed a new advertising campaign for Blast, primarily relying on TV commercials with print advertising co-op support at the retail level. Point-of-Purchase and other promotional materials and channel incentives were also integrated into the overall campaign.

The TV commercial (story board provided in instructional packet) is typical of the campaign theme "BLAST-OFF WITH BLAST." The animated clown played a key role in moderately successful Blast commercials five years ago and has appeared in other Blast ads on a sporadic basis. The Blast can has been redesigned. Its color is silver to avoid confusion with Bright Cola's red can.

Creative Advertising Agency has relied heavily on "forced exposure" to pre-test television commercials. In "forced exposure" tests, a consumer sample is assembled in a theater to view new TV commercials in the context of a television program. The viewers are asked to indicate their brand preferences in certain product categories before and after the showing. Their opinions are measured against a standard and the ad being tested is assigned a rating to indicate whether or not it will be effective. The viewers are offered an incentive for their participation.

The "forced exposure" ratings for the new Blast TV commercial were exceptionally high. The agency, particularly Mr. Sala, wants to proceed with the campaign on a nationwide basis. Intensive TV advertising in major metropolitan areas supported by other activities should dramatically boost Blast's market share. The target date for launching the campaign is September.

The Pretest and the Posttest

As a final precaution before authorizing the national campaign, Mr. Jones decided to test the campaign further. He wanted results within a two-month period at minimal costs. Therefore, he selected Bakersfield, California, as the city in which to test the campaign. The city has served as a test market for growth of consumer products primarily because of its geographic location and demographic characteristics. Furthermore, distribution can be closely monitored and media costs are lower compared to major metropolitan areas.

Mr. Jones placed the Regional Sales Manager for Blast Cola, Mr. Sandoval, in charge of seeing that the product was readily available in Bakersfield retail outlets and that sales support activities were properly executed. Mr. Jones also reviewed sales figures for Blast and Bright Cola in the Bakersfield area for the past year. Mr. Sandoval purchased prime-time, day-time, and early fringe-time "forced exposure" for all three TV channels in the Designated Market Area. The TV media buys exceeded the gross-rating point standards for intensive saturation during the six-week flight. Local newspaper space was also purchased.

Mr. Jones hired professional consultants from Market Profiles International to design and implement a pretest and posttest survey. The major objectives of the survey were to measure advertising awareness and recall levels for Blast Cola in the Bakersfield area before and after the wave of Blast Cola advertising. Mr. Jones and the consultants agreed that advertising effectiveness could be determined by comparing changes in advertising and brand awareness and recall levels of household food shoppers purchasing cola soft drinks in the posttest to results of the pretest. Additional objectives were to measure household purchasing patterns for cola soft drinks compared to selected beverages, to obtain
attribute ratings for the two leading cola brands, and to gather other generic or competitive information for Blast, Bright, and other colas.

The questionnaire and research methodology were developed by the consultants with participation and approval from Mr. Jones. Mr. Jones was really only interested in comparing Blast Cola to Bright Cola because of the market dominance of Bright.

A primarily closed-ended questionnaire (See Figure 1) was developed to accomplish the project objectives. Two demographic characteristics, age and sex of residence were included. Length of residence was used in the posttest to ensure that the respondent had lived in Bakersfield during the months the campaign was tested. Age was added by the consultants to the posttest survey although Mr. Jones really did not care about additional demographic information. He wanted to keep the survey short and simple. The survey form screened respondents into two groups, cola soft drink purchasers and nonpurchasers. Only purchasers of cola soft drinks were asked to respond to the entire set of questions.

The sample was limited to pretest and posttest telephone surveys of the Bakersfield market. The local telephone book was used for random selection of listed telephone numbers. The target number was set at 200 completed interviews from cola soft drink purchasers for each test - the pretest and the posttest.

Experienced telephone interviewers administered the questionnaires and recorded the results. Calls were made from 10 a.m. to 8 p.m. on the assigned days for the pretest (the two weekdays in May directly prior to the campaign) and posttest (the two weekdays in June) directly following the end of the wave. Once the households were contacted, respondents were screened for the household food shopper. The interviewing and recording processes were closely monitored by the consultants.

The data can be obtained from the computer using the SPSS Package. Variable lists, names of programs, and matching data files are provided for the user.

Assignment

As the consulting group assigned to the project by Market Profiles International, prepare a written report of the findings to submit to Mr. Jones. Also, be prepared for an oral presentation of your findings and recommendations at a meeting to be attended by Mr. Jones, Mr. Sala, and Mr. Sandow.

CLASSROOM EXPERIENCES USING THE BLAST COLA CASE

The case was assigned to five groups of MBA candidates taking the CMB graduate course, Seminar in Marketing Management, during Fall Quarter, 1985. Because of the advanced course level, the authors purposely omitted a detailed listing of questions at the end of the case. However for use in undergraduate marketing courses, instructors may wish to define the procedures and problems in more detail.

The overall problem for the students is to determine whether the results from the pretest and posttest awareness and recall surveys justify extending the campaign to a national level. The data from the two surveys showed minimal change at best. The students had a difficult time accepting these flat results. When first manipulating the data, some were convinced the data were wrong--there should be positive results. Others meticulously examined each figure and ran meaningless cross-tab comparisons trying to discern some favorable results in the data. After working with the data over a three-week period and asking questions about their output, they began to understand how to compare and interpret the information. However, two groups displayed a tendency to go beyond the scope of the problem.

The final analyses produced the correct overall interpretation of the results. While many of the students were disappointed to find no significant change in awareness and recall levels, they learned to correctly interpret data and present findings through their oral and written presentations. The informal, round-table discussion led to several rigorous debates about the merits of various interpretations and presentation styles. The instructor was able to identify leaders, followers, and interpersonal strengths and problems. Subsequent class periods were spent discussing how to more effectively present ideas and how to effectively manage work teams which are both important factors for managers.

Two of the written reports attained professional quality. Two reports were poorly organized and suffered from lack of clarity even though the conclusions were basically correct. One paper lacked sufficient documentation to make the resulting recommendation credible. The positive and negative factors of the written papers were highlighted by the instructor and discussed with the students. After the oral and written presentations and critique sessions, the students seemed to understand the differences between the good and average work.

During the entire process the students questioned the various research techniques used and the advisability of carrying out the project within the parameters set by Mr. Jones. The case seemed to stimulate participation, enthusiasm, and controversy. It proved to be a useful learning device to expand the analytical and interpretive skills of the students beyond the technical aspects of data gathering and input.
Soft Drink Awareness Questionnaire

Screen to make certain you are talking to household food purchaser.

WRITE IN

A. How long have you lived in Bakersfield?
   Years
   Months

B. DO NOT ASK RESPONDENT BUT PLEASE INDICATE THE RESPONDENT'S SEX.
   MALE __________  FEMALE __________

1. Which of the following products have you purchased in the last month or so?
   READ TO EACH RESPONDENT
   X AS NEEDED FOR EACH PRODUCT
   Lemonade __________  Prune Juice __________
   Orange Juice __________  Tomato Juice __________
   Milk __________  Cola Soft Drinks __________

IF THE RESPONDENT HAS NOT PURCHASED COLA SOFT DRINKS, TERMINATE THE INTERVIEW.

2. When you think of cola soft drinks, what brand comes to mind?
   DO NOT READ TO RESPONDENT
   X ONE ONLY
   Blast Cola __________
   Bright Cola __________
   Other (Specify) __________
   No Answer __________

IF #2 WAS "NO ANSWER," GO TO QUESTION 4.

3. Can you name any other brands of cola soft drinks?
   DO NOT READ TO RESPONDENT
   X ONE ONLY
   Blast Cola __________
   Bright Cola __________
   Other (Specify) __________
   No Answer __________

4. The last time you purchased cola soft drinks, what brand did you buy?
   DO NOT READ TO RESPONDENT
   X ONE ONLY
   Blast Cola __________
   Bright Cola __________
   Other (Specify) __________
   No Answer __________

5. Have you seen or heard advertising for any brands of cola soft drinks during the last few weeks?
   X ONE ONLY
   Yes __________
   No __________

ASK #5 AND #7 ONLY IF #5 WAS "YES".

6. Which cola brands were advertised?
   DO NOT READ TO RESPONDENT
   X AS NEEDED
   Blast Cola __________
   Bright Cola __________
   Other (Specify) __________
   No Answer __________

7. What did the advertising say or show for each cola brand you mentioned?
   X EACH COLUMN AS NEEDED FOR THE BRANDS MENTIONED IN #6
   Blast Bright Other
   I don't know, can't remember __________
   Taste, Flavor __________
   New Can __________

8. On a scale of 1-10, with 10 being the "very best," how would you rate the following brands with regard to.....
   READ WORDS IN LEFT COLUMN FOR EACH BRAND.
   WRITE IN NUMBER GIVEN EACH BLANK OR "N.A.
   [NO ANSWER]

   Taste, Flavor __________
   Carbonation Level __________
   Good Value for Price __________

ASK #9 ONLY IF THE RESPONDENT DID NOT MENTION "BLAST COLA" IN #2 - 7.

9. Had you ever heard of Blast Cola before I just mentioned the brand?
   X ONE ONLY
   Yes __________
   No __________

10. As our last question, would you tell me your age? (This question only asked on second survey)
    WRITE IN AGE _______ years

REFERENCES


EMERGING PATTERNS OF GENERAL TRADING COMPANIES IN JAPAN,
SOUTH KOREA, TAIWAN AND THE UNITED STATES

Richard H. F. Kao, California State University, Los Angeles
Moonsong David Oh, California State University, Los Angeles

The need for both developing and developed countries to promote export to reduce the trade deficits and unemployment is well recognized (Kruenger 1978; Kao and Oh 1985; and Czinkota 1984). Among the alternatives available for export promotion, the formation of general trading companies (GTCs) seems very attractive due to their superior performance in facilitating international business, as evidenced by the successful track records of Japanese sogo shosha or general trading companies (Young 1979; and Kajiwara 1982).

South Korea (Korea, hereinafter) and Taiwan have achieved a remarkable economic development and export performance because of their export-oriented economic policies. Both Korea and Taiwan have patterned after the Japanese GTC approach for the formation of their large trading companies. The U.S. Export Trading Company (ETC) Act of October 1982 is designed to facilitate the formation of new export intermediaries that can be more effective and efficient in promoting exports (Scouton 1982). Since the 1970's, Japanese GTCs have engaged not only in the import and export trade but also in the expansion of their roles in organizing joint investment in foreign manufacturing and resource development ventures, and also involved domestic urban development, financing, housing, fashion, distribution, marketing consulting and engineering as well (Kotabe 1984). The primary purpose of this paper is to examine and compare the development and the changing patterns of general trading companies in Japan, Korea, Taiwan, and the United States and to consider implications for other countries interested in formulating their own large trading companies. This study is based on data gathered from selective interviews with executives and officials in each country and surveys of literature.

CONCLUSIONS AND IMPLICATIONS

The patterns of GTCs can be classified along three major dimensions: product diversification, market area diversification, and functional diversification, as presented in Figure 1. Trading companies usually evolve from product and market diversification to functional diversification. KGTs and TGTs are moving in that direction. Japanese GTCs have achieved the highest diversification in all three dimensions. It seems that U.S. GTCs have not developed a clearly defined pattern yet.

Both Japan, Korea, and Taiwan have performed extremely well in promoting their exports. The GTCs have played a significant role in promoting exports for Japan and Korea. Taiwan's export success seems to indicate that general trading companies are not indispensable to successful exporting.

U.S. ETCs have been in existence for only a short period of time and thus, it is too early to assess their growth patterns. One thing, however, seems clear that U.S. ETCs cannot copy the Japanese GTC model indiscriminately without taking into consideration significant differences in business-government relationships and corporate culture between the United States and Japan.

REFERENCES


Third world business practices often pose unique dilemmas for Americans. This is particularly true for those that are concerned with the presentation of "gifts" and "bribes." In America, gifts and bribes are usually separated. In other countries, particularly within developing nations, the line that divides them is harder to trace. Suppose, for example, that key foreign colleagues expect you to supply them with "traditional gifts" as part of normal business interaction? Suppose those gifts "traditionally" take the form of currency? Suppose the sum traditionally expected is $50? $50,000? $500,000? When do you begin to feel uncomfortable?

In considering traditions of this type, U.S. executives abroad may find themselves confronted by no less than three dilemmas. One is legal; private payoffs have been prohibited under the Corrupt Foreign Practices Act (1977), which made payment of funds "to secure or retain business abroad" a criminal action. The second is ethical; private payoffs—although practiced in the U.S.—are not "traditional" to our culture and therefore universally disapproved. The third dilemma, however, is intercultural; how can Americans seek business overseas unless they adhere to overseas traditions—even when they conflict with ours at home?

One possible response to this type of request may take the form of a two-part strategy, shielding the corporation's funds on the one hand, while offering non-monetary inducements with the other. In these instances, for example, the much maligned Foreign Corrupt Practices Act may provide U.S. executives with a serviceable shield. Since direct compliance with requests for private payoff exposes every U.S. firm to threats of legal action, negative publicity, financial loss and damage to corporate image, it may prove comparatively easy for Americans to say "no." Conversely, since corporate payoffs are encouraged by governments in both Japan and Europe, the firms that represent those nations overseas must find it difficult to refuse to pay whatever sums are asked.

Simultaneously, U.S. executives faced by requests for private payment may wish to offer non-monetary inducements of such a nature as to benefit both sides. One way would be to transform private payoff into public service, perhaps by responding to such requests with widely publicized "donations," carefully tailored to pay-off important colleagues in non-monetary ways. In the 1970s, for example, U.S. firms operating within Kenya received requests, originating at ministerial level, for $1,000,000, "to construct a hospital." Rather than write checks to a minister (and violate the FCPA), it may prove both legally and ethically more satisfying to actually provide one, "donating" it down to the final door and stethoscope, while simultaneously insisting that monetary payments of any kind are proscribed by U.S. law.

Donations can, of course, take other forms. Corporations can "contribute" jobs, medical/educational services, research, etc., each intended to facilitate future business interaction, by providing colleagues prestige on local terms instead of U.S. funds. Those who explore this option may find that by providing "gifts" instead of "bribes," their legal, ethical and cultural dilemmas may be resolved.

Jeffrey A. Fadiman, Ph.D.
San Jose State University
INTRODUCTION

While the lecture method continues to be the dominant mode of instruction in U.S. academic institutions, research indicates that it suffers from the following problems (Osterman, 1980):

1. Too much information.
2. Poorly stated objectives.
3. Poorly organized content.
4. Unclear or lifeless presentation.
5. Poor integration of auditory and visual support.
6. Failure to blend teaching and learning styles.

Because of the lecture method's pervasiveness, on the one hand, and its shortcomings, on the other hand, it seems appropriate to attempt to improve its effectiveness. The Feedback Lecture addresses this task.

While the variables influencing the lecture method's effectiveness are many and varied, the learning process surely benefits from reaching students with more involvement and interaction. The Feedback Lecture, as will be illustrated, provides for a way in which to cultivate increased student involvement and better retention of subject matter. It also can provide a blending of alternate teaching and learning styles for both the instructor and the student.

The Feedback Lecture is an outgrowth of the programmed lecture. While the programmed lecture may help students learn facts and concepts, Osterman notes that "the Feedback Lecture is a definite attempt to apply learning principles and improved conditions to the learning tasks delivered via the lecture format. The Feedback Lecture is the compromise between the traditionalists and liberals." The main learning principles that can be recognized when using the Feedback Lecture are as follows:

1. Increased awareness of what to learn and how to use it.
2. Increased student involvement and interaction.
3. Stimulating activities to broaden the thinking processes, problem solving techniques and increased retention of information. (Osterman, 1980)

Osterman continues:

The Feedback Lecture has been used since 1974 in disciplines such as clothing, textiles, and related arts, physics, mechanical engineering, speech, mathematics, industrial and computer engineering, physical education, broadcast communications, nursing, art, history, music, pharmacy, and other subject areas. The research results thus far conducted is positive. Related studies indicate increased achievement and improved attitudes in students exposed to the Feedback Lecture method as compared with those involved with the conventional lecture. Students prefer Feedback Lecture learning approach over the conventional lecture. (Osterman, 1980)

COMPONENTS FOR THE FEEDBACK LECTURE

The components for the Feedback Lecture are of two broad types: first, the units, or topics, of instruction for a particular course must be delineated; second, for the unit selected for the particular Feedback Lecture, the following tasks must be addressed:

- Selection of a title for the lecture over the unit
- Identification of the specific concepts within the unit
- Collection of supportive illustrations, graphics or visuals
- Preparation of the students by means of pre-lecture suggestions or assignments
- Development of an overall theme which stimulates students' right vs. left brain activities
- Identification of learning objectives or results
- Preparation of the lecture
- Development of both pre- and post-lecture questions
- Development of mid-lecture questions for discussion groups
- Suggestions for students to enhance their feedback activities
- Preparation of a lecture glossary and suggestions for students on ways which they can assimilate new terms

This paper has been developed as the result of the author's participation in the College and University Teaching (CAUT) program at Oregon State University during the summer of 1985. The coordinator for this program is Dr. Dean N. Osterman. Much of the background presented below is derived from Osterman's book, Feedback Lecture The Process and Components. The illustration was created by the author of this paper.
THE FEEDBACK LECTURE STUDY GUIDE

A study guide incorporating these tasks is prepared for the students and distributed to them in advance of the Feedback Lecture. This study guide is organized as follows:

A. Cover Page (see C. below)

B. Procedural Page - This page provides the suggested study procedures for this lecture. Such suggestions on how to use the pretests and posttests, study guide, discussion period and feedback, and other inspirational thoughts are described. This page specifically directs the students on how to prepare for this lecture prior to, during, and after the lecture.

C. Introduction Page (refers to Cover Page) - A central idea or theme (a right brain activity) can be transmitted through this page fusing the cover design and introduction page. The purpose here is to provide the learner with a gentle "nudge." You may want to simply convince the student why it is important to know this information by using a "good" example. What an inspirational thought may serve as the format for conveying the theme. Rather than inform the students to know this material because it will be on the test, address the creative side by challenging the student to become involved.

D. Objectives Page - Objectives direct the student's learning through accomplishing a set of tasks related to the unit. The objectives are stated in expected behaviors increasing the learning efficiency. A good percentage have reported that objectives are very important to them in guiding and directing their learning.

E. Pretest Page - This challenge opens the students' minds as to what to learn from the lecture and the material covered in the class activities. Most students should fail the pretest, in that the test is over material new to them. This material will be presented in the Feedback Lecture.

F. Lecture Outline Page - The outline (guided notes) provided here covers the first twenty minutes of lecture with a discussion period in between the first and second halves of the lecture. Research has indicated that learners are capable of handling at most 15 to 20 minutes of content at a setting with necessary reinforcing activity to follow. The outline provides guidance for the student informing them of overall delivery of information. A few instructors with one hour and a half time slots or longer, have reported using a 30 minute lecture, 15 minute discussion, followed up with another 30 minute lecture.

G. Discussion Questions Page - The discussion question breaks the first half of the lecture into an involving and participating

H. Discussion Questions Feedback Page - Once the students turn in their responses, the discussion questions feedback is passed out. This feedback reinforces the correct concepts that should have been applied and models professional reasoning and application. (Note to potential adopters of the Feedback Lecture: students can purchase the study guides in advance of the class. Prior to their purchase, you may choose to remove the discussion and discussion question feedback from the study guide packet. These sheets should be passed out at the appropriate lecture during the break between the first and second part of the lecture.)

I. Posttest Page - Students can take this "exam" in or out of class, again, depending upon the instructor's views. The posttest serves as an immediate feedback to the students as to the concepts, facts or information learned in the unit.

J. Cooldown Activities Page - Listings of tasks that students must acquire or perform prior to the next lecture are provided here. Assignments such as readings, speakers to hear, videos, input and/or activities listed for cooldown activities prior to the next Feedback Lecture are described or listed here.

AN ILLUSTRATION - HOW INTERNATIONAL POLITICS SHAPES INTERNATIONAL MARKETING

The following study guide was developed by the author for a unit of instruction in an international marketing course. The unit is the international legal environment. The pages in this study guide are identified using the terminology above (e.g. C. Introduction Page, D. Objectives page, etc.)

\*By the time of the 1985-6 WMEA Program, the author will have used this study guide several times. Both student and instructor reactions and reactions can be discussed at that time.
INTERNATIONAL POLITICS

How it shapes International Marketing

B. Procedural Page

PROCEDURES

Preparation for the feedback lecture:

A. Prior to: Do the text readings (see bottom of Introduction Page), notice how international politics fills the newspapers, news magazines, and television news (e.g., hostage crisis in Beirut); also take the pre-test.

B. During: Note how political/legal systems are country specific and are subject to considerable change, often in short periods of time. Link this to the possible effects on international business (e.g., hostage crisis and possible embargoes). Think about how you might analyze and categorize political/legal systems, predict their likelihood of change in the short-term and how this can affect international marketing.

Try to get specific: What countries? What products?

C. After: Analyze and categorize the political/legal system of your project country. How will it change in the short-term? How can you determine this? How will it affect your company and your marketing plan? Take the post-test.

C. Introduction Page

INTRODUCTION

As the cover illustration indicates it is a big world with many sectors, regions, and individual countries. These sectors, regions, and countries can have quite different, and not necessarily harmonious, politics.

This has a considerable effect on international marketing; indeed, it helps to "shape" international marketing. The swimsuits illustrate that there are differing colors and patterns for alternate countries just as there are different nationalities and flags. Yet, note that these are essentially the same suit, made from the same material in the same way, etc. International
marketing can co-exist with international politics in most cases, but not without study and planning.

Note the pervasiveness of marketing on a world-wide scale, its interrelationship with human sexuality; sex appeal and sexism.

To Read Before Class

Read chapters 6 and 7 in Cateora's International Marketing text also case II-3 (p.245).

D. Objectives Page

OBJECTIVES

1. Define the components of political/legal systems.
2. Identify the prototype political/legal systems.
3. Become familiar with the a) diversity, and b) non-permanence of political/legal systems.
4. Examine the linkage between political/legal systems and international marketing.
5. Explore the means in which the nature of this linkage (see #4) can be better understood, predicted and built into marketing plans.

Key terms:
Nationalism
Political vulnerability
Domestication
Adjudication
Common Law and code law
Extraterritoriality
Industrial property rights

E. Pretest Page

PRETEST

1. Have any new countries, or new governments in existing countries, arisen in the last year?
2. What is extra-territoriality?
3. Would "planned domestication" have helped to alleviate some of the problems笑着 encountered in the Third World?
4. Do anti-trust laws exist in countries other than the U.S.?
5. What is the average amount of time current members of the U.N. has had its present government in place?
6. If businesses in two different countries are engaged in an international marketing dispute, which country's law holds?

F. Lecture Outline Page

FEEDBACK LECTURE OUTLINE

Lecture Outline: (first half)

I. International political/legal systems
   A. Components

II. Linking political/legal systems and international marketing.
   A. Forms of the linkage and possible vulnerability and risk
   B. Towards overcoming vulnerability and risk

Lecture Outline: (second half)

III. Adjudication in international marketing disputes
   A. Jurisdiction and recourse
   B. Extraterritoriality

IV. International politics and international marketing: practical applications
   A. Case II-3
   B. Questionable international business payments

(Extensive use of transparencies and news clippings.)

G. Discussion Questions Page

DISCUSSION QUESTIONS

(work on in groups in class)

1. Is it possible to develop a scale or rating device on which you can score the political/legal systems of the many countries around the world?
2. Are there positives, as well as negatives (e.g. expropriation), associated with possible changes in political/legal systems of the country in which the firm is marketing its products?
3. How would you go about setting up a mechanism for monitoring, and predicting, possible change in the political/legal system of your project country?

HAND IN FOR A MAXIMUM OF 2 BONUS POINTS PER GROUP MEMBER

Names of Group Members:

REFERENCES


Cameron, 1968; Gage and Berliner, 1975;


TRANSACTIONAL ANALYSIS:
A PRACTICAL TOOL FOR TEACHING COMMUNICATION SKILLS IN SELLING

David Lill, Baylor University, Waco, Texas
Gladys Hudson, Success Motivation Institute, Waco, Texas
Gregg Enders, Power Top Stl. Houston, Texas

ABSTRACT

Transactional Analysis (TA), the system developed by Eric Berne for understanding the transactions that take place between individuals on both the verbal and non-verbal levels, provides a system for forming a mental image of the emotions and thought process in use by all persons in a situation. This gives a tangible feel to an otherwise intangible environment. The purpose of this paper is to examine basic TA concepts and suggest how they can be easily grasped, yet be of practical use in the classroom, as well as in actual sales situations.

The process of successful selling depends, in a large measure on communication skills—skills that are too often neglected in salesmanship courses. Transactional Analysis (TA) is a system of understanding communication and using that knowledge to move toward successful outcomes in selling situations. Basic TA concepts, taught in the classroom in a relatively short time, are immediately available to the student for practical use.

We live in a world organized largely around the tangible. The academic world is often evaluated in terms of buildings, number of students and faculty, equipment, and dollars in the budget. The business world revolves around assets, products, and personnel. As a result, much of our thinking centers on the tangible. It follows naturally that classroom teaching tends to emphasize the tangible. In salesmanship classes that means giving major attention to product knowledge, prospecting and time management methods, organizing sales territories—all topics that can be made more or less tangible. We can see the products and the brochures describing them; we can see the lists of prospects, the time diary, and the territory maps. And all of these are necessary areas of knowledge and expertise for students who are interested in professional selling careers—careers that form the basic structure of all marketing activities.

But when salespeople find themselves in actual selling situations, the critical skill for the moment is the ability to communicate effectively with the prospect. No amount of product knowledge is useful if the salesperson cannot couch it in terms that the prospect will receive. Which closing technique to choose remains a mystery if the salesperson is unable to discern the prospect’s real needs and desires. The ability both to send and to receive messages clearly and effectively is the essential quality that often spells the difference between success and mediocrity in selling. But this is an area often neglected in the classroom because it is intangible. It is difficult to explain because it cannot be reduced to a notebook or file box; it cannot be pictured in a brochure or held in the hand. One of the most pressing needs, therefore, in every salesmanship course is a method for providing students with dependable techniques for understanding the mental and emotional states of prospects, as well as their own, and then for responding appropriately. Skill in this process enhances the salesperson’s ability to discover buying motives, to counter stalls and objections, and to close sales.

TEACHING BASIC TA CONCEPTS

Eric Berne began to develop the TA “language” when he noticed that clients in therapy sessions often seemed to exhibit several ways of reacting to the world—almost as if they became different people in each new situation. These manners of response seemed well established and appeared to operate almost automatically. Berne called these response styles or habits “Ego States.” Learning to recognize these Ego States is relatively simple and opens the door to using all of the helpful insights offered by TA. For purposes of the sales course, the introduction to Ego States and other TA language is probably best achieved through a reading assignment [see suggested readings], reserving class time for specific application of the concepts to the sales situation.

The central concepts of TA that are most helpful for salespeople include understanding of ego states, life positions, and transactions. When students can recognize the use of the different ego states in themselves and others, they have a basis for understanding life positions that color all communication. They are also prepared to direct and control their transactions with others and to make communication open and productive.

Ego States

Berne recognized three basic Ego States: the Parent, the Adult and the Child.

The Parent Ego State has its origins in the individual’s observations and evaluation of the attitudes, beliefs, values and ways of responding to the world exhibited by parents and other significant adults. Many of these attitudes, beliefs and values are adopted by the individual as the basis of the Parent Ego State. An easy method of getting in touch with the Parent Ego State is pretending to be one’s own father or mother and role playing a given situation from
It is important to understand that any person may temporarily assume any one of the four basic life positions in a given situation. Most people, however, have a favorite position that governs their interactions with others. All three ego states are involved in the choice of a favorite life position, and how the ego states operate—when one takes over—is, in turn, colored by the life position.

I'm Not OK—You're OK: This is perhaps the most common of all life positions; it is the basic position of the child. The child sees others—parents and adults—as bigger, more competent, and therefore better. A person who operates out of this position feels insecure and depends upon some parent or authority figure—parent, spouse, or boss. A salesperson with this life position suffers from call reluctance and fears pushing for a close.

I'm OK—You're Not OK: One who adopts this life position may operate from a large rebellious child. Perhaps beginning with the observation that others are bigger and stronger, the child decides that does not mean others are automatically better. In fact, the child decides, others are obviously not better; the child decides to be bigger and takes over. One with this life position may also have a strong parent—either critical or nurturing. The critical parent may be overbearing and dictatorial, telling others what to do; the nurturing parent may take over for others assuming they are obviously weaker and need protection. Salespeople with this life position use the "hard sell" technique, too often overlooking any legitimate questions and ignoring the real needs of the prospect.

I'm Not OK—You're Not OK: This life position is one of defeat and discouragement. People who operate from this position have decided that since everyone is out to get everyone else there is nothing left in life that is worthwhile. The result is bitterness, fear, suspicion, and underhandedness. One who becomes securely locked into this life position is emotionally ill, hating self and the world. The only outlook is one of despair. Obviously, a salesperson with this outlook on life is defeated before beginning.

I'm OK—You're OK: The most productive and successful people live with this favorite life position. Operating from this position allows salespeople to be enthusiastic, optimistic, and successful. They can meet stalls and objections without a sense of rejection because they believe the prospect is honestly looking for more information, and they feel good about giving it. They are able to focus on the prospect's needs and desires and how they can fulfill those needs. They can move easily from one ego state to another as the need arises.

UNDERSTANDING TRANSACTIONS

"Transaction" is the name given by Berne to a single interaction that takes place between two people. Salespeople need to understand three
basic types of transactions if they are to interact effectively with prospects and clients: parallel, complementary, and crossed transactions.

Parallel Transactions

In a parallel transaction, the two participants are in the same Ego State. Not only are they in the same Ego State, but they also assume the other person to be in that same Ego State and anticipate the type of response that would normally come from it. For example, a prospect and a salesperson may both be in the Critical Parent Ego State:

Prospect: The government is doing such crazy things with taxes that an honest businessman can’t make reasonable investment plans.

Salesperson: I couldn’t agree with you more. That’s why our company designed this particular plan so you can make the investments you want for future financial growth and, at the same time, retain some flexibility that puts you in a good tax position.

In this example, both the prospect and the salesperson were in the Critical Parent Ego State. The arrows on the diagram indicate that they were expecting to share beliefs and opinions. The salesperson used this expectation to good advantage by agreeing with the criticism expressed and then by appealing to the prospect’s expressed values with a plan that would thwart the irritating nature of changeable tax laws. Now look at an example of a parallel transaction between two people in the Adult Ego State:

Prospect: I had originally planned to have this software written by our own programmers, but our need has become critical and we can’t do it soon enough. Can you give me an idea about how long it will take to adapt your software package and have it operational?

Salesperson: We can make delivery in less than a week, and the system will run immediately on your present hardware. The entry system can be taught to operators in a one-hour session. Any modifications needed will be made by our client systems engineers who will stay with you as long as necessary—we estimate about a month. If you need further help at any time for a full year, the CSE will return at no additional cost.

In this example, the prospect was asking for information, and the salesperson gave answers to his questions. Both were analyzing needs and exploring options.

When two people are operating from parallel Ego States, communication is clear and understanding is likely to be complete. If the Ego States are also appropriate for the business at hand, the transaction achieves its original purpose and can, then be considered effective.

Complementary Transactions

Complementary transactions occur when one person assumes a particular Ego State, clearly expecting a response from a different and specific Ego State, and the response comes from the expected state. Note that the lines in the illustrations show this exchange. Look at these examples of complementary transactions:

Prospect (from Critical Parent Ego State toward Child of salesperson): You have some nerve expecting me to buy anything from your company after they screwed up delivery on my last order. I lost an important account. I’ll never buy from you again!

Salesperson (from Rebellious Child Ego State toward Critical Parent of prospect): Hey, I don’t have to take this kind of abuse. I’m here to talk about what you need now—not about what happened before I even came to the company!

Salesperson (from Adapted Child Ego State toward Critical Parent of prospect): Gee, I’m sorry that happened. I didn’t know about it. Is there anything I can do to make things right?

When the prospect is operating from the Critical Parent and expects a Child response, either of the above responses would be considered complementary. But the exchange is something less than satisfactory as far as the salesperson is concerned. Neither transaction is likely to produce a sale. There is, however, communication taking place. Each participant knows just what the other is thinking. Perhaps the only real goal reached is the prospect’s desire to relieve frustration and vent angry feelings.

Complementary transactions are possible between other Ego States as well. The strong beliefs of the prospect’s Parent may be expressed in terms of a request for information from the salesperson’s Adult—not for an emotional reaction from the Child. If the salesperson responds appropriately with information rather than emotion, there is real communication. If the prospect’s request for information comes from the Child, expressing fear or the need for reassurance and support, the logical response is for the salesperson to assume the Nurturing Parent Ego State and offer factual reassurance in the way of product information or service commitments. The prospect’s needs are met, and the sale is closed.

Unfortunately, not all transactions are either parallel or complementary. And herein lies much of the difficulty observed in everyday communication.

Crossed Transactions

Crossed transactions occur when a message from one Ego State toward an expected Ego State is met by a response from a totally unexpected Ego State. In the diagram below, you will note that the communication lines are crossed. The result
is similar to what occurs when telephone lines become "crossed." Messages are garbled, the purpose of the communication is blocked, and general confusion results.

**Prospect** (from Critical Parent toward Child): You shouldn't expect full payment on an order this size in just thirty days. You should either give us ninety days or offer at least a 10% discount.

**Salesperson** (from Critical Parent toward Child): Our price is already rock bottom. You shouldn't expect a discount at this low price. And how can you expect us to carry you ninety days is beyond my understanding. We have to meet our obligations on time; you should expect to pay on time, too.

This type of crossed transaction is an especially unproductive one in which salespeople sometimes become embroiled. The attack/counterattack tactics leave no room for appropriate negotiation. No information is exchanged—only angry demands and feelings. Occasionally, a salesperson may choose to cross a transaction deliberately in an effort to defuse a prospect's hostility by inviting a shift to the Adult Ego State. Here's an example:

**Prospect** (from Critical Parent toward Child of salesperson): I don't see how you suppliers stay in business. No matter what I need, the quantities available are short or the delivery is late.

**Salesperson** (from Adult Ego State toward Adult of prospect): I understand your concern. Let's get your Production Manager to meet with us and make a projection of your needs for the entire next quarter. Then I can get commitment now from my company for delivery of the quantities and on the dates that meet your projection.

In this example, the salesperson responded to the Critical Parent attack of the prospect by offering an Adult response with a suggestion of a logical action they could take together, inviting the prospect to shift to the Adult and to take appropriate action. Of course, this crossing of the transaction does not always work, but it has a better chance of working than an impassioned Child defense or an angry Critical Parent counterattack.

**USING TA IN ROLE PLAYING**

When students have grasped the basic concepts of Ego States, life positions and transactions, one of the best techniques for reinforcing the learning is the use of role play. The use of role playing in training salespeople is not new, but it is gaining in popularity and in effectiveness with the advent of video-tape and disc equipment that enables the replay of role-playing exercises for analysis and discussion. AT&T Information Systems National Training Center in Denver provides a large number of settings especially designed and decorated to simulate various types of client offices salespeople might expect to encounter in sales. Role-play training in these settings is intensive and rigorous, and also highly practical. [1] Honeywell Information Systems has found that role-play training makes major improvements in the performance of salespeople assigned to trade shows. [2]

Role playing places students in realistic situations and allows them to sell simulated prospects. Careful preparation is necessary to make the exercise meaningful. Each participant is given proper briefing ahead of time. Other class members will observe the acting out of the situation and may or may not be told what instructions were given to participants. The key to gaining benefits from role-playing is careful preparation to make scenarios meaningful, and skillful guidance of discussion periods following the exercises. [3]

When the instructions for role playing include identification of the Ego States to be assumed by participants and discussions include analysis of the effectiveness of each Ego State response and the types of transactions that resulted, students are in a position to learn valuable communication skills as well as technical sales skills.

Knowledge of basic TA principles better prepares students for sales situations in the future. In addition, it immediately enhances their communication abilities in the classroom and in other areas of social contacts. Improvement in communication today means quicker success in future sales activity.

**REFERENCES**


**Suggested Readings in Transactional Analysis**

A great deal of attention has recently been focused upon the deficiencies of the American educational system at all levels. Out of this concern has emerged a series of research studies and commission reports dealing with the causes and cures of this educational malaise.

Research identifies seven key factors as contributors to the success of teaching programs. Each of these seven areas can be operationalized as a series of questions against which to evaluate a given marketing department's program.

Following is an example of the types of diagnostic questions which could focus a department's self-analysis on a series of specific issues in each of these seven areas and suggest areas of strength and weakness.

This method of program analysis can prove helpful at not only identifying relevant program improvement areas, but can also facilitate the establishment of concrete objectives to change and improve key program areas.

In addition, such an analysis is useful for communicating program missions, strengths, and needs to important constituencies outside the immediate department—such as students, the administration, and the business community.

MARKETING PROGRAM AUDIT

I. Academic Learning Time
   Is class time presently being effectively utilized?
   Are students (and professors) sufficiently organized and prepared for class?
   Do students have sufficient time (in and out of class) to complete assignments?
   Is enough time devoted to student counseling outside of class?
   Are professors allowed sufficient time for course development?

II. Program Mission
   Is the mission of your program well defined and clearly understood by faculty? By students? By campus administrators? By the business community?
   Have specific program goals and objectives been established? Are they tied directly to course content and text selection, and teaching mode?

III. Teaching Techniques
   Are your teaching methods appropriate to your program goals?
   Do you allow for a variety of learning styles within each course?

How are appropriate performance expectations communicated to your students?
Do you have a systematic teacher development program in place?

IV. Instructional Leadership
   Is the chair of your department an active central leader in program design and evaluation?
   Is your course/curriculum development process effective?
   Are multiple sources of rewards used to heighten teaching performance (promotion, salary adjustment, peer recognition, release time for development)?

V. Evaluation Systems
   Does your teacher evaluation process include multiple measures of performance (peer evaluation, chair visitations, self evaluation, student questionnaires)?
   Are teaching evaluations used for constructive and timely feedback to individual faculty and students?
   Do teaching evaluations play an important role in tenure and promotion decisions?
   Are students evaluated by multiple measures? Have norms and standard measures of effective teaching and student learning been developed by the department?

VI. Collegiality
   Are the goals and objectives of your program shared by all faculty?
   Do staff and students feel a part of the educational process and important members of the learning environment?
   Do faculty share ideas and techniques for improved teaching with one another?
   Is there an adequate level of student—faculty interaction both in and outside of the classroom?
   Do you have faculty and/or student lounges set aside for informal interaction?

VII. Resources
   Is the physical classroom environment conducive to effective teaching?
   Is your faculty/student ratio appropriate for your teaching mode(s) and program objectives?
   Do you make effective use of teaching technologies such as computer-aided learning, video labs and teleconferencing?
   Do you have sufficient budget monies for supporting class field trips, purchasing classroom teaching materials, staff and faculty development?
   Are your faculty salaries and recruiting budget competitive?
Identifying Market Segments
in the Evaluation of a Course Assignment
Cathy Goodwin, California State University, Chico

ABSTRACT

Marketing educators are concerned with developing assignments that will facilitate students' acquisition of "critical skills" and also provide direct, visible relevance to students' career goals. Additionally, educators need to address student wants and needs, which are most often communicated through evaluation forms.

This paper addresses both these concerns by first identifying a pedagogical tool which aids both student career planning and development of a critical skill--writing a marketing plan. A segmentation approach is presented for evaluating the effectiveness of this assignment in an introductory marketing class of 90 students. Cluster analysis of scale items on a special evaluation form was used to identify two segments--one for whom the assignment was extremely meaningful, the other whose reaction was considerably less enthusiastic. Segments differed significantly (p < .05) on eight of 15 scale items. The identification of segments and resulting insights would not have been obtainable from a simple review of means and standard deviations of scale responses aggregated for the entire class as is usually completed for student evaluation forms.

For example, the difference in responses of males and females was significant. Not only were males represented at a significantly higher level in the "favorable" segment, but also a separate analysis to compare males with females indicated that males enjoyed writing the plan and found it more useful than females in clarifying goals. Results of demographic analysis based on age and work experience suggests that this assignment may be most helpful to students who have sufficient work experience to relate to the "real world" of business, yet not so much full-time experience that they have no more need for such a plan. Students with no work experience related the assignments much more to future coursework and the school environment; their optimism about transferability of skills was not shared by the more experienced students.

Several implications can be drawn from this study. First, the Self-Marketing Plan can serve as a uniquely useful tool for a sizeable segment of introductory marketing students.

Second, an examination of means of responses to scaled items yields insufficient insight into student evaluation. For example, for the statement, "I would have preferred to write about a product," mean response for the class was 3.73 out of 5.00, suggesting moderate disagreement (1 = "Strongly Agree," 5 = "Strongly Disagree"); mean response for the "favorable" segment was a resounding 4.57 out of 5.00.

The results of this study suggest that, at the undergraduate level, the self-marketing plan be required only when an alternative assignment is also offered. When students are not involved in career decisions, perhaps because they have not yet set goals, the assignment may have little perceived usefulness.

Finally, there are implications for course evaluations. Examining only means on a series of scale items may conceal underlying segments, with implications for educators' career planning and administrators' decisions regarding teaching assignments.
ENJOYMENT OF LEARNING ACTIVITIES AS A CORRELATE OF OTHER PERCEPTIONS AND MEASURES OF ACADEMIC PERFORMANCE IN A MARKETING COURSE
Barbara A. McCuen, University of Nebraska, Omaha

ABSTRACT
The evaluation of specific learning activities in a retailing course indicates that there is a positive relationship between the extent students enjoy a learning activity and their perceptions of its instructional value. Depending on the type of activity evaluated, enjoyment of a learning activity may also be a significant correlate of the time students invest in the activity and their performance on a corresponding test or project.

INTRODUCTION
Marketing educators develop courses on the basis of many considerations including their beliefs about the instructional value of entertaining teaching techniques. Some professors are convinced that classes and assignments must be interesting, enjoyable, or at least pleasant experiences to motivate students to learn about marketing. Other marketing educators completely discount "entertainment" as irrelevant to classroom instruction or consider it to be a necessary evil at best.

Individualism among marketing professors probably precludes consensus on any topic in marketing education. Nevertheless, research should be conducted to determine if "entertainment" is a superfluous consideration in course development or an important correlate of student performance. Such research may never be conclusive, but it can provide evidence to support or oppose the argument that marketing courses should be enjoyable as well as based on sound content.

FINDINGS AND LIMITATIONS OF PREVIOUS RESEARCH
Reported comparisons of teaching methods in marketing education clearly indicate that there are significant differences in the enjoyment of instruction in terms of the extent they are enjoyable to students. For example, Cunningham and Cundiff (1973) found that students in an introductory marketing course based on a multimedia format perceived the course to be more interesting and entertaining than the typical large or small class the students were asked to imagine and evaluate in comparison.

The research conducted by Cunningham and Cundiff was limited by the fact that only one instruction approach was actually experienced by the students surveyed. Nevertheless, a factor analysis showed that several variables representing "enjoyment" and "instructional value" were interrelated to a significant degree. In a broader study, Guseman and Dahlinger (1976) found that the "interest rating" of a teaching aid was quite highly correlated with its "effectiveness rating" for all seventeen types of teaching aids they asked students to evaluate. On the basis of the Pearson correlation coefficients varying from .56 to .89, depending on the teaching aid assessed, Guseman and Dahlinger concluded that "It would seem the more interesting the teaching technique is to the student, the more it facilitates learning and understanding of the material" (p. 541). However, their research was based on a general assessment of teaching aids and not on a direct evaluation of specific learning activities actually experienced by students. This appears to be an important limitation because Guseman and Dahlinger found that "the rated effectiveness of the teaching technique was influenced by whether the student had been previously exposed to the teaching technique. In general, if a student had been exposed to a teaching aid, the higher the teaching aid would be rated" (p. 541).

The most serious limitation of previous research is that it has not addressed the question of whether enjoyment of a learning activity is a determinant, or even a correlate, of the amount of time students invest in the activity or their performance on a corresponding test, case analysis or project. Yet, this question is the most important to answer if the instructional value of more or less enjoyable learning activities is going to be determined in marketing education.

OBJECTIVES OF THE STUDY
The remainder of this paper is a report of the methodology and findings of a relatively simple, exploratory research project with implications for course development and further investigations based on more sophisticated research designs. To overcome the limitations of previous investigations, the research was intentionally designed to focus on the relative enjoyment of learning activities actually experienced by students as part of a retailing course and not on a general assessment of teaching techniques which may or may not be frequently used by marketing educators.

One objective of the study was to test the hypothesis that there is a relationship between the extent students enjoy learning activities in a marketing course and their perceptions of its instructional value which varies depending on the type of activity assessed. However, the most important objective was to determine if the extent students enjoy learning activities is related to the amount of time students invest in them and to the students' performance on corresponding tests and projects. In addition, the project was carried out to examine the importance of the enjoyment and perceived value of learning activities relative to
common predictors of academic performance, namely cumulative grade point average and classification of the student by year in college.

**METHODOLOGY**

Data were collected from the students in the introductory retailing course offered by the college of business in a midwestern, medium-sized private university. The retailing course was selected because it offered students the opportunity to experience a simple, yet varied, combination of learning experiences which are common in marketing education, namely attending class, completing reading assignments, and doing projects.

Attending class in the retailing course involved listening to traditional lectures, watching slide presentations narrated by the professor, listening to a limited number of guest speakers in business, participating in class discussion, and taking notes. The remaining learning activities in the course were as follows: reading nine chapters in an introductory textbook and four supplementary articles from current periodicals for the midterm examination, reading eight other textbook chapters for the exam given during final week, completing an assignment requiring each student to interview a person employed in retailing and submit a written report of the interview following specific guidelines, and completing an individual project. Compared to the interview assignment, the second project was unstructured and more demanding since the design and development of the project was completely left up to the individual student. The resulting projects were typically turned in two weeks before the end of the semester, and they tended to range from common term papers to creative presentations illustrated with 35mm slides, print photography, or drawings.

Data were collected during the last week of classes prior to the administration of the final examination in the course. Of the 60 students enrolled in the course, 52 (87%) completed the questionnaire designed for this research.

The questionnaire asked the students to rate each of their learning activities in the course, including attending classes, using two 5-point scales. The first scale provided a measure representing the "enjoyment" of the learning activity evaluated:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>This activity was</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not at all enjoyable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This activity was</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>very enjoyable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The second measure represented the instructional "value" of the learning activity assessed:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>This activity contributed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>little or nothing to my</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>knowledge of retailing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through this activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my knowledge of retailing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>greatly increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The remaining investigated variables were the amounts of time the students reported investing in learning activities including the percentage of classes attended, the grades they reported receiving on the midterm exam and the projects they completed, their overall college grade points (GPA) and their classifications as sophomores, juniors or seniors.

The data collected were assigned numerical values when necessary, tabulated and summarized using descriptive statistics. Pearson correlation coefficients were computed to determine if statistically significant relationships existed among the measured variables, and a .05 level of probability was used as the basic decision criterion when the coefficients were interpreted.

**FINDINGS AND DISCUSSION**

The findings summarized in Table 1 confirm the common observation that students enjoy and value some types of learning activities more than others.

**TABLE 1**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Mean a</th>
<th>Mean b</th>
<th>Correlation b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading textbook for midterm exam (0.96)</td>
<td>2.57</td>
<td>3.23</td>
<td>.532</td>
</tr>
<tr>
<td>Reading textbook for final exam (0.95)</td>
<td>2.60</td>
<td>3.46</td>
<td>.547</td>
</tr>
<tr>
<td>Reading articles from periodicals (0.92)</td>
<td>3.83</td>
<td>3.94</td>
<td>.552</td>
</tr>
<tr>
<td>Completing the interview assignment (1.06)</td>
<td>4.12</td>
<td>4.14</td>
<td>.479</td>
</tr>
<tr>
<td>Completing the individual project (1.17)</td>
<td>3.64</td>
<td>4.31</td>
<td>.616</td>
</tr>
<tr>
<td>Attending classes in the course (0.96)</td>
<td>3.59</td>
<td>3.86</td>
<td>.769</td>
</tr>
</tbody>
</table>

^aThe standard deviation associated with the mean is presented in parentheses.

^bThe probability of the correlation occurring by chance is presented in parentheses.

Completing the interview assignment and reading supplementary articles from current periodicals were rated as the most enjoyable activities while reading chapters in the introductory retailing textbook were viewed as the least enjoyable. The students also perceived reading textbook chapters as contributing the least to their knowledge of retailing. From the students' perspective, completing the interview and individual projects
was noticeably more valuable as well as more enjoyable.

The evaluation of the specific activities listed in Table 1 suggests that students are more likely to enjoy activities which bring them closer to the "real world" of marketing. When activities are compared in terms of their perceived contributions to knowledge of subject matter, the evaluation suggests that students believe projects requiring "active" involvement have more instructional value than "passive" reading assignments.

The average ratings presented in Table 1 suggest that the students were willing to acknowledge the academic value of a learning activity even if they did not particularly enjoy it. However, the correlation between the enjoyment of an activity and its perceived value was statistically significant for every activity assessed and high enough to suggest that there is a general, positive relationship between the extent students enjoy a learning activity and their perceptions of its instructional value. In addition, the findings support the hypothesis that the specific strength of the relationship will vary depending on the type of learning activity evaluated.

The highest correlation listed in Table 1 is the correlation between the extent students enjoyed attending classes in the retailing course and the extent these classes were perceived to contribute to the students' knowledge of retailing. As shown in Table 2, both of these measures were relatively strong correlates of the percentage of classes students actually attended. Furthermore, Table 3 shows that the percentage of classes attended was also related to all three of the reported test and project grades. Consequently, the findings may suggest that enjoyable classes not only improve attendance but also affect academic performance.

The remaining correlation coefficients reported in Table 2 and Table 3 suggest that the importance of enjoyment and perceived instructional value will vary depending on the learning activity or measure of performance considered.

As shown in Table 2, the enjoyment of reading textbook chapters for the midterm exam was a positive correlate of the time invested in this activity. However, as shown in Table 3, the strongest positive correlate of the midterm examination grade was college GPA, and the examination grade was inversely related to the extent students enjoyed reading the textbook chapters covered on the test, the perceived instructional value of the reading assignments, and the time students invested in them.

The correlations reported in Table 2 indicate that the enjoyment of the interview assignment and the students' perceptions of its academic value were both positive correlates of the time invested in the assignment. In turn, as shown in Table 3, time investment was the strongest correlate of the grade received on the interview report.

Referring again to Table 2, the perceived value of the individual project was the only significant correlate of the time students invested in the project. However, as shown in Table 3, the enjoyment ratings of the project and college GPA were the strongest correlates of the grades students received when their projects were evaluated. In interpreting this finding, it should be noted that college GPA was significantly correlated with the enjoyment rating of the individual project ($r = .302, p = .015$). In contrast, college GPA was not systematically related to enjoyment of the reading assignments for the midterm ($r = -.037, p = .345$) or the interview assignment ($r = .010, p = .240$).

### TABLE 2

#### Correlates of Time Investments in Learning Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Enjoyment of Activity Rating</th>
<th>Value of Activity Rating</th>
<th>College GPA</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours spent reading textbook chapters for midterm exam</td>
<td>.237 (.049)</td>
<td>.195 (.086)</td>
<td>.264 (.030)</td>
<td>-.045 (.378)</td>
</tr>
<tr>
<td>Hours spent completing interview assignment</td>
<td>.256 (.035)</td>
<td>.359 (.005)</td>
<td>.406 (.002)</td>
<td>.040 (.390)</td>
</tr>
<tr>
<td>Hours spent completing individual project</td>
<td>.139 (.165)</td>
<td>.240 (.043)</td>
<td>.150 (.147)</td>
<td>-.070 (.313)</td>
</tr>
<tr>
<td>Percentage of classes attended in the course</td>
<td>.453 (.000)</td>
<td>.407 (.002)</td>
<td>.371 (.003)</td>
<td>.076 (.296)</td>
</tr>
</tbody>
</table>

*The probability of the correlation occurring by chance is presented in parentheses below the computed Pearson correlation coefficient. Coefficients with probabilities below the .05 level are highlighted.*
TABLE 3  
Correlates of Grades Received in the Introductory Retailing Course*

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Enjoyment of corresponding reading or project</th>
<th>Value of corresponding reading or project</th>
<th>Hours spent on corresponding reading or project</th>
<th>Percentage of classes attended</th>
<th>College GPA</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm Examination Grade</td>
<td>-.490 (.000)</td>
<td>-.339 (.008)</td>
<td>-.144 (.160)</td>
<td>.227 (.054)</td>
<td>.361b (.005)</td>
<td>.090 (.264)</td>
</tr>
<tr>
<td>Interview Assignment Grade</td>
<td>.347 (.006)</td>
<td>.306 (.014)</td>
<td>.564b (.000)</td>
<td>.344 (.006)</td>
<td>.405b (.001)</td>
<td>.085 (.274)</td>
</tr>
<tr>
<td>Individual Project Grade</td>
<td>.510b (.000)</td>
<td>.400 (.004)</td>
<td>.360 (.010)</td>
<td>.376 (.007)</td>
<td>.577b (.000)</td>
<td>.268 (.041)</td>
</tr>
</tbody>
</table>

*The probability of the correlation occurring by chance is presented in parentheses below the computed Pearson correlation coefficient. Coefficients with probabilities below the .05 level are highlighted.

bThe highest positive correlate(s) of the examination or project grade.

If overall GPA is interpreted as a general measure of ability, skill, motivation and commitment in college, it is not surprising that this variable was a consistently strong correlate of the three measures of academic performance listed in Table 3. On the other hand, classification as a second, third, or fourth year student was not a significant, or even noticeable, correlate of performance except in the case of the individual project.

CONCLUSION

Based on the results of this exploratory study, it is probably futile to try to determine "the" amount of variance in performance measures that can be explained by the extent students enjoy corresponding learning activities. If scores on specific tests or projects are used as the dependent measure in a series of analyses based on step-wise regression or another more sophisticated procedure, the amount of variance explained by measures of enjoyment for corresponding learning activities will probably vary from one measure of performance to another even if the effects of multicollinearity are taken into consideration in the analysis and interpretation of data.

The results of the research reported in this paper clearly suggest that the correlation between the extent students enjoy a learning activity and their performance on a corresponding test or project may vary in both direction and strength, depending on the type of activity and performance measure assessed. Furthermore, the importance of the enjoyment variable relative to other correlates may also change from one performance measure to another.

The enjoyment of attending class may be an important, if not direct, correlate of general academic performance in a marketing course. On the other hand, in the case of a specific, structured assignment, time investment may be a stronger determinant of measured performance than the extent students enjoy the assignment. In the case of a major, independent project, both the enjoyment of the project and overall GPA may be stronger correlates of performance than the time invested in the project. In still other cases, an enjoyment measure may be a weak or even negative correlate of performance. Consequently, further investigations should focus on determining how the importance of "entertainment" in marketing education varies from one type of learning activity to another. Through such research, we can determine when it is important to use enjoyable presentations and projects to facilitate learning and when it is not.

REFERENCES


ABSTRACT

"We believe that, relatively speaking, what accounting and finance could contribute to marketing has been neglected." (Shapiro & Kirpalini 1984, p. xv)

Virtually all marketing faculty have completed at least a minimum of course work in accounting and finance in pursuit of their terminal degrees. Many have enterprise experience in both operational and strategic processes, including significant involvement in financially based decision and control systems. Yet there is little evidence that few more than a handful have done anything to operationalize the general understanding and acknowledgement of the importance and potential for contribution of lessons from accounting and finance, especially in relatively sophisticated approaches. Unfortunately, there is no generally agreed on structure for the control of strategic marketing, a situation bemoaned by Hulbert and Toy (1977, p. 12). Their antidote was to recommend the use of the accountant's variance analysis to (1) facilitate the comparison of actual marketing performance with marketing plans, and (2) to set up an improved performance evaluation technique that anticipates that different variances, do, in fact, occur. This paper describes variance analysis, discusses some possible explanations for our collective suspected lack of follow through, provides a detailed example of its application that could be used as a classroom example, and encourages us to teach its use in our courses.

Variance analysis basics

Most managers compare their organization's performance with plans, very frequently expressed in a budget. The difference between performance and plan is investigated when significant, so that responsibility can be determined and corrective action taken, or at least understanding gained to minimize the probability of doing the wrong thing more than once. Accountants call deviations from plans variances. Control is facilitated by decomposing variances into several useful parts. Variance can be caused by poor information, so variance analysis is based on ex post information, or what should have happened, rather than on ex ante information, what was known when the plan was made.

Departures from plans can be caused by myriad factors, such as unrealistic management expectations for new products, "sandbagged" sales targets from sales staff, shifts in competitor’s strategies, ineffectve promotional mixes and messages, and many other external and internal moderating forces, resulting in outcomes which are unforeseen in terms of strength or timing (Bentz and Luch 1980, p. 18).

It is also possible to achieve targets that in themselves were inappropriately low, and thus it becomes important to determine whether the variances are due to unrealistic plans or poor performance (Guiliano and Paul 1982, p. 340). In most cases differences are assignable, permitting elimination of the cause. In some cases, variations are random. With random variations, it is advisable to establish limits which would signal the need for process or standard revision (O'Neill et al 1965, p. 281). A major weakness of historical accounting is that the variances produced by the system may be due to difficulties in conceptualization, implementation or both (Wilson 1974 p. 119).

Why it is not commonly used in marketing

Variance analysis is not new, and it is commonly used in the production management field for direct labor and material cost control. So why not in marketing? Obviously, marketing is a substantially more behavioral science than is management science. Yet many marketing practitioners and most marketing faculty are literate in sophisticated methods of analysis in marketing research. So lack of use should not be based on mere fear of numbers.

Marketing practitioners tend to do that which is expected of them in the work place. Oftentimes this takes the form of routine activities, many of which are learned on the job. In most organizations, there is little frank discussion of failures among managers of different departments. After all, its bad enough to face the boss, let alone one's peers. And there is little room for diffusion of innovation from new employees with recent schooling, because new employees are less likely to be involved in review and control activities than more senior colleagues. Perhaps by the time new employees work their way up to positions responsible for strategic control, they have forgotten those lessons that they haven't put to use up to that time. But in most cases, they probably weren't exposed to practical techniques such as variance analysis in their course work.

Where does something like variance analysis fit in the marketing curriculum? In traditional approaches, it simply hasn't. We tend to teach courses required in the major, and perhaps a few in special areas of personal interest. Contributions from accounting and finance simply don't fit in traditional functional areas of the marketing mix such as product development or management, sales promotion, personal selling and sales management, advertising, or even pricing. We teach principles, marketing management and strategic marketing, often employing case methods at higher levels to provide practice in application of concepts to help solve complex problems. And we are myopic in only applying lessons
from marketing in solving marketing problems.

Lee Adler (1967) warned corporate America that a
good many marketing men, in the deepest recesses of
their minds, are artists, not analysts. For them,
he suggests, marketing is an art form, and they
really don’t want it any other way. It is his ex-
plicit opinion that their temperament is antipath-
etic to system, order and knowledge, and that they
enjoy flying by the seat of their pants, though it
would be impossible to get most to adopt it. He
goes on to posit that these marketing men revel in
chaos, abhor facts, and fear research, loving to
spend, but are loath to assess the results of their
spending. Obviously, he’s not talking about any of
us, is he?

A gross profit variance illustration

In the fictitious Lay’s Silicon Chips Company, the
firm produces a model 8086-2 chip with a gross
margin budgeted at $20.00 each, and a newer 8086
with a gross margin budgeted at $30.00 each. Sales
and performance are as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Actual sales</th>
<th>Budgeted gross profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>8086-2</td>
<td>12,000 x 22.00 = $264,000</td>
<td>12,000 x 20.00 = $240,000</td>
</tr>
<tr>
<td>8086</td>
<td>8,000  x 31.50 = 252,000</td>
<td>12,000 x 30.00 = 360,000</td>
</tr>
<tr>
<td>Total</td>
<td>$516,000</td>
<td>$590,000</td>
</tr>
</tbody>
</table>

Gross profit variance = $590,000 - $516,000 = $74,000

Three factors give rise to the favorable profit
variance: changes in gross profit per unit, shifts
in projected relative volume, and changes in sales
volume. The following illustration isolates these
three factors:

<table>
<thead>
<tr>
<th>Product</th>
<th>Actual results</th>
<th>Price variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>8086-2</td>
<td>12,000 x 22.00 = $264,000</td>
<td>12,000 x 20.00 = $240,000</td>
</tr>
<tr>
<td>8086</td>
<td>8,000  x 31.50 = 252,000</td>
<td>8,000  x 30.00 = 240,000</td>
</tr>
<tr>
<td>Total</td>
<td>$516,000</td>
<td>$590,000</td>
</tr>
</tbody>
</table>

Mix variance = $516,000 - $590,000 = $74,000

<table>
<thead>
<tr>
<th>Product</th>
<th>Actual results</th>
<th>Volume variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,000</td>
<td>$20.00 x 11,000 = $220,000</td>
<td>1,000 x 20.00 = $20,000</td>
</tr>
<tr>
<td>11,000</td>
<td>$30.00 x 11,000 = $330,000</td>
<td>1,000 x 30.00 = $30,000</td>
</tr>
<tr>
<td>Total</td>
<td>$550,000</td>
<td>$530,000</td>
</tr>
</tbody>
</table>

Price variance = $516,000 - $220,000 = $296,000

Mix variance = $530,000 - $550,000 = (<22,000)

Volume variance = $528,000

In the second column, labeled price variance,
volume and sales mix have been held constant
with the actual results, but the budgeted gross profit
per unit has been used. Had the units been sold at
the forecast profit levels, total profit would have
been $39,600 less, that is, the $39,600 is a price
variance attributable to higher than predicted
gross margin per unit.

This so called price variance does not address the
effect of the shifting sales mix or volume
change. By keeping actual quantity sold at 12,000
+ 8,800 = 22,000 but changing the sales mix to
planned equal proportions, the impact on gross pro-
fit of the shift in sales mix is isolated. Had
actual sales been at budgeted levels, average gross
profit per unit would have been $396,000 / 22,000 =
$22.00.

In the mix variance column, it is assumed that the
actual total sales volume of 22,000 units was sold
in the projected fifty / fifty mix. Half the units
would be 8088s, and the other half would be 8086s.
Average gross profit per unit would then be
$550,000 / 22,000 = $25.00. Therefore a $22,000 re-
duction in profit can be attributed to an unfavorable
shift in sales mix: (25-22) x 22000 = $66,000, or
$550,000 - $528,000 = $22,000.

The volume variance represents the change in gross
profit due to selling more or fewer units than
planned. By holding sales mix and gross profits per
unit constant and the changing volume from the
actual level to the planned level, the change in
gross profit due to volume changes can be calculated
by

Note that the total gross profit variance equals the
sum of the three variances: ($39,600 + $90,000 +
$22,000 = $67,000.

Volume variance: a closer look

The $50,000 favorable volume variance is certainly
welcomed by Lay’s Silicon Chips management, but
must be interpreted with caution. It might not be
a good indicator of performance. To determine if
the sales force should be commended for doing a terrific
job, it is necessary to look a little closer.
Assume that the marketing department forecast the
total market at 1,000,000 units, and that the firm
would capture a 20% share. Now further assume that
market growth was actually substantially greater
than forecast, say to 1,320,000 units. A revised
flexible budget then would reflect the following:

Actual Market Size X Forecast Market Share X
Forecast Gross Profit Per Unit = Expected Gross Margin

1,320,000 X 20% X $25.00 = $650,000.

Obviously, the actual gross profit of $567,600 is a
far mark off the expected profit.

The volume variance can be further decomposed into a
market share component and a market volume component.
This is advised because the sales force has no
direct responsibility for increased or decreased
sales due to changes in the overall size of the
market.

1,320,000 X 16.67% X $25.00 = $550,000
1,000,000 X 16.67% X $25.00 = 416,667
1,000,000 X 20% X $25.00 = $500,000
Size variance equals $550,000 - 416,667 = $133,333
Share variance equals $416,667 - 500,000 = (-33,333)
Total variance equals $133,333 - (-33,333) = $50,000
As before, the left side shows budgeted gross profit at the actual volume and actual market share (22,000 units sold divided by market volume of 1,200,000 = 16.67%). To determine the effects on gross profit attributable to market growth, market share and budgeted gross profit per unit are held constant. These factors are multiplied by the planned market size and actual market size:

<table>
<thead>
<tr>
<th></th>
<th>PLANNED MARKET SIZE</th>
<th>ACTUAL MARKET SIZE</th>
<th>PLANNED GROSS PROFIT PER UNIT</th>
<th>ACTUAL GROSS PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200,000</td>
<td>10.67%</td>
<td>12.67%</td>
<td>$27.60</td>
<td>$27.60</td>
</tr>
<tr>
<td>1,200,000</td>
<td>10.57%</td>
<td>12.57%</td>
<td>$27.50</td>
<td>$27.50</td>
</tr>
</tbody>
</table>

The difference between (1) and (2) above represents the gross profit caused by market growth. If the market grew by 320,000 units above forecast, then gross profit should have been $550,000, not the actual of $567,600, given an actual market share of 16.67%.

A portion of the volume variance is the result of the actual market share of 16.67% falling short of the planned 20% penetration. The drop in market share cost the company $83,333. (shown before) which is the difference as illustrated next.

<table>
<thead>
<tr>
<th></th>
<th>PLANNED MARKET SIZE</th>
<th>ACTUAL MARKET SIZE</th>
<th>PLANNED GROSS PROFIT PER UNIT</th>
<th>ACTUAL GROSS PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200,000</td>
<td>10.67%</td>
<td>12.67%</td>
<td>$27.60</td>
<td>$27.60</td>
</tr>
<tr>
<td>1,200,000</td>
<td>10.67%</td>
<td>12.67%</td>
<td>$27.60</td>
<td>$27.60</td>
</tr>
</tbody>
</table>

The overall volume variance did not seem significant until it was decomposed. In this example, market growth had a reduced market share. The share variance points out the need for further investigation. Was the variance the result of a complacent sales force easily making its quota in a rapidly expanding market? Were increased prices a factor? Share variance cannot provide definitive answers, but it does provide a useful mechanism to ask such questions.

**Ex post analysis**

Variances merely indicate deviations from plans, but plans by their very nature are often obsolete. The prolific management writer Peter Drucker (personal class notes, 1979) claims that it is impossible to forecast, and precisely because we can't forecast, it is necessary to plan. Some portion of variances may be due to excellent or poor performance. An ex post plan represents what the original plan would have been, if it included unforeseen events that altered the ultimate outcome. This type of revision permits management to separate each variance into two parts, a part attributable to performance and a part attributable to defective planning.

Returning to the example of the silicon chip industry, assume that one firm has a dominant fifty percent market share. Lay's Silicon Chips has specialized in the low end of the market by focusing on lower prices, generally discounting prices ten percent below the industry leader. Lay's had planned on actual revenue and manufacturing expenses as follows for its 8088 chip:

<table>
<thead>
<tr>
<th></th>
<th>PLANNED</th>
<th>ACTUAL</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELLING PRICE</strong></td>
<td>$50.00</td>
<td>$54.00</td>
<td>$4.00</td>
</tr>
<tr>
<td><strong>MANUFACTURING EXPENSE</strong></td>
<td>$30.00</td>
<td>$34.00</td>
<td>$4.00</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>$20.00</td>
<td>$20.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

In this example the planned selling price was based on the assumption that the major competitor would hold the price at $55.00 per unit. To bolster domestic production of silicon chips, further assume that the government has placed a very high tariff on imported chips. The dominant competitor raised their selling price to $57.00 per unit for their nearly identical 8088 chip in response to the new tariff. Had Lay's marketing department been able to anticipate the new tariff and the resulting strong prices, the adjusted planned selling price for the 8088 would have been $57.00 - 10% = $51.30 per unit.

Overtime was required to meet the increased domestic demand, resulting in unit production costs increase of $.60. Had these events been incorporated in the original budget, the gross profit would have been: selling price $51.30 - manufacturing expenses of 30.60 = per unit gross profit of $20.70. The favorable price variance of $26,400 may be decomposed into the following components:

<table>
<thead>
<tr>
<th></th>
<th>122,000</th>
<th>$22.00</th>
<th>$230,400</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Performance</td>
<td>122,000</td>
<td>$22.00</td>
<td>$230,400</td>
</tr>
<tr>
<td>Price Forecasting</td>
<td>122,000</td>
<td>$22.00</td>
<td>$230,400</td>
</tr>
</tbody>
</table>

Lay's Silicon Chips performance variance indicates the difference between real gross profit resulting from actual prices and ex post gross profit that would have been planned had the marketing department been present with respect to the tariff and its competitive reaction. Price increases have caused the ex post level by $17,160.

The difference between the ex post planned profit and the ex ante planned gross profit is a forecasting variance. The $9,240 variance shows the impact on gross profit from the higher prices resulting from the tariff.

The market size and share variances just shown can be subdivided into performance and forecasting variances with the aid of an ex post plan. In continuing this illustration, suppose that the tariff caused the domestic demand to grow by fifteen percent, and that Lay's captured ten percent of that growth. Separation of performance and forecasting variances follow.

<table>
<thead>
<tr>
<th>SIZE</th>
<th>SHARE</th>
<th>G.P./UNIT</th>
<th>G.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200,000</td>
<td>16.67%</td>
<td>$25.00</td>
<td>$350,000</td>
</tr>
<tr>
<td>1,100,000</td>
<td>16.67%</td>
<td>$25.00</td>
<td>$479,167</td>
</tr>
<tr>
<td>1,000,000</td>
<td>16.67%</td>
<td>$25.00</td>
<td>$416,667</td>
</tr>
<tr>
<td>1,000,000</td>
<td>16.67%</td>
<td>$25.00</td>
<td>$416,667</td>
</tr>
<tr>
<td>1,000,000</td>
<td>16.67%</td>
<td>$25.00</td>
<td>$416,667</td>
</tr>
</tbody>
</table>

**MARKET SIZE** | **MARKET SHARE** | **PERFORMANCE** | **FORECASTING** | **VARIANCE** | **VARIANCE** | **VARIANCE** | **VARIANCE** |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$550,000(a)</td>
<td>$479,167(b)</td>
<td>$416,667(c)</td>
<td>$438,000(d)</td>
<td>$50,000(e)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$70,683</td>
<td>$62,500</td>
<td>$2,133</td>
<td>$2,133</td>
<td>$2,133</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total market share variance = $133,333
Total volume variance = $483,333
Lay’s forecasters had predicted a market size of 7,000,000. The tariff caused a fifteen percent increase (1,100,000). Had the tariff not been adopted, total market size would have been 1,320,000 - 1,150,000 = 1,170,000. An investigation should be conducted to determine the cause of the seventeen percent unexplained market growth or variance due to a poor forecast. While it is unrealistic to expect pinpoint accuracy, a more accurate forecast is very desirable to support planning, budgeting, production, inventory and control. Favorable size variances are not necessarily good, nor necessarily bad. Large major market size variances can be damaging whether they are favorable or unfavorable. Significantly favorable differences may result in stock outs, rush orders, overtime, lower product quality, etc., and significantly unfavorable size variances may result in excessive production, inventories, returns, layoffs, and so forth.

The market size forecasting variance of $62,500 (B - C) is a direct result of the tariff and subsequent price leader reaction. Forecasters should not be held accountable for this portion of the size variance. The market size forecasting variance represents the difference between the ex post planned gross profit of $479,167 and the planned ex ante gross profit at the actual market share of $416,667.

In a similar manner, Lay’s market share can be revised to see what would have happened without the tariff. The following calculation demonstrates removing this effect:

<table>
<thead>
<tr>
<th>Sales volume</th>
<th>Growth due to tariff</th>
<th>Volume without tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market</td>
<td>1,320,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Lay's S.C.</td>
<td>220,000</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>204,000</td>
</tr>
</tbody>
</table>

The unfavorable market share variance was displayed earlier, and is decomposed into two parts. The unfavorable $21,333 market share forecasting variance has resulted from capturing only ten percent of the market growth due to the tariff, rather than Lay’s regular target of twenty percent. Without the growth, Lay’s market share would have been 205,000 / 1,170,000 = 17.52%.

The market share performance variance has cost Lay’s $82,000 in lost profit. Even without the unforeseen tariff imposition, market share would have dropped substantially. Management should attempt to find out why. Now that the effects are known from variance decomposition analysis, management can seek the causes to result in improved future performance.

A call to action

Variance analysis is not very complex. It is well within the competence of most marketing faculty. It has demonstrated value for improving strategic marketing control. It does fit in the traditional marketing curriculum, but like other new material, variance analysis requires some explanation, modeling or demonstration, and practice. It is our experience that it is useful in marketing management and strategic marketing classes, and agreeable to students. Consulting clients have found its application to be beneficial in fixing responsibility and improving performance. Variance analysis then is not as complex as it sounds, is effective, fits in the curriculum, and is accepted by students and practitioners alike.

"Marketing program performance variances are the key to isolating deviations between expected and actual performance. In strategic control, a new focus is the assignment of variances to the functional marketing program and to planning. Strategic marketing control integrates marketing information concepts, the marketing audit and variance analysis to provide information to all management levels." (Niedell 1983, p. 510)

Variance analysis should be in every marketing manager's tool box. Let us insure they know how to use it.

REFERENCES


MARKETERS' PERCEPTIONS AND EVALUATIONS OF CORPORATE INTELLIGENCE GATHERING TECHNIQUES

Helena Czepiec, California State University, Hayward
William Cohen, California State University, Los Angeles

ABSTRACT

Purpose of Study

This study sheds new light on the extent and ethics of gathering corporate intelligence. It attempts to measure the extent to which business people in large corporations believe that their own as well as other companies use competitive intelligence gathering techniques. It also analyzes whether the respondents view these techniques as being ethical and to what extent their views are shaped by the corporate culture. Previous studies have found mixed results when assessing the ethical beliefs of business practitioners. Some studies have found that managers and those being managed agree about the ethicality of certain marketing research activities but not of others (Carroll, 1975, Crawford, 1970). Ferrell and Weaver (1978) found that employees considered themselves as more ethical than their top management in specific business practices.

To determine whether there is a relationship between employee ethics and company practices, three hypotheses are tested:

1) There is no difference between the practices the company uses for collecting competitive intelligence and the practices the employees would condone.

2) There is no difference between the ways in which businessmen believe their own companies collect competitive information and ways other companies do so.

3) There is no difference between the practices the business people say they would perform and what they believe that other companies do.

The data is based on questionnaires administered to 451 participants in seminars on gathering competitive intelligence, conducted by Washington Researchers.

Each participant was asked to evaluate seven alternatives competitive intelligence gathering strategies. These include:

1) posing as graduate student working on thesis.
2) calling the V.P. while s/he is at lunch, hoping to pump the secretary for information.
3) calling the competitor's suppliers and distributors, pretending to do a study of the entire industry.
4) posing as a student job seeker to learn recruiting practices and some other general information about the competitor.
5) posing as an agent from a manufacturer looking for a site similar to the one that the competitor supposedly would need.
6) cornering a competitor employee at a national conference, and plying him/her with liquor.
7) finding an informant in competitor company.

Findings

Hypothesis 1 is accepted. For all but two of the alternatives (1) posing as a graduate student and (2) posing as private research firm to conduct a survey of competitors, there is no significant difference in the percent of practitioners who would use the technique and the percent who report that their employers would use it.

Practitioners seem to bring in line their views of what is acceptable with what they perceive to be the company's standards. What is difficult to determine, however, is whether the employees are imposing their standards on the corporation or vice versa.

Hypothesis 2 is rejected. Practitioners believe that other companies are much more likely to engage in all the competitive intelligence gathering techniques described than are their own employers.

Hypothesis 3 is also rejected. Practitioners believe that other companies are much less ethical than they are. In all cases a significantly higher percentage of practitioners believe that the competition use the techniques than admit to having used the techniques themselves.

Summary

In sum, practitioners are sensitive indeed to the importance of collecting competitive intelligence. They will become involved as long as the technique is neither blatantly ineffective nor illegal. Generally practitioners will utilize such techniques as they believe acceptable in their company. However, in some instances the practitioners are even more eager to engage in specific activities than they believe the companies they work for to be.

References

Carroll, Archie B. (1975); "Managerial Ethics: A Post Watergate View," Business Horizons (April), 79.
ABSTRACT

Unlike most previous price-quality studies which have been based on a broad classification scheme of lumping products into durables and non-durables, the present study has extended research in this area by investigating price-quality relations from the consumer involvement perspective. Results have provided some empirical evidence and explanation on the confusion of conflicting findings of the previous studies.

INTRODUCTION

Consumer perception of price has been a perennial concern to many marketers. During the last four decades a series of studies have investigated the relationship between product-price and its perceived quality (Scitovsky 1944-45; McConnell 1968; Gerstner 1985). Implicitly or explicitly, these studies have been based on the theory that price differentials would induce consumers to perceive differences in quality despite the homogeneity of the products involved. Central to this theory is the concept that consumers impute quality on the basis of price when no additional product-attribute cues are available to them.

Although research findings are not yet conclusive, the preponderance of evidence suggests a positive relationship between price and perceptions of product quality, at least within some price ranges and for some product categories. According to the studies of Oxenfeldt (1950), Riess (1979), Venkataraman (1981), and Geistfeld (1982), durables have generally exhibited a stronger relationship between price and quality than non-durables which have frequently demonstrated a weak or negative relationship. These studies have concluded that quality-price relations are product-specific and weak in general. Gerstner (1985) concurred with these previous findings in a recent study and bemoaned the dearth of theories capable of explaining how such a weak quality-price relation in general could persist.

The disparity and inconsistency of the research findings may stem from the conceptual underpinnings of the previous studies. The common and underlying assumption in these studies is that, unlike non-durable goods, durable products represent to the consumer a high risk and, therefore, an important purchase situation.

Durable and non-durable dichotomy of product classification may obscure the consumer's perceived importance of certain products.

Although beer, blue jeans, coffee, and pain remedy are classified as non-durable products, studies by Hupfer and Gardner (1971), DeBruicker (1979), and Lastovicka and Gardner (1979) in the area of involvement theory have indicated high consumer involvement with them and, therefore, these products also qualify as important items.

The concept of involvement is, therefore, consumer related, not strictly product related. Thus, a product is classified in terms of the consumer's familiarity with it, evaluation of its importance, and in terms of his or her identity with it.

In view of the relevancy of the involvement model to consumer behavior, the purpose of this study is to determine the relationship of varying price levels and product classes to perception of quality in low- and high-involvement situations.

More specifically, the following two hypotheses were tested:

$H_1$ perceived quality will not vary significantly with different levels of stated price for low-involvement products.

$H_2$ perceived quality will vary significantly with different levels of stated price for high-involvement products.

METHOD

Subjects

In order to inject more realism into otherwise a laboratory experiment, the study was conducted at a large shopping mall. Two hundred adult shoppers were chosen at random as the patrons were either entering or leaving the premises. The sample consisted of 105 males and 95 females.

Experimental Products

To avoid the shortcomings of defining certain products as low or high involvement by any objective characteristics of the good itself (like in any product classification system) Lastovicka (1979), homogeneous consumer perceptions and behaviors were used for determining the involvement classification of the experimental products.

Consistent with Lastovicka and Gardner's (1979) scaling approach, sixty shoppers in a pilot study were asked to agree or disagree with twenty-two statements about five products including canned beans, wine, booster cables, wrist watches, and portable stereo radios. The statements indicated involvement with the product in terms of familiarity, commitment, and normative importance dimensions; for example, "I use this product to
help express the 'I' and 'me' within myself" (normative importance or self identification); "I understand the features in this product class well enough to evaluate the brands" (familiarity); "if my preferred brand in this product class is not available at the store, it makes little difference to me if I must choose another brand" (commitment).

Factor analysis was applied to the responses to the involvement indicator statements. The product mode factor matrix is shown in Table 1.

### TABLE 1

**FACTOR LOADING FOR THE FIVE PRODUCTS, K MODE (VARIMAX ROTATED)**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Low Involvement</th>
<th>High Involvement</th>
<th>Special Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canned Beans</td>
<td>.435</td>
<td>.039</td>
<td>-.047</td>
</tr>
<tr>
<td>Wine</td>
<td>.128</td>
<td>.348</td>
<td>-.073</td>
</tr>
<tr>
<td>Booster Cables</td>
<td>.274</td>
<td>.131</td>
<td>.082</td>
</tr>
<tr>
<td>Wrist Watches</td>
<td>-.070</td>
<td>.637</td>
<td>-.038</td>
</tr>
<tr>
<td>Portable Stereo Radios</td>
<td>-.044</td>
<td>.519</td>
<td>.157</td>
</tr>
</tbody>
</table>

The analysis produced three groups of products. In the first column, the products with high positive numbers represent low involvement products: canned beans and booster cables. These products may qualify as everyday products which are not important and are not expressions of self-identity.

The high positive numbers in the second column represent high involvement products: wine, wrist watches, and portable stereo radios. Although these are everyday products, they are expressions of the life styles and identities of the shoppers surveyed.

The third column represents the special interest (or enthusiast) products. All of the items in this factor had low to negative loading. These products are not represented by importance and, therefore, they cannot be characterized as either low- or high-involvement items.

Only two products with the highest loadings were chosen for this study in an attempt to limit each interview to around 15 minutes. The product categories used in the experiment were canned beans and wrist watches representing low-involvement and high-involvement products, respectively. It was decided to restrict Ss range of choice to two levels of price, namely high and low.

To hedge against extraneous influences of brand image and Ss experiences with actual brands, two identical but fictitious brands of each product were priced at low and high levels within the price range of the surrounding local stores and markets. The typical price for canned beans ranged from 29 to 85 cents, while the range for a non-disposable wrist watch ran from $35 to $380. Through the same pilot study (conducted to determine product involvement), shoppers were asked to rate five price levels for each of the pre-experimental products on a five-point scale spanning choices of responses from "very low price" to "very high price." According to the data obtained, canned beans was priced 35c for low and 75c for high price; while the wrist watch was priced $45 for low and $360 for high price.

**Procedure**

The experimental design was a 2x2 factorial. Two products were used, one representing high-involvement and another one a low-involvement product. Each of these products had a low and a high price counterpart.

Shoppers were randomly assigned to one of four treatments. The actual purpose of the research was disguised under the pretense that the respondents were providing information to help either a watch manufacturer or a food processor (as the situation dictated), select appropriate marketing strategies for their products.

Four different questionnaires were used to generate the data for the study: one questionnaire for each of the two experimental products, and one questionnaire for each of the two price levels.

The Ss were first shown the product and then its corresponding questionnaire was administered to record the S’s beliefs about the dependent variable (i.e., perceived quality) on a seven-point scale.

The questionnaire format was based on multi-attribute attitude model in which attitude toward a stimulus object was determined by the importance weight Ss assigned to the product attributes times Ss brand beliefs. In this study the selected attributes which impone quality for canned beans were water content, sweetness, tenderness, and freshness. As for the wrist watch, the attributes indexing quality included design, accuracy, durability, and dependability.

After the Ss had rated the importance of the attributes, they were asked to indicate on a separate scale the degree or amount of the attribute they believed the product possessed. For example, Ss were asked first to rate the "importance of tenderness in canned beans" on a 7-point scale ranging from "not very important," "somewhat important," to "very important." Then Ss were requested to rate the quality of the canned beans at either low or high price by indicating their responses on a 7-point scale ranging from "very tough," "fairly tender," to "very tender."
RESULTS

Perceived quality was used as the dependent variable in a series of analysis of variance. The mean scores of the four treatments are presented in Table 2.

| TABLE 2 |
| MEAN SCORES OF PERCEIVED QUALITY OF THE TWO EXPERIMENTAL PRODUCTS AT TWO PRICE LEVELS |
| Price Level | Low | High |
| Involving | 58.3 | 85.74 |
| High Involving | 113.68 | 158.52 |

One-way analysis of variance was applied on the attitudes toward the perceived quality of the experimental, low-involving products. Results did not indicate significant main effects for the two price treatments ($F = 0.72$, $df = 1, 98$, $P = 0.5$) as is shown in Table 3.

| TABLE 3 |
| ANALYSIS OF VARIANCE OF LOW-INvolVEMENT PRODUCT QUALITY PERCEPTION |
| Source of Variation | Sum of Squares | d.f. | Mean Square | F-Ratio |
| Between price treatments | 1005.3 | 1 | 1005.3 | 0.72 |
| Unexplained | 136,985.7 | 98 | 1383.69 |
| Total | 137,991 | 99 |

$p = .05$

There is no statistically significant difference between the two price treatments. The data, thus, supports $H_1$ in that perceived quality of the canned beans did not vary significantly with price in the low-involving product situation.

Another one-way analysis of variance was applied on the attitudes toward the perceived quality of the experimental, high-involving products. This time the results showed significant main effects for the two price treatments ($F = 46.77$, $df = 1, 98$, $P = 0.5$) as reported in Table 4. In other words, perceived quality varied significantly with price for the high-involving product. The high priced watch received considerably greater quality ratings than the same watch at the relatively lower price.

| TABLE 4 |
| ANALYSIS OF VARIANCE OF HIGH-INvolVEMENT PRODUCT QUALITY PERCEPTION |
| Source of Variation | Sum of Squares | d.f. | Mean Square | F-Ratio |
| Between price treatments | 18,824.48 | 1 | 18,824.48 | 46.77* |
| Unexplained | 39,428.52 | 98 | 402.33 |
| Total | 58,253 | 99 |

$p = .05$

Therefore, the data strongly supports $H_2$.

To test whether a significant difference existed between the means of the four groups, a final analysis of variance was performed. The outcome of this analysis has further corroborated the statistical results obtained from the preceding analysis of each product category. The price treatments indicated significant main effects ($F = 99.70$, $df = 1, 196$, $P = .05$). See Table 5.

| TABLE 5 |
| ANALYSIS OF VARIANCE OF HIGH- AND LOW-INvolVEMENT PRODUCT QUALITY PERCEPTION |
| Source of Variation | Sum of Squares | d.f. | Mean Square | F-Ratio |
| A (Price) | 65,304.98 | 1 | 65,304.98 | 99.70* |
| B (Product) | 205,312.32 | 1 | 205,312.32 | 313.47* |
| A B (Interaction) | 3,784.50 | 1 | 3,784.5 | 5.79* |
| Error | 128,371.48 | 196 | 654.96 |
| Total | 402,773.28 | 199 |

$p = .05$

The analysis also produced significant difference in the perceived product quality of the experimental products ($F = 313.47$, $df = 1, 196$, $P = .05$). The interaction effect was also significant which implied that the price treatment effects were dependent on the type of products ($F = 5.79$, $df = 1, 196$, $P = 0.5$).

DISCUSSION

The results of this study based on the involvement theory indicate that price was used by shoppers as a proxy for quality in evaluating a high-involving product. As perceived the higher priced wrist watch as being superior in quality than its lower priced, but physically identical,
counterpart. However, in the low-involving product category, Ss did not seem to use prices for quality imputation. The quality of the higher priced canned beans was not perceived to have posed greater quality than the same, but lower priced, twin product.

Although these findings are consistent with several of the previous studies, the difference lies in the choice of theoretical framework.

Previous studies have pigeonholed products into two broad categories based on their objective characteristics either a priori or posteriori while discussing the findings. Such a classificatory approach is independent of the consumer’s perception and decision process.

The degree of consumer involvement in a product category is being increasingly accepted as an important variable germane to the matrix of most marketing activities. Rothschild (1979), Vaughn (1980), Ray (1982) and a host of others have recognized the extent of consumer involvement in a product category as being vitally relevant to advertising strategy. Laurent and Kapferer (1985) have also suggested that the involvement concept can be used effectively to segment the market.

Depending on their level of involvement in a product, consumers apparently differ in their perception of its marketing mix attributes. Therefore, before formulating any price strategies, it would be essential first to determine how a target market or an experimental group view the products (i.e., low- or high-involving).

The equivocal findings of the previous studies could be artifactual due to the inappropriateness of the theoretical foundation used. To establish reliability of results, future research investigations on price-quality relations should preferably be carried out from the consumer involvement view.

REFERENCES


ABSTRACT

The current shortage of qualified marketing faculty is discussed. Solutions to this shortage are suggested including retooling of educators in other disciplines; recruiting of marketing professionals who are currently employed in nonacademic institutions; and changing the reward structure of universities in order to offer competitive salaries.

INTRODUCTION

Why are there six marketing faculty positions available for every qualified applicant? What can be done to solve this nationwide shortage? In this paper I will review the potential sources which could produce qualified applicants for the hundreds of unfilled positions.

The problem is well known and bemoaned by all business school administrators: the current demand for marketing educators far exceeds the supply and business schools continue to project an increased need for marketing faculty. But while the demand for qualified faculty increases, many of our colleagues are leaving academia for the greener pastures of industry and government. The problem is particularly acute because, according to the American Assembly of Collegiate Schools of Business (AACSB), the production of new Ph.D.s in marketing is not even sufficient to fill the existing and anticipated job openings (Newline, 1985).

This problem is not felt equally by all business schools. While some have over half of their authorized positions unfilled, there are many which are reasonably well staffed. But even those with a reasonably staffing situation cannot help but notice that more than a few prestigious schools have lost a substantial portion of their faculty in a single year.

The available responses to the marketing faculty shortage can be categorized as retooling, recruiting and rewarding. I will point out the difficulties and advantages of each.

RETOOLING

The group with the highest potential for retooling consists of educators in other disciplines. For current Ph.D.s two considerations will affect whether the retooling option will attract their interest: whether their current discipline is applicable to marketing and the "softness" of the demand for their existing area of expertise. Social scientists, especially psychologists, have already shown their capability to become marketing faculty. From similar disciplines some formal course work or post-doctoral study programs could bring existing faculty into the marketing fold. This is one area where the American Marketing Association (AMA) could play an important role by either stimulating or developing educational programs which are designed to retool nonmarketing faculty. Interaction with the AACSB to ensure that such faculty are qualified to teach marketing would be essential if such a program was undertaken by the AMA.

An example of a retooling program was run by Tennessee Technological University, Cookeville during the Summer of 1982. In an attempt to increase the supply of business educators, a six-week, intensive program was established to give a crash course in business to a pilot group of 10 professors from liberal arts and science. The program participants also were encouraged to continue their retooling after the course by conducting research with business faculty, writing articles for business journals and taking additional courses in a business discipline (Whalen, 1983).

In evaluating the courses, administrators at Tennessee Tech noted that nine of ten who participated have decided to enter business education. They were either already teaching business courses or planning to do so in the future.

For any such program a key question is what category of retooled faculty can be happy and productive? Younger faculty are probably better candidates because they will not have to give up rank and tenure if they switch fields. Those in disciplines which are closely related to marketing will have an easier time transferring. For example, social scientists and mathematicians could be expected to acclimate more readily than engineering or education faculty (Fisher and Garrett, 1984).

NONACADEMIC RECRUITING

Of course, the major recruiting activity for any marketing department is concerned with attracting doctorally qualified faculty from other universities or from the supply of new Ph.D.s. This is the talent pool from which we traditionally fill our open positions. But why are we not trying to reverse the flow of marketers from business schools to industry by nonacademic recruiting efforts. This is "the best defense is a good offense" strategy which focuses on finding qualified or close to qualified faculty in industry or government. With it is inevitable that some marketing faculty will leave the teaching profession, there are many marketers in industry who are ready and qualified to handle a full-time or part-time teaching load.

The problem is how to recruit from those who are busily and successfully recruiting from you? First we must make people aware of their potential as faculty members. In many cases these practitioners do not consider teaching because they have never been recruited for these positions. Another problem
with this approach is the academic preparation of most marketing practitioners. They have the hands-on experiences but need a strong dose of marketing theory and probably an exposure to a wider scope of marketing areas than they are likely to have gained in their private sector or government careers.

This is another retooling task in which the AMA, in cooperation with some major universities, could have an impact. Focused educational programs would allow practitioners to develop their competence in marketing theory and broaden their base of marketing knowledge. I am not suggesting that we promote non-doctorates into regular faculty slots. However, the competence level and size of the potential pool of part-time and non-tenure-track faculty could be enhanced substantially by non-degree retooling efforts. AACSB accreditation standards severely restrict the number and types of non-doctorates who can be recruited. But these standards are becoming less restrictive so that each marketing program must review its current status to see if nonacademic recruiting could provide new faculty resources.

REWARTING

Insufficient rewards is probably the major reason for the faculty shortage in marketing. Both current and new faculty have to forego substantial additional salary if they choose to teach rather than take a nonacademic position. Some universities can pay a differential to faculty in high demand disciplines such as marketing. Others, including some of the large state supported institutions, are unable to go "above scale" to pay competitive salaries. On these campuses, administrative or personnel committees must be persuaded that the laws of supply and demand also apply to the academic marketplace.

CONCLUSION

Solving this marketing faculty shortage will require different responses from each university. The major research universities and the small teaching institutions required different background and skills for their faculty and therefore each of the alternatives I have suggested will not have the same applicability to each school.

Larger research institutions should be able to use all three of the options. An influx of retooled faculty and educators recruited from industry will be better accommodated when there is a larger core of existing faculty with traditional marketing training. In these situations AACSB standards will not be compromised if a relatively small portion of faculty have non-business degrees. The flexibility of the reward structure is also likely to favor larger institutions. However, in smaller institutions a persuasive Business School Dean may be able to get approval for better salaries more easily than the Dean in an institution where a lock-step academic salary schedule may leave little room for negotiating off-scale salaries.

REFERENCES


Whalen, B. (1983), "Retooling: Can a History Professor Teach Marketing?" Marketing News (August 5).
An attitude is often described as consisting of three components, namely the cognitive, affective, and conative components. The cognitive component refers to an individual's awareness and understanding of a stimulus. The emotional aspects of an attitude are described by the affective component (i.e., interest, evaluation, feeling, conviction, and yielding). Finally, an individual's tendencies toward action relate to the conative component (i.e., intentions and behavior). Although theorists agree to the existence of the three components, they disagree to the manner in which the components are related to each other. It is not clear whether the components are related in a hierarchical fashion, parallel fashion, or in both ways. Furthermore, for those who believe that the components are related hierarchically, there is disagreement concerning the order in which the components are related to each other, especially under varying levels of involvement (Finn 1962).

Purpose

This paper presents the results of an empirical study that compares subjects with low enduring involvement to those with high enduring involvement in terms of their reactions to a print advertisement.

Procedures

Undergraduate students who were taking an introductory marketing course served as the subjects for this study. On four consecutive class periods, the students were asked to spend the first ten minutes of class reading one page from a university newspaper. Prior to their first exposure to the newspaper page, the students were told that they were to evaluate the contents of a university newspaper. However, they were not told that they were participating in an advertising study, nor were they told to examine any particular article or advertisement.

On the first, second, and fourth class periods, the newspaper page contained the advertisement for "Springtime Shampoo." On the third class meeting, the shampoo advertisement was omitted from the newspaper page to help ensure that the students would not become aware of the particular advertisement under investigation. (A post-test question indicated that the students were not aware of the purpose of the study.) Immediately following the fourth administration, subjects responded to a questionnaire that measured their attitude toward Springtime Shampoo as well as their involvement with shampoo. Each subject's involvement with shampoo was measured with a twenty-two item involvement scale that was developed by Lastovicka and Gardner (1979). Students were asked to complete the involvement scale in reference to the shampoo they used most often.

Conclusion

The results of this study offer weak support for those theorists who believe that attitude change is more likely to occur under a high involvement condition rather than a low involvement condition.

REFERENCES


USE OF SERVICES QUALITY THEORY AS THE BASIS FOR STUDENT EVALUATIONS OF TEACHERS: A PRELIMINARY STUDY

Joseph L. Orsini, California State University, Sacramento

ABSTRACT

This study is a preliminary investigation of the feasibility of using a general theory of services quality in an application of measuring college teaching quality. The results are generally supportive, with the predictiveness of the test instrument being comparable to an existing instrument, which was developed in the college education industry.

INTRODUCTION

Teaching effectiveness is one of the most important aspects of faculty development and promotion in higher educational institutions (Hildebrand, Wilson and Dienst 1971). While various means of evaluating teaching are used, the most popular continues to be those performed by students (McCallum 1984). The education literature is rich in discussions of the use of student ratings of faculty (Cohen 1981), where concerns generally center on the composition of the particular instrument being used (Lammers and Kirchner 1985).

The purpose of this paper is to perform an exploratory study regarding the application of emerging theory in services quality to college teaching services. Characteristics of general services quality are applied specifically to the college teaching industry, and an instrument designed to test the predictiveness of these characteristics. A comparison is made between this services quality instrument and an existing teaching quality instrument, which was developed within the college education industry in accordance with accepted procedures.

HYPOTHESES

Within services industries generally the employment of user ratings of services quality is firmly established, both theoretically (Lewis and Booms 1983) and in application (Center for the Study of Services 1981). As with teaching evaluation, services generally are concerned with the selection of service quality attributes, and the investigation of consumer and service characteristics which may affect perceptions of service quality. A typical approach in the services industries is to determine the relevant characteristics which consumers use in their service selection decision, then survey a group of consumers in order to see the predictiveness of the respective characteristics.

The emergence of the importance of services theory in marketing has led to the proposal of a series of service quality characteristics which are thought to be generally applicable to all service industries. The study by Parasuraman, Zeithaml and Berry (1985) proposes ten universally applicable service quality characteristics, which are all evaluated in this study: Reliability, Responsiveness, Competence, Access, Courtesy, Communication, Credibility, Security, Understanding, and Tangibles. The hypotheses investigated in this study are that these ten items are significantly related to overall teaching quality.

METHODOLOGY

A descriptive research design was used in this study, where the ten characteristics proposed by Parasuraman, et al. (1985), were included in a questionnaire for college students' evaluation (see Figure 1). A comparison was made between the predictiveness of these quality measures and an existing instrument, widely noted in the literature, devised by Hildebrand, et al. (1971).

The ten basic characteristics were evaluated as complete concepts in this preliminary study rather than attempting to differentiate any subcomponents that may exist. This is a practice also undertaken in the college education industry (March 1984). The general concepts indicated in Parasuraman, et al. (1985), were objectively reformulated to apply to the specific industry, in accordance with the terminology currently used in the industry literature.

The subjects utilized were a convenience sample of 136 undergraduate business majors at an urban campus of the California State University. Industry practice was utilized (Marsh 1984), where half of the students were randomly selected to use both instruments to evaluate a "good" teacher of their choice, the other half were to evaluate a "poor" teacher of their choice. In addition, half the students were randomly assigned to first utilize the test instrument prior to using the existing instrument, while the reverse was true for the other half.

Several kinds of analysis were performed. Distributions of the characteristics were examined to assure a variety of responses. The association of each characteristic with the dependent variable (overall evaluation of teacher quality) was analyzed to determine the predictiveness of each characteristic. Correlations among the service quality characteristics was performed both by simple bivariate correlation and factor analysis. The overall predictiveness of the characteristics was analyzed by regular stepwise regression and by principle components regression. Analysis of both
the test instrument and the existing instrument was performed for comparison purposes.

RESULTS

The results of the examination of service quality characteristic means and standard deviations, and their individual predictiveness of overall quality, is indicated in Table 1. Generally, the mean level of the ratings was high, averaging about 3.5 on the six-point scale (where 0 indicated the absence of the characteristic and 5 the full presence of the characteristic). The standard deviation averaged just under one and one-half scale points. These would appear to be reasonable results, given that faculty generally are viewed as capable of performing their job (Hildebrand, et al. 1971). The bivariate correlations are all highly significant (p < .001), thus supporting the hypotheses. Generally, a one-point increase on the characteristic quality scale corresponded to a one-point increase on the overall teaching quality scale.

As would be anticipated from the correlations indicated in Table 1, the quality ratings of the test instrument are moderately correlated with each other. Correlations among the ten items range from .48 to .79 (p < .01; not shown), averaging about .60. Application of a factor analysis (varimax rotation) to the ten measures resulted in the production of one factor, further indicating the strength of the associations. For comparison purposes, the Hildebrand, et al. (1971) items resulted in four factors, although the first factor contained 88 percent of the variance. The bivariate correlations between the latter instrument's individual items and the measure of overall quality were slightly higher than those of the service quality instrument items; this will be discussed further below.

Stepwise regression was utilized to assess the overall predictiveness of the measures. As indicated in Table 2, the characteristics Credibility, Communication, Reliability and Courtesy produced the best model (defined as that model where no additional variable is able to increase the R-squared more than .01). This model accounted for 80 percent of the variance (adjusted R-squared). A principal components regression reflected the above findings (not shown), with the one resulting component having an R-squared of .82. For comparison purposes, the principal components analysis of the Hildebrand, et al. (1971) instrument resulted in the three components (not shown) with an R-squared of .91. However, the R-squared of the first component alone was .91 (the BMDPAR program automatically enters components in stepwise fashion). Further, when the individual items were combined into their theoretical constructs (Hildebrand, et al. 1971), and entered into a stepwise regression, the two variables in the best model yielded an adjusted R-square of .72. Thus, when both instruments were tested in their combined constructs form, their levels of predictiveness were quite comparable. Stepwise regression of the 35 individuals items of the Hildebrand, et al. (1971), instrument also resulted in the production of a model with 4 items only, and an adjusted R-

DISCUSSION AND CONCLUSIONS

The purpose of this study was to serve as a preliminary investigation of the hypothesis of a general theory of services quality, applied as a measure of college teaching quality. Insofar as the theory developed by Parasuraman, et al. (1986), was based on four industries unrelated to teaching (i.e., the retail banking, credit card service, securities brokerage, and product repair and maintenance industries), this was a substantial test.

The results of this test as an application of theory were generally favorable. The approach used was to translate the ten service quality concepts into language relevant to the college teaching industry, then use these concepts as predictors of overall teaching quality. The resulting predictiveness was comparable to a carefully prepared instrument developed in the industry and tested under similar conditions.

While the results of this preliminary investigation were favorable to the theory, the findings should be interpreted with caution. In addition to the non-random and comparatively small sample used, subjective judgment was employed in the translation of concept to applied measure. Possibly an excessively "liberal" interpretation of the concepts allowed the resulting favorable predictiveness to occur where it was not warranted. Particularly troublesome in this regard are the results of the Factor analysis, which showed only one factor instead of the hypothesized ten. While the combination of small sample and generally adequate product quality could produce this result, as indicated by the heavy loading on the first factor of the Hildebrand, et al. (1971) instrument, certainly further investigation is needed.

Further research would be warranted even if these issues were not present. This investigation used the ten theoretical constructs as complete items, where frequently they appear to be reasonably composed of items which should be tested separately and formed into a scale, if necessary. The responsiveness construct, for example, may better be divided into two items, as it would appear plausible to find faculty who answer questions quickly, but are slow to return exams and papers.

Further research should also be undertaken as an enhancement of theory development. In true interdisciplinary fashion, the findings of one discipline may enhance theory development in another. For example, some items in the Hildebrand, et al. (1971) instrument regarding teaching style (energy, enthusiasm, and a sense of humor) do not seem to be represented among the ten service quality constructs, thus may be a relevant addition. Quite possibly further research would reveal others. Given the importance of services and their quality, further research in this area would seem to be strongly warranted.
FIGURE 1
Test Instrument

CALIFORNIA STATE UNIVERSITY, SACRAMENTO
School of Business and Public Administration
SDOT II

<table>
<thead>
<tr>
<th>Not at all Descriptive</th>
<th>Very Descriptive</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELIABILITY--instructor is consistent and dependable in performance with adequate justification for schedule changes; promises are honored.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>RESPONSIVENESS--instructor provides timely responses to questions; exams and other materials are returned in a timely manner.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>COMPETENCE--instructor possesses the required skill and knowledge in the subject of the course.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>ACCESS--instructor is reasonably available outside of class, either in person or by telephone.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>COURTESY--instructor shows politeness, respect, consideration and friendliness toward students.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>COMMUNICATION--instructor uses a language level understandable to students; concepts are clearly explained and questions fully answered.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>CREDIBILITY--instructor is trustworthy and believable; has the students' best interests at heart.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>SECURITY--instructor keeps students informed, as much as feasible, regarding their grade standing in the course.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>UNDERSTANDING--instructor makes the effort to: understand student needs, provide individualized attention as feasible, and recognize students outside of class.</td>
<td>0 1 2 3 4 5</td>
</tr>
<tr>
<td>TANGIBLES--instructor makes effective use of available visual media (chalkboard, overhead projector, etc.); personal appearance is clean and neat.</td>
<td>0 1 2 3 4 5</td>
</tr>
</tbody>
</table>
| OVERALL RATING
  --instructor is among the best I have had at CSUS.
  --instructor is among the best I have had at the School of Business and Public Administration. | 0 1 2 3 4 5 |

Other Criteria--

________________________________________________________________________

Comments--

________________________________________________________________________
TABLE 1

Test Instrument Statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>3.64</td>
<td>1.32</td>
<td>.78</td>
<td>1.12</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>3.55</td>
<td>1.45</td>
<td>.68</td>
<td>.89</td>
</tr>
<tr>
<td>Competence</td>
<td>3.99</td>
<td>1.21</td>
<td>.71</td>
<td>1.10</td>
</tr>
<tr>
<td>Access</td>
<td>3.65</td>
<td>1.13</td>
<td>.60</td>
<td>1.01</td>
</tr>
<tr>
<td>Courtesy</td>
<td>3.47</td>
<td>1.46</td>
<td>.74</td>
<td>.96</td>
</tr>
<tr>
<td>Communication</td>
<td>3.50</td>
<td>1.41</td>
<td>.79</td>
<td>1.07</td>
</tr>
<tr>
<td>Credibility</td>
<td>3.50</td>
<td>1.44</td>
<td>.83</td>
<td>1.08</td>
</tr>
<tr>
<td>Security</td>
<td>3.27</td>
<td>1.49</td>
<td>.64</td>
<td>.82</td>
</tr>
<tr>
<td>Understanding</td>
<td>3.31</td>
<td>1.44</td>
<td>.79</td>
<td>1.04</td>
</tr>
<tr>
<td>Tangibles</td>
<td>3.72</td>
<td>1.29</td>
<td>.60</td>
<td>.90</td>
</tr>
<tr>
<td>Overall Rating</td>
<td>3.07</td>
<td>1.88</td>
<td>1.00</td>
<td>--</td>
</tr>
</tbody>
</table>

TABLE 2

Results of Stepwise Regression of Quality Characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coef.</th>
<th>S. E. Coef.</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>.31</td>
<td>.11</td>
<td>8.6</td>
<td>.004</td>
</tr>
<tr>
<td>Communication</td>
<td>.38</td>
<td>.09</td>
<td>19.4</td>
<td>.000</td>
</tr>
<tr>
<td>Reliability</td>
<td>.42</td>
<td>.09</td>
<td>22.0</td>
<td>.000</td>
</tr>
<tr>
<td>Courtesy</td>
<td>.27</td>
<td>.08</td>
<td>11.4</td>
<td>.001</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.82</td>
<td>.24</td>
<td>56.2</td>
<td>.000</td>
</tr>
</tbody>
</table>

Adjusted R-square = .80
Overall F = 120.4 @ d.f. = 4 and 115

REFERENCES


ABSTRACT

As marketing educators we have been preaching the virtues of control and evaluation in the context of providing consumer satisfaction through the exchange of goods, services and ideas. It is, therefore, imperative that we re-evaluate the nature and role of final exams as instructional tools. If we deem them necessary as measures of achievement or academic growth, then some effort should be put forth to communicate the results in a timely manner with the concerned students.

Final exams are one of the most uniform artifacts of higher education. Not much has changed in the nature and value of these exams even since Horace Mann replaced oral exams with written finals back in 1845 A.D. This paper focuses on the role of finals in Marketing education and presents viable recommendations to enhance their usefulness.

The underlying premise of this paper is that a "plan--teach--test--teach" strategy is more in line with the spirit of the Marketing concept than the traditional practice of "plan--teach--teach--test."

Strategies for Corrective Action

1. A next-to-a-final final: This type of a final exam is normally scheduled on the last day of classes and prior to the final class period. With this strategy, the professor would use the scheduled final's period to return paper and discuss the exam. Also, students would benefit from the immediate reinforcement of accurate attributions.

2. ORAL exams represent another viable strategy, especially for smaller classes. This ancient, yet fresh, approach to evaluation provides the professor an opportunity to measure cognitive competencies as well as verbal communication skills. At a time when complaints are voiced about the relative weakness of business graduates in the area of communication, the ORAL final is a viable tool that encourages students to think logically on their feet.

3. Another viable strategy to correct the problem of a traditional final exam is a student self-correcting final. For this type of an exam, the professor is often limited to objective (multiple choice, definition, matching, etc.) items or limited response essay questions. Such tests are easy to grade, but are limited in their scope and value to the measurement of knowledge, understanding and some application.

Self-correcting finals offer students the opportunity of receiving immediate reinforcement and correcting inaccurate learned behavior.

4. A similar strategy to a student self-corrective examination is the distribution of a responsive summary at the completion of the exam. The handout would provide the correct responses, discuss their justification, and cite the sources (i.e. pages in texts or notes). Like all other recommended strategies, this approach will reinforce the learning of accurate information and correct the students’ misinformation and misattributions.

5. Marketing educators who may not favor any of the suggested alternatives for a traditional final, should give serious consideration to a no-final final. Why have a final exam if we continue to ignore their instructional value and the probable damage to students due to the retention of inaccurate information and misattributions?
INTRODUCTION

The product liability exposure of distribution channel members has increased steadily over the past 25 years to include retailers (Chappius v. Sears 1978), wholesalers, lessors (Cinterone v. Hertz 1965), and distributors (Santor v. A & M Karageusian 1965). Franchisors have been held strictly liable when their 'franchisees' patrons have been harmed (Kusters v. Seven-Up 1979).

Given the growing importance of franchising in the United States (Evans and Walker 1985, p. 74), marketers should be knowledgeable regarding the most recent developments in negligence affecting franchising.

FRANCHISE AGREEMENTS AND NEGLIGENCE

If the consumer's injury is caused by improper behavior on the part of the defendant or if the harm is due to poorly-performed services, strict liability is normally inappropriate. Instead, the consumer will allege that the defendant was negligent. To prove negligence, the plaintiff must show that the defendant's acts were not reasonable under the circumstances existing at the time of the injury. Hence, the behavior of the defendant, not the quality of the product, are questioned.

To hold the franchisor liable for the negligent behavior of its franchisees, the plaintiff must also show that an agency relationship existed between the franchisor and franchisees. An agency relationship involves the franchisee acting on behalf of the franchisor with the explicit consent or implied authority of the latter. These two forms of agency are termed actual and implied agency, respectively.

Actual agency occurs if the franchise agreement permits the franchisor to exercise control over the daily operations of the franchise as well as set specific performance standards (Stephens v. Yamaha 1981). The franchisor cannot avoid liability by signing an agreement with the franchisee which forbids the former from controlling the latter if the franchisee's actions indicate it is being controlled (Steele v. Armour 1978).

Apparent agency is established if the plaintiff reasonably believes that the franchisee was acting on behalf of the franchisor (Shadel v. Shell Oil 1984). If the plaintiff's claim of reliance on the franchisor is found to be unreasonable, then the franchisor is not liable for the franchisee's behavior (Cullen v. BMW 1982).

Franchisors have been held liable when their franchisees violated building codes (Kuchta v. Allied Builders 1971), harrowed customers (Billops v. Magnes 1978), or filled prescriptions incorrectly (Drexel v. Union Prescription Centers 1978).

Franchisors have also been found negligent when the acts of their franchisees caused people to be injured due to falls (Murphy v. Holiday Inns 1975; Hayward v. Holiday Inns 1978) and killed in auto accidents (Fernandez v. Thigpen 1982).

REFERENCES

Billops v. Magnes Construction Co. (1978), 391 A.2d 196 (Del.).
Kusters v. Seven-Up Co. (1979), 595 F.2d 347 (6th Cir.).
Steele v. Armour & Co. (1978), 583 F.2d 393 (8th Cir.).
AN INVESTIGATION INTO THE NATURE OF STRUCTURAL CHANGES WITHIN THE SERVICE SECTOR IN THE U.S.

Mohsen Attaran and Dennis Guzemán, California State College, Bakersfield

ABSTRACT

Services are the fastest growing sector of the economy, yet relatively little study of this sector has taken place. Information about structural changes within services is needed to help formulate sound public policy regarding this area. This study investigates the changes in employment concentration for eleven service sectors over a thirteen-year period. The service sector was found to be fairly diverse but stable in employment over the period of study. Although the overall service area was stable, a great deal of change has occurred within the individual service sectors.

INTRODUCTION

Economic theory predicts that as a society advances it will proceed from an agrarian, to manufacturing, to service economy (Clark 1957, Poote 1953). The current popular business literature (Toffler 1980, Naisbitt 1982) and current employment, GNP, and personal consumption expenditure statistics would indicate that the United States has arrived at the third stage and would be considered as being economically services oriented.

The purpose of this paper is to identify interindustry (sectoral) diversification (concentration) patterns and structural changes occurring within services sectors as a whole, within given subsets of services and between subsets of services. In this investigation, entropy measure was applied to the amount of employment within services sectors of the economy for the 13-year period from 1972 to 1984. The period since 1972, was selected as the data for 3-digit SIC are consistent.

MEASURE OF DIVERSITY

Shannon's entropy function is used as a measure of diversity. Entropy as a measure of disorder, uncertainty, and homogeneity has been used to measure diverse phenomena.

The entropy measure has been invoked in empirical studies in economics as well as management, marketing, finance, and accounting (Herrniter, 1973; Philippatos and Wilson, 1972, 1974; Lev, 1968, 1970).

As it is applied to the United States estimate of employment data of services, the entropy measure of diversification D(E1, E2, ..., En) is defined as follows:

\[ D(E_1, E_2, ..., E_n) = - \sum_{i=1}^{n} E_i \log_2 E_i \] (1)

where \( n \) is the number of service sectors (SIC's), and

\[ E_i \] is the proportion of total employment of the U.S. that is located in the \( i \)th service sector.

The most important properties of the above measure are:

1. The maximum value of \( D \) is attained when the \( E_i \) are all equal. This is the case where all service sectors have an equal share and concentration is at a minimum.

2. \( D = 0 \) when only one of the \( E_i = 1 \) and the remaining are 0. This is an extreme case where the service activity of a region is concentrated in only one sector.

The entropy measure as it is formulated in equation (1) can be disaggregated into its between-set and within-set aspects to analyze the nature of diversity (Thiel 1972). The 45 service sectors of the U.S. (1 - 1, 2, ..., 45) have been divided into eleven separate groups or sets: \( S = \{1, S_2, g = 1, 2, ..., 11\} \). (Table 1 illustrates this division.) The employment share of set \( S_g \) is then

\[ E_g = \sum_{i \in S_g} E_i \]

The entropy index of diversity within each of the \( G \) sets can be measured by:

\[ D_w(E) = - \sum_{i \in S_g} E_i \log_2 \frac{E_i}{E_g} \] (2)

Representing each set's relative share of the total trade employment by \( E_g/E_s \), where \( E_s \) is total trade employment, the entropy measure of diversification between the \( G \) sets may then be expressed as:

\[ D_B(E) = - \sum_{g=1}^{G} \frac{E_g}{E_s} \log_2 \frac{E_g}{E_s} \] (3)

Weighting the result of Equation 2 by the relative share of each set yields:

\[ D = \frac{1}{G} \sum_{g=1}^{G} \frac{E_g}{E_s} \log_2 \frac{E_g}{E_s} \] (4)

which is the total measure or summation of diversity within the \( G \) sets.
TABLE 1
Classification of Service

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector Name</th>
<th>No. of Industries in Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>Transportation</td>
<td>8</td>
</tr>
<tr>
<td>S2</td>
<td>Communication</td>
<td>2</td>
</tr>
<tr>
<td>S3</td>
<td>Utilities</td>
<td>4</td>
</tr>
<tr>
<td>S4</td>
<td>Banking and Financial</td>
<td>4</td>
</tr>
<tr>
<td>S5</td>
<td>Insurance</td>
<td>3</td>
</tr>
<tr>
<td>S6</td>
<td>Real Estate</td>
<td>3</td>
</tr>
<tr>
<td>S7</td>
<td>Personal Services</td>
<td>3</td>
</tr>
<tr>
<td>S8</td>
<td>Business Services</td>
<td>8</td>
</tr>
<tr>
<td>S9</td>
<td>Medical and Health Care</td>
<td>4</td>
</tr>
<tr>
<td>S10</td>
<td>Education</td>
<td>2</td>
</tr>
<tr>
<td>S11</td>
<td>Entertainment</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>45</td>
</tr>
</tbody>
</table>

The total entropy measure of economic diversity for the wholesale and retail trade can be obtained by summing Equations 3 and 4:

\[ D(E) = \sum_{i} \frac{E_i}{E} \log_2 \frac{E_i}{E} + \sum_{g} \frac{E_g}{E} \log_2 \frac{E_g}{E} \]

This disaggregation of entropy into its between-set and within-set aspects, where \( G = 11 \) is carried out and the results are presented in the following sections.

RESULTS

Using equation (1), the diversity indices of service employment were calculated for the U.S. for the thirteen-year period from 1972 to 1984, and the results are presented in Table 2. Calculation of the entropy measure is based on employment data from 45 service sectors (3-digit SIC). The value \( E_i \), which measures the \( i \)th service sector's relative share of employment for a given year, is calculated from the BLS series, Employment and Earnings, States and Areas. Since there are 45 sectors, the maximum value of \( D = \log_2 45 = 5.49 \). The diversification values would then range from 0 to 5.49, with a diversification value of 5.49 denoting the greatest diversification (least concentration) among the forty-five sectors of the country. Looking at Table 2, we see that total entropy remains almost constant. There is no evidence of any trend revealed by the total entropy indices of services employment.

The between-set entropy measure which results from applying equation (3) is also presented in Table 2. The between-set measure merely identifies the extent to which the United States' services employment is distributed equally between the eleven service sets. There is a trend towards greater between-set concentration over the thirteen-year period (\( t = 5.49 \), signif-

The within-set entropy measures for the eleven groups of services produced from applying equation (2) is presented in Table 2. The within-set measure represents the application of the entropy measure to eleven groups of services treated independently. There is evidence in Table 2 of a trend toward increasing concentration within the transportation set, utilities, real estates, business services, education, and entertainment. However, Table 2 shows a trend toward increasing diversification within the services set of communication, banking, insurance, personal services, health care, and education.

We have seen that the maximum value of entropy equal 5.49. For the years 1972 and 1984 we calculated actual entropy as a percent of maximum entropy. This provides a better understanding of what has been happening to relative concentration (diversification). These results are given in Table 3. In interpreting Table 3, it must be kept in mind that when actual entropy as a percent of total entropy falls, relative concentration rises. Table 3 reveals not much change in the total entropy over the period 1972-1984. With regard to the between-set diversification, there has been a 1.93% decline.

This indicates that during the period of the study, there has been an increase in size disparity between these eleven groups of services. Among the eleven groups, communication and health care show a change of more than 2.5%. Utilities show a change of less than .05%. The rest of the groups show a change of between 1.0 to 2%.

The weighted within-set entropy measures of the eleven groups reflect each group's contribution to the degree of economic diversification within the total services. There was evidence of a trend toward decreasing contribution of transportation group, utilities, insurance, real estate, personal services, education, and entertainment. However, there was a trend toward increasing contribution of banking and financial group, business services, and medical and health care sector to the degree of economic diversification within the total services sectors. There was no trend revealed by the weighted-within entropy of the communication sector (\( t = .32 \), not significant). In applying equation (4), the weighted within-set measures for the two groups were summed to yield the total weighted within-set entropy measure. There was evidence of a trend toward increasing diversification.

1 The t-test of the slopes indicate a statistically significant relationship beyond the .01 level.

2 The t-test of the slopes indicate a statistically significant relationship beyond the .01 level.
TABLE 2

A DISAGREGATED ENTROPY MEASURE OF EMPLOYMENT DIVERSITY, U.S. SERVICES, 1972-1984
(MATRIX OF DIVERSITY WITHIN EACH SECTOR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Between Set Entropy</th>
<th>Within Set Entropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>4.8764</td>
<td>3.2772</td>
</tr>
<tr>
<td>1974</td>
<td>4.8862</td>
<td>3.2998</td>
</tr>
<tr>
<td>1975</td>
<td>4.8861</td>
<td>3.3237</td>
</tr>
<tr>
<td>1976</td>
<td>4.8824</td>
<td>3.2216</td>
</tr>
<tr>
<td>1977</td>
<td>4.8634</td>
<td>3.2134</td>
</tr>
<tr>
<td>1978</td>
<td>4.8463</td>
<td>3.2101</td>
</tr>
<tr>
<td>1979</td>
<td>4.8623</td>
<td>3.2111</td>
</tr>
<tr>
<td>1980</td>
<td>4.8576</td>
<td>3.2036</td>
</tr>
<tr>
<td>1981</td>
<td>4.8276</td>
<td>3.1919</td>
</tr>
<tr>
<td>1983</td>
<td>4.8472</td>
<td>3.1771</td>
</tr>
<tr>
<td>1984</td>
<td>4.8716</td>
<td>3.1710</td>
</tr>
</tbody>
</table>

TABLE 3

MATRIX OF ACTUAL WITHIN-SET ENTROPY AS PERCENT OF MAXIMUM ENTROPY

<table>
<thead>
<tr>
<th>Year</th>
<th>Between Set Entropy</th>
<th>Within Set Entropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>88.79</td>
<td>59.67</td>
</tr>
<tr>
<td>1984</td>
<td>88.71</td>
<td>57.74</td>
</tr>
</tbody>
</table>

revealed by the total weighted within-set entropy measure.

When the ratio of actual weighted within-set entropy as percent of maximum entropy were calculated, the total weighted within-set measure showed a change of 1.7%. Among the eleven groups, business service showed the highest change (increase of 2.6%) to the degree of diversification within services) followed by transportation (decrease of 1.8%) and health (increase of 1.7%). There was not much change in weighted within-set entropy for any of the rest of the eleven groups.

CONCLUSIONS

This study has shown that from a macro perspective the service sector has remained fairly stable over the period of study. However, several points need to be made. First, the service sector is relatively diverse in terms of employment, achieving approximately 89% of total possible entropy. Thus, in terms of employment, services seem to be fairly equally distributed in size. Yet, this study also showed a shift towards an increased disparity in size for the service sector.

A second point to be made from the study is that even in light of a stable situation for overall services, this is not true for the individual groups of services. This overall stability is due to the fact that some service sectors are becoming more concentrated while other services are becoming more diverse. Those services becoming more concentrated, i.e., a trend for some firms to hire a disproportionate number of employees, are transportation, entertainment, business services, real estate, and utilities. Communications, medical and health care services, personal services, banks and financial services, insurance, and education are becoming more diverse, i.e., more of an equality in terms of the employment of the various companies. The transportation, business services, and the medical and health care services are the sectors accounting for the largest percent of change. Many changes are occurring within the transportation and health care sectors due to deregulation. Business services and health care have also experienced changes due to a more aggressive application of marketing practices which may account for these results.

This study has shown that entropy measures can be applied as a means of monitoring economic activity within the service sector. Given the growing role of services within the economy it is important to monitor structural changes within this sector to develop sound public policy.
REFERENCES


A NORMATIVE EVALUATION OF CORNER STORE POSITIONING -
Under Modeling of Traffic Orientation and
Consumer Driving Preferences
Aharon Hibshooh, Department of Marketing and Quantitative Studies
School of Business, San Jose State University, San Jose, CA 95192

ABSTRACT

In this paper, we put forward the following principle: Ceteris paribus, in countries where traffic advances on
the right (left) side of the street, a convenience corner store should be positioned clockwise (counterclockwise)
with regard to the already established rival stores. The principle is derived within a straightforward framework
of corner store competition linking vehicle traffic flow with store potential.

1. INTRODUCTION

Although traffic pattern has been recognized as an
important element affecting optimal store positioning, its
intrinsic nature has not been formally modeled in either
marketing or economic models which analyze spatial com-
petition. This paper demonstrates the importance of such
modeling by deriving the following normative micro-
principle for corner store positioning:

In countries where traffic advances on the right (left)
side of the street, ceteris paribus, a convenience corner store should be positioned clockwise (counter-
clockwise) next to the already established rival stores.

This principle will be qualified within a simple spatial
framework. The purpose of our effort is to offer a com-
plementary building block for systems analyzing positioning
of convenience stores in marketing.

In marketing, the development of store location
models is summarized in a recent review by Craig, Ghosh
and McLaflerty [9].

Location allocation models (e.g., Ghosh and Craig [8],
Goodchild [10]) which attempt to allocate demand and
select sites simultaneously, represent the more recent
approach to analyzing location strategies. For instance,
in their modified dynamic location allocation model,
Ghosh and Craig [8] examine different aspects of spatial
competition under different scenarios, using a game-
theoretic framework. To evaluate store potential at dif-
f erent sites, they integrate the Multiplicative Competi-
tive Interaction (MCI) model (Nakaniashi and Cooper [32])
into the location allocation systems. In two studies (Jain
and Mahajan [23], Hansen and Weinberg [11]), MCI has
provided a suitable procedure for evaluating the prob-
ability of store site selection when a variety of demo-
graphic and non-demographic attributes are considered as
independent variables.

However, MCI suffers from the major limitation of
Lupe's utility model—assuming the independence of ir-
relevant alternatives. Hence, less restrictive models
common in the study of quantal choice, such as Multi-
nomial Logit (McFadden [31], [31]) and Elimination by
Aspects (Tversky [38]) are likely to replace MCI in future
work. See, for example, Weisbrod, Parcel, and Kerr
[39] for recent application of multinomial logic.

Luce's choice model was also the basis for the
pioneering effort of the Gravity Model (Huff [22], [21])
and its continuing generalization (see Gautschi [6],
Houston and Stanton [17]).

Since these models are of more restricted functional
forms as compared with the MCI's, they often yield lower
goodness of fit statistics in empirical studies. However,
they retain the clarity of the Huff's model and preserve
some congruence with Losch's [28] assumptions on spatial
demand, and with Lerner and Singer's [27] generalization
of the seminal Hotelling [16] framework.

This bridging with considerations present in spatial
economic models is encouraging, since in the past decade
we have witnessed a revival in the study of oligopolistic
models in general and spatial economics in particular.
The Hotelling framework, in particular, has been extended
by considering the ramifications of changing a variety of
its assumptions. See Eaton and Lipsey [4]. Other
examples are Huy's [12] examination of the positioning
of several plants, rather than a single plant, and Prescott
and Vischer's [34] study of dynamic sequential competi-
tive positioning of sites under Stackelberg's type of as-
sumptions. Spence [36] and Gilbert and Newberry [9],
among others, have emphasized the instrumental role
of location decisions in deterring the entry of new firms.
However, to the best of our knowledge, these models have
not taken into account the intrinsic nature of traffic or-
ientation (whether traffic advances on the lefthand or
right-hand side of the street) and, hence, its effect on
store competition.

We will demonstrate that such a deficiency is not
warranted by presenting a model which links traffic orien-
tation to optimum store positioning. Due to the space
limitations of this paper, the assumptions of the model
will be presented in highly condensed form and mathema-
tical derivations of results will be omitted. However, a
full specification of assumptions and derivations can be
found in Hibshooh [13].

2.0 ASSUMPTIONS OF THE MODEL

2.1 Consumer Driving Preferences

In a variety of contexts, human beings treat entities
such as physical effort, negative emotions, time, and
cognitive attention as expenditures which, without rea-
sons to do otherwise, they seek to minimize (e.g., Homans
[19], Norman [33], Kellerman [24]). We believe that
traveling in an auto constitutes one of these contexts, and
that travelers drive so as to save time, avoid stress, and
minimize cognitive attention and physical effort.

Given these criteria, a strict preference order for traffic
movements results. Specifically, a driver entering an
intersection is most likely to continue forward, less likely
to turn right, still less likely to turn left, and least likely
to execute a U turn.

Estimating the probabilities of turning increments
with a set of similar micro-situations has been a prevalent
approach to modeling traffic flows and designing road-
ways (Huber [19], Homburger [37]).

Some of the physical restrictions traffic engineers
build into roadways to facilitate traffic flow increase the
likelihood of this preference order (Huber [22]). For
example, stop lights are generally programmed so that the
time allotted for turning left is much shorter than the
time allotted for autos moving straight through the inter-
section (Homburger et al. [37]).

2.2 A "Nearest Store" Hypothesis

We assume that potential customers prefer to shop at
the nearest store, where by "nearest store" we mean
specifically:

o The first store along a driver's travel path.
A store within minimal walking distance. Drivers do not, for instance, park their cars and walk to a store across the street.

Selection of nearest store is a strict assumption which may not be valid because of asymmetric traffic conditions, special store or site attributes, or low threshold distances. See the review of Hubbard [18] as well as that of Craig, Ghosh, and McLafferty [1]. In general, there is wide empirical evidence (mostly through generalized gravity models) as well as recent experimental evidence [Eagle [3]] supporting at least a probabilistic version of the nearest store hypothesis. We follow Hotelling's [18] framework, both in assuming a deterministic version of the nearest store hypothesis and in ruling out complementarity across stores.

We will assume that, of the travelers who pass a particular store, a uniform proportion of them will become actual buyers and that a content monetary profit is obtained from each buyer.

2.3 Extraneous Variables

Under the previous assumptions, the intrinsic nature of traffic orientation has surprisingly clear implications for corner store competition. To explore these implications we control extraneous variables by restrictive assumptions. Specifically, our framework considers a single interaction with four potential sites denoted as NW, NE, SE, and SW (see Figure 1). The stores that will occupy these sites are convenience stores such as mini-markets, fast food restaurants, or self service gas stations.

We postulate that there is no price differential or brand name advantage to any potential or actual store. Likewise, all store and site attributes such as size, image, service, variety, visibility, parking, and ease of access are assumed to be equivalent. The only variable relevant to sales that distinguished the stores is location.

Figure 1. Setting of Intersection
Spatial Competition

To neutralize any advantage of a given site due to differential traffic flows, we assume symmetric flows from all directions. We also premise that the probability of making a given turning movement within the intersection is independent of one's direction of origin. At some cost to the simplicity of our results, this assumption can be replaced by weaker, more robust ones.

Our assumptions concerning traffic flows, traffic movements, and store profits can be more precisely stated in terms of a probability space. Upon arrival at the intersection a driver performs one of the following traffic movements:

Movement of traffic
1 - Continues forward
2 - Turns left
3 - Turns right
4 - Makes a U turn

Let \( P_i \) be the elementary probability that an automobile approaches the intersection from direction \( i \) and executes traffic movement \( j \). Let \( P_i \) be the probability of approaching the intersection from direction \( i \), and \( P_j \) be the probability of performing traffic movement \( j \) upon entering the intersection. Under the assumption of symmetric traffic flow:

\[
P_N = P_S = P_E = P_W = 1/4
\]

In its weakest form, our preference assumption states that, within a traffic flow originating from direction \( i \), a driver is most likely to drive straight forward, least likely to make a U turn, etc.

\[
V_i, j, k \quad P_{i, j} > P_{i, k} \quad \text{if} \quad j < k
\]

We imposed a second condition on traffic movements, and assumed that the particular movement executed is statistically independent of direction of origin. From this and the symmetric flow assumption it follows that the probability of executing a given movement is the same for traffic originating in each direction:

\[
V_j \quad P_N = P_S = P_E = P_W
\]

Assume that, of the travelers who pass a particular store, a uniform proportion of them, \( c \), will become actual buyers and that a constant monetary profit, \( K \), is obtained from each buyer. Assuming that \( N \) autos enter the intersection during some (relatively large) unit of time, the profit from traffic which originates from geographical direction \( i \) and performs traffic movement \( j \), is:

\[
S_{ij} = (N/c) P_{i,j} \quad c K
\]

For ease of exposition we can express \( K \) in \((Nc/4) - 1\) monetary units so that \( S_{ij} = P_{i,j} \).

5.0 GAME ANALYSIS UNDER 0 CONJECTURAL VARIATION

Our analysis is presented in two parts. We first assume 0 conjectural variation, so that each store is positioned without accounting the future positioning of its competitors. Next, we remove this assumption and consider the competitive positioning strategies which result.

3.1 Local Monopoly

We begin by considering the positioning of a single store \( A \) in the market. Since our setting and assumptions are symmetric, the sales potential of any of the corners is identical. Hence, we can assume without loss of generality that \( A \) is positioned NW. Customers to \( A \) would come along the following paths:
* All traffic from N
* Traffic from E executing move 1
* Traffic from S executing move 3
* Traffic from W executing move 4

Hence, the expected profit at NW with only store A positioned in the intersection is:

Store A profit: \( p^N + p^{E}_1 + p^{S}_3 + p^{W}_4 \)

Similar observations are conducted below.

### 3.2 Local Duopoly

Suppose A is positioned at NW. A second competitor, store B, may be positioned in the NE, SE, or SW corners. Which one of these locations is the profit maximizing one? An inspection of Figure 1 reveals two advantages to positioning in a clockwise direction next to A (i.e., in the NE corner). First, A cannot block any of B’s primary or secondary traffic paths. The only loss to B comes from losing customers through U turn movements executed by traffic coming from the north. However, U turn movements are not likely to constitute a high percentage of B’s customer base. Second, B is able to block one of A’s major traffic paths (that of traffic originating in the east and traveling west directly through the intersection). This leads to a higher market share for the second competitor.

Further, there is a strict preference order for these locations, running from the best to worst in a clockwise direction. There are three cases to consider:

\[ A \text{ in NW, B in NE} \]

Store A profit:
\[ p^N + p^S_3 + p^W_4 \]

A loses \( p^E_1 \) to B

Store B profit:
\[ p^E_1 + p^W_3 + p^S_1 \]

B loses \( p^N_4 \) to A

Since \( p^E_1 > p^W_4 \), store B’s profit exceeds that of store A.

\[ A \text{ in NW, B in SE} \]

Store A profit:
\[ p^N + p^E_1 + p^W_4 \]

& by symmetry

Store B profit:
\[ p^S + p^W_1 + p^E_4 \]

B loses \( p^N_3 \) to A

Store B’s profit is therefore the same as that of Store A.

\[ A \text{ in NW, B in SW} \]

By symmetry with the first case:

Store A profit:
\[ p^N + p^E_1 + p^S_3 \]

A loses \( p^W_4 \) to B

Store B profit:
\[ p^W_1 + p^S_4 + p^E_3 \]

B loses \( p^N_1 \) to A

Since \( p^S_4 < p^E_3 \), store B’s profit is less than that of Store A. Comparing B’s profits in each position directly, it is clear that location NE dominates locations SE and SW, and that position SE dominates location SW. The order of preference is thus clockwise.

It is easy to verify that, if traffic advances on the lefthand side of the street, the preference order is reversed and becomes a counterclockwise one. For example, consider the following cases:

\[ A \text{ in NW, B in NE} \]

(Traffic advances on the lefthand side of the street)

Store A profit:
\[ p^W + p^S_4 + p^E_2 \]

A loses \( p^N_4 \) to B

Store B profit:
\[ p^N_4 + p^E_4 + p^S_1 \]

B loses \( p^W_1 \) to A

\( p^E_1 > p^W_4 \) and Store A’s profits exceed that of Store B.

Other cases are similarly obtained by recalling that \( p_2 \) and \( p_3 \) exchange roles when traffic orientation is changed. Next, we consider corner competition among three competitors.

### 3.3 Oligopoly with Three Competitors

Three competitors will always position themselves in a chain of three adjacent stores. It therefore suffices to analyze one such chain to see which store maximizes its profits:

\[ A \text{ in NW, B in NE, C in SE} \]

Store A profit:
\[ p^N + p^W_4 \]

A losing \( p^E_1 + p^S_3 \)

Store B profit:
\[ p^E_1 + p^W_3 \]

B losing \( p^N_3 + p^S_4 \)

Store C profit:
\[ p^S + p^W_1 \]

C losing \( p^N_4 + p^E_3 \)

Because \( p^W_1 > p^W_3 > p^W_4 \), A gains the most and loses the most, C gains the most and loses the least, and B is in an intermediate position. Thus, the counterclockwise position (SE) is again the profit maximizing one.

The case of four competitors is trivial.

### 4.0 GAME ANALYSIS UNDER COMPETITIVE FORESIGHT

In this case, the optimal strategy is given by our positioning rule, with one exception. For three competitors, B’s optimal strategy depends on utility considerations, specifically on his attitude toward risk. Because of space limitations, the foresight analysis cannot be given here (see, however, Hibshoosh [13]).

### 5.0 DIRECTIONS FOR FUTURE RESEARCH

The model we have presented can be extended in a number of directions. For example, we could segment the population of drivers in terms of a variety of criteria: (a) ability to handle risk; (b) pre-planned versus incidental purchasing; (c) attitude toward saving time and effort, etc. Second, differences in traffic conditions could be considered such as (a) differential traffic flow by time of day and direction of approach; (b) signalized versus un-signalized intersections; or (c) legal restrictions on traffic flow. Thirdly, we could consider the effects of different store attributes such as (a) store name; (b) pricing; (c) parking and accessibility, and so on. Finally, future
research may focus on the dynamics of store potential, as entrance takes place. In forming its site strategy, the retailer (existing or potential) ought to take a look at the possibility that existing stores may actually attract traffic into the intersection. While the principle of clockwise positioning remains valid, the market potential for each store may rise as entrance occurs, affecting the temporal retailer strategy.

Our approach has been to demonstrate the importance of modeling the substantive relationships that exist in spatial competition in a restricted micro-context. We believe that modeling the micro-aspects of spatial competition holds some advantages over some of the current synthetic methods for site selection. In the latter, emphasis is put on aggregating the effects of relevant variables without much regard for modeling their substantive interrelationships. Research has shown that a style of analysis should be incorporated into these more comprehensive systems capable of analyzing and simulating global marketing location strategies.

References
23. Loch, A. (1954), The Economics of Location, New Haven, Conn.: Yale University Press.
TASTE TESTS TEACH EXPERIMENTAL METHOD TO MARKETING RESEARCH STUDENTS

Eric J. Soares, California State University, Hayward
Leslie A. Goldgenh, University of San Francisco

The Journal of Marketing Education is replete with articles that emphasize real-world experience and simulations as good ways to introduce students to problems they are likely to face in employment situations. Nevett (1985) advocates real work experience to narrow the gap between learning and doing. Goretsky (1986) argues that undergraduates need to be exposed to classroom activities that parallel those that they are likely to encounter in their first jobs. He recommends relevant class projects as a way to give students this hands-on experience. Goldgenh and Soares (in press) encourage marketing educators to assign group and individual projects that can help graduating students demonstrate competence in their specialty fields. Lantos and Butaney (1985) consider class projects a good way to give students a "taste of the real world."

A good way to give marketing research students a taste of the real world is through group "taste test" projects. In spite of the fact that most marketing research texts devote little space to taste test research, the taste test is becoming a popular research method, as evidenced by the fast food burger wars and the Coca-Cola reformulation. Taste test research is used to compare products. Favorable taste test information is often used in advertising, and unfavorable data serve as input for product modification or reformulation.

Why Teach Taste Tests?

In addition to its current popularity as a research tool, the taste test also encompasses key aspects of the marketing research process: information needs are established; secondary data are collected and analyzed; research questions and hypotheses are stated; sampling procedures are set; primary data collection methods are determined; behavioral measurements are developed; field work procedures are designated and then executed; data are edited, analyzed, and interpreted; and a final report is written and presented orally. In other words, the primary features of marketing research are realized through the use of taste tests. But taste tests go beyond descriptive studies such telephone surveys.

Taste tests examine causal relationships among dependent and independent variables. The taste test is quasi-experimentation research. This introduces more rigor into the study than is normally given to descriptive studies such as in survey research. In addition to accounting for or controlling error present in descriptive research, the student must also deal with factors that jeopardize the internal and external validity of the study (see Campbell and Stanley 1966). Plus, students must construct a cover story or preamble, control for extraneous variation (such as order effects, experimenter expectations, halo effects, Hawthorne effects, boom-
The Diet Cola Taste Test

To illustrate the twelve stages, a summary of a student project comparing diet colas as described. After learning about taste test research, the class was divided into five groups of seven people each. They selected a leader, a "company" name, and a topic. Topics were selected by brainstorming and with instructor approval of appropriateness.

The authors wish to thank the students in the Marketeers research group: Mark Andrade, Andy Davis, Brian Duhe, Robert Jackson, Craig James, Dave Larsen, and Tina Yerko.
the taste test before participating. The experiment was conducted over the course of one day. The experimental plan was carried out as determined. All known jeopardizing factors to the experiment were recorded and mentioned in the written and oral report.

After compiling, editing, and entering the data, the aforementioned statistical analyses were executed. In their report, the students noted that a repeated measures analysis of variance test showed that there was a significant difference among colas regarding respondents' taste ratings. Correlated t-tests pinpointed the difference between the diet cola means: the Diet Coke mean rating was significantly higher than all the others; none of the other mean ratings differed significantly from the others. Using one-way analysis of variance tests, the group found that females rated diet coke significantly higher than did males. There were no other significant differences. The research group concluded that Diet Coke was rated numerically as well, and that females preferred it more than males did. They recommended that Shasta emphasize its competitive price advantage and not its superior taste. Of course, they also recommended that more taste tests be completed. They were thorough in discussing the limitations of their findings (such as: lack of random selection and assignment, no control group, no use of paired comparisons or other rankings, small sample size). Students put copies of the written report and videotape of their presentation in their portfolios.

Conclusions

Taste tests are an intriguing yet rigorous way to provide students with practical experience in conducting marketing research. All the elements of a research course are included in the project. A few caveats: a taste test project consumes a great deal of the professor's and students' time. The dynamics involved in group problem-solving can become intense. Grading individual performance can be difficult. There is the possibility of fudging, contamination, carelessness, procrastination, and whining. Finally, taste tests cost money.

The good news is that instructors can account for these pitfalls with proper planning and training. The instructor needs to inform students at the beginning of the term about the time demands that the project will require. The project should begin by the third week of class. The instructor should give a lecture on group dynamics and explain the benefits of task orientation.

Grading should be done by assigning points to the written report and the oral presentation. All group members share this grade. Then, the instructor should award points for individual contributions by having students write a summary of what they did on the project—and how they ranked their performance relative to the performance of the other members. Costs can be shared by the students and the instructor. Sometimes companies will sponsor the research; this will help defray costs.

Taste tests are worth doing, in spite of the difficult logistics involved. They are interesting and allow students to learn the scientific method in a practical setting. Instructors should try other experimental projects, such as ad testing, limited test marketing, and replicating experiments from marketing journals. The key is to expose students to actual experience. This will allow them to apply the theories and techniques learned in class to the real world—and will show prospective employers that students can do real work.

References


ABSTRACT

JOURNALS IN MARKETING EDUCATION: WRITING TO LEARN

Robert W. Schaefer, California State Polytechnic University, Pomona

INTRODUCTION

During the past few years there has been a continuing interest in expanding the college level teaching of writing skills from its traditional English Department base to include the various other academic disciplines. To support this interest, there has been a steady stream of papers, workshops, and conferences devoted to this concept which is commonly referred to as "Writing Across the Curriculum."

JOURNAL WRITING

In its simplest form, a journal could be compared to a daily personal diary. The individual records events of interest or his/her feelings about the day's activities. Writing acts as a cathartic tool, helping to work out emotional problems or better understand and express feelings and thoughts. The diary also serves as a log of past experiences that can be remembered and used for future guidance.

There are many different ways, but no general agreement concerning how journals can be used in college courses. Still, there is considerable agreement as to how they should be assigned and evaluated. The goals and expectations of the exercise need to be clearly spelled out. The most important point is that students realize that they are writing for themselves. Journals should be vehicles for introspection and exploration and students should feel free to write as they see the situation. This does not mean that the instructor should not read or even make comments on the journals: he or she should. Rather, the grading task is one of checking to see that the assignment has been completed and of encouraging students to make the most of the educational opportunity journal writing affords.

THE MARKETING NOTEBOOK

In order to investigate the potential benefits of journal writing assignments in marketing education, the author assigned a marketing notebook in two of his marketing principles courses. It was hoped that this writing assignment would accomplish two objectives: (1) help students better understand and appreciate marketing concepts, and (2) improve students' overall writing ability.

Each student was asked to keep a separate spiral bound notebook to be used for this assignment and to bring it to class each class period. The notebook was to be divided into three areas for three different types of writing assignments: in-class journal writes, marketing strategy profiles, and personal feelings.

THE CURRENT STUDY

Approximately ten months after the conclusion of the two classes described above were completed, the author sent each student a follow-up questionnaire to elicit feelings about the marketing notebook assignment. It was hoped that the ten month delay would be sufficient to put the assignment into a broader perspective so that its actual value could be interpreted.

There were a total of 59 students in the two original classes and 25 questionnaires were returned resulting in a 42% response rate.

DISCUSSION

The results from this study need to be interpreted with some degree of caution because of possible nonresponse bias. It is quite likely that students who enjoyed the class, liked the instructor, and in particular, liked the marketing notebook assignment, would be more likely to respond to the questionnaire.

In general, the results of the survey indicate that some of the goals of the marketing notebook assignment were met. Students report an increase in awareness and understanding of marketing issues and concepts as a result of writing in their notebooks. It is questionable, however, whether writing in the notebook also increased the student's ability or interest in writing. It should be noted though that students themselves may not be the best judge of whether any writing improvement did in fact take place.

Overall, even if no noticeable improvements occurred in writing abilities, the assignment does appear to have been a success. The marketing notebook clearly facilitated class discussions during the course and student response to this survey indicates a continuing increased awareness of marketing. Perhaps the best argument is the strong support given by the survey respondents for a continuation of the marketing notebook assignment.