COURSE PREREQUISITES IN THE UNDERGRADUATE MARKETING CURRICULUM

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ABSTRACT

The design of course prerequisites for the undergraduate marketing curriculum is a complex issue. Frequently, student preparation must be balanced against student access. To assist in this process, types of prerequisites are identified and their relevancy for different types of students is discussed. Finally, recommendation on prerequisites for undergraduate marketing courses are presented.

INTRODUCTION

The question of course prerequisites in college curriculums is a many-sided and difficult problem. Questions about prerequisites revolve around three issues: necessary preparation for the student; the level at which the course can be taught; and adequate access to courses for interested students. Frequently, faculty and administrators must balance the three factors. An ideal prerequisite set for the marketing curriculum may guarantee well-prepared students but also make marketing classes so difficult to get into that student credit hours and perhaps even the number of marketing majors decline.

The problem of prerequisites within the business college is further exacerbated by accreditation requirements, pre-business and business major classifications and the recognition that business and marketing courses are currently in demand by many non-business majors. These factors along with the sequential nature of business common body of knowledge (CBK) and marketing requirements make the prerequisite problem a difficult one with which to deal.

The purpose of this paper is to provide some thoughts about undergraduate course prerequisites in general and about marketing prerequisites in particular. Types of prerequisites will be identified and examined and different course prerequisites for different types of students will be discussed. Finally, ideas on course prerequisites for the marketing curriculum will be presented.

TYPES OF PREREQUISITES

The word prerequisite generally means, "required beforehand" or "a necessary condition for something that follows" (Friend and Guralnik 1960). With respect to specific courses, the meaning is simply that one college course must be completed prior to completing a second or following course.

The question that remains however, is why is one course a prerequisite for another? The answers to the question lead to the enumeration of various types of course prerequisites.

The first and most obvious answer to the question is that the knowledge or skill learned in course X is required to pass course Y for the normal or typical student. Numerous cases of this type of prerequisite exist. For example, the knowledge gained in the first statistics or accounting course is required for the majority of students to pass the second statistics or accounting course. A skill related example would be the writing and composition skills gained in freshman English 1 and built upon in freshman English 2. This type of prerequisite is not only logically defendable, but also easily enforceable. Students generally do not desire to get into courses for which they are not adequately prepared. Prerequisites of this type will be referred to as Type A prerequisites.

A second answer to the question of why one course is a prerequisite to another course also relates to skill. However, in this case, the skill is ancillary to the course content. An example of this type of prerequisite is the requirement that before students enroll in Business Communications courses, they must complete a block of study in word processing. Other examples include Business Communications as a prerequisite to Business Policy or in Marketing, Statistics as a prerequisite to Marketing Research. This type of prerequisite will be referred to as a Type B prerequisite. Type B prerequisites are more difficult to enforce than Type A prerequisites because students frequently believe that the ancillary skill is useful but not necessary to get through the course.

A final answer to the question of why a course or a series of courses should be a prerequisite of another course does not relate to skill or specific knowledge but to maturity, general knowledge, perspective, and perhaps, judgement. In other words, prerequisites of this type allow the professor to teach the class at the appropriate level without being held back by students without adequate maturity and perspective. Examples of this type of prerequisite, a Type C prerequisite, would include the CBK requirements as prerequisites for Business Policy, or in marketing, Consumer Behavior, Channels of Distributions and Marketing Research as prerequisites for Marketing Management. Type C prerequisites are more difficult to enforce than Type A prerequisites because students learn that they can get through the course without the various prerequisite courses.

PREREQUISITES AND DIFFERENT STUDENT TYPES

In addition to differing prerequisite types, students also differ in their objectives and reasons for taking various courses. Consequently, it is possible that different prerequisites should exist for different types of students. From a prerequisite orientation, the following categorization of students seems appropriate:
(1) Business School--Marketing Majors
(2) Business School--Non-Marketing Majors
(3) Non-Business School--Marketing Minors
(4) Non-Business School--Non-Marketing Minors

The first two categories include students who have completed CBK requirements and who are either marketing majors or other business majors (e.g., finance, accounting, CIS, etc.). The second two categories include students who are not business majors and who therefore have probably not completed the CBK requirements. In many cases, marketing minors have only completed one accounting and one economics course. The question then becomes, should prerequisites differ for different kinds of students who desire to take marketing courses?

The answer to this question must be a "yes." However, the "yes" must be qualified in many ways. Again, the three primary factors to consider when evaluating prerequisites for different types of students include students' preparation, the level at which the class should be taught, and student access to marketing courses.

In general, the case that all students, regardless of major, should be required to complete Type A prerequisites seems sound. Students that lack adequate preparation for a course will be unprepared to contribute to the classroom experience and may have a tendency to impede the entire class's progress, or to cause the professor to teach the course at a lower level.

More flexibility should exist for Type B and Type C prerequisites. In many cases, students outside of the business school may bring with them a perspective and outlook that is both different but adequate for many marketing courses. For example, students majoring in political science may bring many useful insights to a sales management course. Likewise, a student with a psychology background may be a positive contributor in a consumer behavior course.

In summary, prerequisites are a necessary element in all course descriptions. Type A prerequisites should be stated in absolute terms while more flexibility may be desirable for classes with Type B and/or Type C prerequisites. One way to accomplish this flexibility in business schools is to build it into the curriculum through such devices as recommended sequences of course, pre-business and business majors status requirements, and encouraging students through advising to complete specific courses at appropriate times during their college years.

Dealing with Type B and Type C requirements for non-marketing and non-business majors is more difficult. Central to the idea of teaching the class at the appropriate level while still maintaining some access to marketing classes for the non-marketing major is the role that the instructor or departmental advisor plays. This person(s) must evaluate the appropriateness of the background of non-marketing and non-business majors who desire to complete some marketing classes. Obviously the instructor or advisor must look at the student's academic and non-academic background and attempt to access whether enough equivalent experience to the Type B and Type C prerequisites exists. If it does, and if Type A prerequisites have been met, the student should be allowed in the course (subject of course to enrollment restrictions).

COURSE PREREQUISITES IN MARKETING

Several issues related to course prerequisites for specific marketing courses need to be considered by the business and marketing faculty advisor. These issues, when considered by specific course type, may help the marketing department faculty to provide higher quality instruction for all student consumers.

The Principles of Marketing Course

The Principles of Marketing course, taught at the junior (i.e. 300) level in most four-year AACSB accredited schools needs two sets of prerequisites, one for business majors and one for non-business majors. Otherwise, the variety of students' backgrounds increases the difficulty in teaching the course and correspondingly, lowers the quality of the course. In many business schools, business majors must complete two accounting courses, two economics courses, and introductory statistics, business law and CIS courses before being allowed to register for the 300-level Principles of Marketing Course. In contrast, unless there are course prerequisites for non-business majors, these students may enter the course directly without any business training. Not only do business students feel some sense of inequity in this, but the widely differing background of the students makes teaching the course difficult.

An approach to solving the problem is two sets of prerequisites, one for business majors and one for non-business majors. The required courses for business majors usually includes the lower division business core and mathematics courses. For non-business majors, a simple statement such as "at least one economics and one accounting course" can be very helpful in reducing the disparity in background among the students enrolling in the course.

How frequently are two sets of prerequisites being used? A study of basic marketing course prerequisites in a convenience sample of 84 catalogs of AACSB accredited schools revealed the information shown in Table 1. As indicated in the table, only one school was identified which publishes prerequisites for both business majors and non-business majors. The most common prerequisites were economics and accounting courses. However, a full 30 percent of the sample either had no prerequisites or only a junior level standing prerequisite for the basic marketing course. However, other screening devices may be used at the registration or instructor level to prevent unprepared students from entering the course.
TABLE 1
BASIC MARKETING COURSE PREREQUISITES IN 84 AACSB ACCREDITED SCHOOLS

<table>
<thead>
<tr>
<th>Course Prerequisite</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Economics Course</td>
<td>21</td>
<td>25</td>
</tr>
<tr>
<td>One Economics and One Accounting Course</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Two Economics Courses</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>None, Junior Level Standing Stated</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>None, Junior Level Standing Implied</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>None, Junior Level Standing Not Implied</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Economics and Behavioral Science Course(s)</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Other*</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>84</td>
<td>100</td>
</tr>
</tbody>
</table>

* Includes one school that incorporates a dual set of prerequisites.

Other Junior Level Non-Quantitative Courses

A number of marketing courses exist in marketing curricula which are non-quantitative in nature and which are usually taken during the junior or early senior year. Examples of this type of course would include Consumer Behavior, Marketing Channels, Retailing, Salesmanship and perhaps Advertising. Although these courses lend themselves to some skill development, and case studies work very well in all of the courses, the subject matter is for the most part conceptual in nature. Consequently, the prerequisite for this type of course should be limited to Principles of Marketing for all types of students.

Quantitative Marketing Courses

Quantitative courses in marketing curricula include Marketing Research, Business and Market Forecasting, Physical Distribution/Business Logistics and perhaps others. These types of courses are those in which the most thought should be given to specific A Type prerequisites. The reason for this more rigid prerequisite approach is that students in these courses who lack the necessary knowledge and skills have the real tendency to lower the overall level at which the course is taught. Courses of this type usually require Principles of Marketing as well as various mathematics and statistics courses as prerequisites.

One useful procedure in preparing prerequisites for quantitative marketing courses is to list all quantitative prerequisites and to not rely on student knowledge to know that prerequisites exist for one or more of the listed prerequisites. For example, Principles of Marketing and Business Statistics may be prerequisites for Marketing Research. However, College Algebra may be a prerequisite for Business Statistics. By including College Algebra in the prerequisite list, students are less likely to attempt to enroll in Marketing Research without the necessary Business Statistics prerequisite.

Capstone and Senior Level Courses

Most marketing curriculums include a few senior level or capstone marketing courses. Example courses might include Management, Sales Management and perhaps International Marketing. The key point about these courses is that students should come into the course extremely well prepared to contribute to the classroom experience (e.g., participate in case discussions, etc.). Consequently, the kinds of issues that Type C prerequisites deal with are important for these type of courses. Maturity, perspective, general knowledge and judgement in students all serve to raise the quality of these courses.

One way to increase the probability that maturity will be achieved is by including a statement such as "senior level standing" along with the list of course prerequisites. A second way to insure that student preparation is appropriate for the class is to require instructor approval for all students who desire to take the course. Although this may seem like a burdensome procedure, it is probably far easier than handling unprepared students who are enrolled in the course.

SUMMARY

Course prerequisites can have a significant influence on the quality of the marketing program offered in the business school. The prerequisites decided upon by the marketing faculty should attempt to accomplish three objectives: insure adequately prepared students; facilitate course instruction at the appropriate level; and facilitate access to marketing courses for interested and prepared students. Recognition that different types of students may require different types of prerequisites should be built into the overall set of prerequisites. Finally, different general types of marketing courses exist within the marketing curriculum. Because of this, a somewhat different approach to prerequisites may be necessary for each general type of marketing course.

REFERENCES

IS RESTRUCTURING OF THE CURRICULUM REALLY NECESSARY?

David E. McNabb, Pacific Lutheran University, Tacoma, Washington
Mary Anne Raymond, Pacific Lutheran University, Tacoma, Washington
Fred Mathael, Pacific Lutheran University, Tacoma, Washington

ABSTRACT

Examines the question of whether the marketing curriculum should be restructured from three points of view: Other academic programs, skills desired by employers, and perceptions of students.

INTRODUCTION

A review of the marketing education literature of the 1980s reveals a growing discomfort with the marketing curriculum—as well as that of business education in general—among educators (Stanton 1988, McDaniel and Hise 1984, Bartels 1983, Done 1980). Although not all agree in their proposals for rectifying the problems they see in the current marketing curriculum, they all agree in calling for, at least, a reevaluation of what it is we teach our students. One consensus appears in most of these papers: Employers of our graduates believe we are failing in our efforts because our graduates are leaving our programs without the ability to “do” marketing.

The two poles of disagreement in solutions to this problem may be seen in the arguments of Arthur A. Done and William J. Stanton. According to Done, the way to better prepare students for their careers in marketing is to switch from an emphasis on subject matter (i.e., the functional areas of marketing, such as advertising, retailing, sales management, consumer behavior, etc.) to an emphasis on building basic management skills. Thus, marketing subject matter would be used as illustrations, for reference or problem solution in courses in specific management skills. These skills include but are not limited to internal, external, and interpersonal communication, quantitative analysis, problem solving and decision making, written analysis of cases, business games and simulations, innovation and creativity, research procedures and methodology, and marketing program implementation.

Stanton, on the other hand, argues for a greater emphasis on subject matter—the functional areas in “mainstream marketing.” Addressing what he also sees as a growing one of concern among employers with the inability of recent graduates of marketing programs to do anything other than strategic planning, he calls for a moving away from the current emphasis on consumer behavior, quantitative methods and strategic planning. While the bulk of his criticism is aimed at MBA and doctoral programs, he does suggest that we require more instruction at the undergraduate level in such marketing applications areas as retailing, industrial marketing, selling and sales management, and the like.

These differing points of view seem to reflect the old “professional school versus trade school” argument that has characterized management of business schools since 1959. For nearly 30 years, AACSB accredited schools of business administration have been influenced in their curriculum planning by the findings presented in the Gordon and Howell (1959) critical review of collegiate business education. As Stanton notes, that study concluded that our business programs placed too much emphasis on specific functional business operations (in Marketing, this meant courses in retailing, sales management, advertising, etc.) while not supplying graduates with needed skills in analysis and problem solving techniques, planning, quantitative methods, etc. As result, says Stanton, schools of business may have moved too far from “mainstream marketing.”

To more closely examine this question, this study elected to consider the retailing course at one end of the spectrum (i.e., the functional approach) and general problem solving skills at the other. Then, the curriculum emphasis was examined from three points of view: Other academic programs, the desires of employers, and those of students at our school of business administration. The point of view taken was that of a small, private Liberal Arts university with a business school. However, it is believed that the questions have implications for larger colleges and universities, public and private, as well.

DESIGNING THE MARKETING CURRICULUM

What Schools of Business Are Doing

One course of action which may be followed in designing and maintaining a current and meaningful marketing curriculum is to do what most other schools do: Follow AACSB directives. This path appears to be leading the marketing curriculum away from marketing functions toward a planning/problem solving curriculum.

McDaniel and Hise (1984) studied 75 private and public postsecondary institutions across the United States which offered either a major or concentration in marketing; their purpose was to determine what marketing courses were offered and what courses were required. Their study replicated a 1973 study by Hise, thus providing longitudinal data.
These studies revealed that, while there has been a slight increase in the percentage of four-year institutions offering courses in retailing and/or retail management and while the courses remain high in the curriculum standings, the rank of retailing courses offered relative to other marketing courses fell from a rank of three in 1973 to a rank of four in 1983. This change in rank occurred primarily due to the strong increase in schools offering consumer behavior courses in 1973 (40.7%) to 1983 (84.0%). However, it should be noted that the sample size was considerably smaller in 1983 than it was in 1973. Also, the mean number of marketing courses offered increased from 10.37 in 1973 to 11.8 in 1983. However, in terms of courses required of all marketing concentration graduates, a significant decline was seen for retailing/retailing management; in 1973, 21.5 percent of the institutions sampled required a course in retailing, while in 1983, only eight percent did so. Other courses which declined as required for the marketing major or concentration included advertising (mass communication) management, and marketing information systems. Courses which increased as requirements over the period were led by consumer behavior; others were marketing research, marketing strategy, and product planning/management.

McDaniel and Hise's study clearly indicates a movement toward "increased emphasis" on the strategic marketing (planning) and problem solving (curriculum) approach.

What Employers are Looking For

A second approach is to determine what careers students tend to follow after graduation, and to provide those students with the skills most desired by their prospective employers. It appears as if this approach would pull the marketing curriculum back in the direction of functions--the ability to "do" marketing rather than simply plan marketing. Vincent and Berens' (1981) study of retail store managers' perceptions of the educational backgrounds that give recent college graduates the best potential for success emphasized the functional, implementing areas of marketing. Four-year degrees in retailing or marketing were rated highest by store and store sales managers. Inherent in this study was the point that such educational backgrounds give graduates skills needed in doing and managing sales activities.

Stanton (1988) has reported that employers of marketing graduates are dissatisfied with the skills these graduates bring with them to the job: "The general indictment is that these programs are turning out people who have been immersed in strategic planning, but are unable to do anything." This suggests that employers desire that graduates have more education (or training) in specific marketing functional activities.

A study using a convenience sample was made using local employers which reconfirmed the conclusions of Stanton (1988). Employers are concerned with the lack of functional skills that current marketing graduates (undergraduates) bring to the workplace. A consistent concern among service and manufacturing firms is the lack of communications skills, both written and oral, in today's graduates. Other concerns cited were excessive expectations in relation to job scope and responsibility and the lack of interpersonal skills.

Schleede and Lepisto (1984) include as a fundamental component of the marketing curriculum development process the inclusion of the specific skill requirements of employers (marketplace needs) in both existing and future job opportunities for marketing graduates.

What Students Want

A survey of undergraduate and MBA students' career aspirations and perceptions of skills needed on the job was conducted at our university during the Fall, 1988 semester. Results of the study indicated that despite the many career opportunities available in the field, our students are not interested in careers in retailing. Only four percent of the responding students named retailing as their preferred employment field after graduation. Employment in a manufacturing firm was most preferred (40.9%), followed by employment in a manufacturing firm (29.5%) (Table 1).

<table>
<thead>
<tr>
<th>Employer Category</th>
<th>Percent Preferring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Firm</td>
<td>40.9%</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>29.5%</td>
</tr>
<tr>
<td>Government Agency</td>
<td>7.4%</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>4.7%</td>
</tr>
<tr>
<td>Retailer</td>
<td>4.0%</td>
</tr>
<tr>
<td>Nonprofit Organization</td>
<td>3.4%</td>
</tr>
<tr>
<td>Military</td>
<td>0.7%</td>
</tr>
<tr>
<td>Other</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Unfamiliarity with retailing is apparently not a reason why the students are not interested in retailing as a career; more than half of the sample reported they had had some work experience in retailing establishments. This may be even greater, since one option response was Service Firm, many of which might also be classified as retailers (dry cleaners, for example). Types of work experience students reported are displayed in the following multiple response table (Table 2).
TABLE 2. TYPE OF STUDENTS’ WORK EXPERIENCE

<table>
<thead>
<tr>
<th>Experience</th>
<th>No of Responses</th>
<th>% of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Firm</td>
<td>90</td>
<td>60.0%</td>
</tr>
<tr>
<td>Retail Firm</td>
<td>84</td>
<td>56.0%</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>63</td>
<td>42.0%</td>
</tr>
<tr>
<td>Restaurant</td>
<td>61</td>
<td>40.7%</td>
</tr>
<tr>
<td>Nonprofit Organization</td>
<td>43</td>
<td>28.7%</td>
</tr>
<tr>
<td>Farm</td>
<td>25</td>
<td>16.7%</td>
</tr>
<tr>
<td>Government Agency</td>
<td>24</td>
<td>16.0%</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>16</td>
<td>10.7%</td>
</tr>
<tr>
<td>Military</td>
<td>16</td>
<td>10.7%</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

(n of cases = 150)

Students offered a number of important insights into what skills they felt they should gain from classes in the Business School for best preparing them for entry into their careers after graduation. Some typical remarks were:

> "The ability to do rational thinking in a business context, combining both 'soft' skills and quantitative skills."

> "More emphasis on interpersonal relations skills."

> "What it is really like 'out there.' We get too many facts, steps and processes thrown at us..."

> "What one really does in business. I expect that 99% of what will be useful for me on the job will have been learned through experience, not through college education."

> "How all this applies to my job."

> "Courses oriented more towards the practical study of business, rather than just the theories behind it."

> "How to get along in the business world...how to deal with people."

> "More hands-on skills and practical issues..."

> "I feel if I ever land a job, I will be 'clueless' as to what (will be) expected of me."

> "A larger emphasis on the analysis of problems."

> "Entrepreneurial skills."

> "How to think on my feet."

Student comments seem to imply a high degree of anxiety regarding their transition from the university to corporate life. Furthermore, students seem to be requesting a portion of their business education be more applied, less academic, thus easing their anxiety.

CONCLUSION

This paper has attempted to examine the issue of what focus the business school, and particularly the marketing curriculum, should take in the future. A number of observers have recently called for a restructuring of the curriculum. However, conflicting directions for this restructuring have been called for. The issue has been examined from three points of view: Other academic programs, employers’ requirements, and the perceived needs of students in the program at our university.

The study has revealed that other schools are moving in a direction away from emphasis on functional marketing, e.g., advertising, retailing, sales and sales management, toward more emphasis on problem solving and planning courses such as consumer behavior and strategic marketing. Employers are apparently dissatisfied with the products of our schools—i.e., our graduates—and want to see in our graduates the ability to "do" business, rather than just be able to think about it.

Students seem to have two desires: 1) knowing how to make the transition from college to the business world with the least amount of stress and 2), knowing what to do when they arrive on the job.

The case can be made that undergraduate schools of business need to pursue a more functional approach to marketing education.

REFERENCES


MARKETING AS THE BRIDGE BETWEEN LIBERAL AND PROFESSIONAL EDUCATION

Paul Hugstad, California State University, Fullerton

Today the division on campus between the Business School and the Liberal Arts College is as wide as it has been in many decades. It is the thesis of this paper that marketing departments are in an unusually good position to serve as a mediator or bridge between academic units on campus, and that significant benefits will accrue to all parties involved if marketing departments assume such a role.

MARKETING AS A MECHANISM FOR BRIDGING THE GAP

Marketing departments (both in terms of curricula and faculty background and expertise) are in one of the strongest positions to help integrate liberal learning and professional learning objectives within the university. Many of the courses presently taught within the marketing curriculum speak directly to the concerns of both liberal and vocational proponents.

A recently developed framework at the University of Michigan is very effective in demonstrating this linkage (Stark and Lowther, 1985). Under a FIPSE grant, a task force from schools around the country devised a set of "outcomes" common across both liberal arts and professional schools. These ten generic outcomes are described in Table 1.

Interestingly, a number of courses in the typical marketing curriculum deal with many of these desired outcomes, in terms of both course content and in terms of mode of delivery (interactive case discussion, presentation of marketing plans/marketing research project results, sales presentations, advertising campaign presentations, marketing plan critiques and presentations, etc.). Table 2 suggests specific marketing courses where each of these desired outcomes can be addressed. This list might be helpful in curriculum discussions across campus (business school administrators and liberal arts dean and faculty).

Some of the most useful liberal learning opportunities for university students may well be found in the marketing department. Attempts need to be made by the business school (the marketing department in particular) to carry this message across campus to the Liberal Arts College. The results of such a dialogue could well be not only an improved political climate on campus, but a more interesting university curriculum for students to experience.

CONCLUSION

The enrollment strengths of today's business schools may well erode in the future. Today's strategic window may close in the coming year as business school enrollments plateau or universities scale back enrollments in business (already a reality on some campuses).

Marketing departments can play a key role in this long-run strategy by helping to bridge the gap between the liberal and vocational. Major benefits of such an integration can accrue to both faculty and the students we seek to prepare for long-run careers and lives as informed and contributing citizens.

TABLE 1

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>The graduate can read, write, speak, and listen and use these processes effectively to acquire, develop, and convey ideas and information.</td>
</tr>
<tr>
<td>Critical Thinking</td>
<td>The graduate examines issues rationally, logically, and coherently.</td>
</tr>
<tr>
<td>Contextual Competence</td>
<td>The graduate has an understanding of the societal context (environment) in which the profession is practiced.</td>
</tr>
<tr>
<td>Aesthetic Sensibility</td>
<td>The graduate will have an enhanced aesthetic awareness of arts and human behavior for both personal enrichment and application in enhancement of the profession.</td>
</tr>
<tr>
<td>Professional Identity</td>
<td>The graduate acknowledges and is concerned for improving the knowledge, skills, and values of the profession.</td>
</tr>
<tr>
<td>Professional Ethics</td>
<td>The graduate understands and accepts the ethics of the profession as standards that guide professional behavior.</td>
</tr>
<tr>
<td>Adaptive Competence</td>
<td>The graduate anticipates, adapts to, and promotes changes important to the profession's societal purpose and the professional's role.</td>
</tr>
<tr>
<td>Leadership Capacity</td>
<td>The graduate exhibits the capacity to contribute as a productive member of the profession and to assume leadership roles as appropriate in the profession and society.</td>
</tr>
</tbody>
</table>
Scholarly Concern for Improvement:
The graduate recognizes the need to increase knowledge and advance the profession through systematic, cumulative research on problems of theory and practice.

Motivation for Continued Learning:
The graduate continues to explore and expand personal, civic and professional knowledge and skills throughout a lifetime.


<table>
<thead>
<tr>
<th>TABLE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EDUCATIONAL OUTCOMES</strong></td>
</tr>
<tr>
<td>Communication Competence:</td>
</tr>
<tr>
<td>Critical Thinking:</td>
</tr>
<tr>
<td>Contextual Competence:</td>
</tr>
<tr>
<td>Aesthetic Sensibility:</td>
</tr>
<tr>
<td>Professional Identity:</td>
</tr>
<tr>
<td>Professional Ethics:</td>
</tr>
<tr>
<td>Adaptive Competence:</td>
</tr>
<tr>
<td>Leadership Capacity:</td>
</tr>
<tr>
<td>Scholarly Concern for Improvement Motivation for Continued Learning:</td>
</tr>
</tbody>
</table>
CONSUMER RESPONSE TO ADVERTISING MAIL: SOME PRELIMINARY FINDINGS

Jean Li Rogers, U. S. Postal Service, Washington, DC

ABSTRACT

Direct mail, or advertising mail, is the third largest advertising medium in the U.S., but little attention has been given to it in marketing and advertising textbooks. Part of the explanation for the academic inattention may be the paucity of empirical research in this area. This paper reports some preliminary findings of a secondary data analysis of a three year study conducted by the U. S. Postal Service on mail sent and received by U. S. households. This paper reports the findings of the first year, 1987.

The primary objective of the Household Diary Study is to project mail volume for corporate planning in the U.S. Postal Service. Using a stratified multi-stage area probability sampling procedure, 5315 households from the continental U. S. were selected and interviewed. In addition, each household agreed to maintain a one week diary of every mail piece sent and received by the household. Over 123,700 pieces of mail were sampled.

The focus of this paper is on consumer response to the receipt of advertising mail, particularly third-class mail. The analysis reveals that as household income increases, so does the volume of mail received, particularly advertising mail. Although higher income households read proportionately less advertising mail than the less affluent households, they read more pieces of advertising mail than the less affluent households. Moreover, they tend to order more frequently than the less affluent households. Overall, about 60 percent of the U. S. households ordered through the mail in the past year.

The data lend support to the cognitive theories of consumer behavior. Consumers do select those mail pieces of interest to them before ordering from them or discarding them. Intentions to order from the mail piece are strongly related to whether the household members want more advertising mail, read the mail piece and perceive the mail piece as useful.
ADVERTISING AND CIGARETTE INDUSTRY
SALES IN THE UNITED STATES

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ABSTRACT

This paper surveys the literature concerning the determinants of cigarette consumption and discusses the influence of the "health scare," television and radio advertising ban, and other factors on cigarette consumption patterns.

Three events usually are heralded as having a significant depressing effect on the per capita consumption of cigarettes in the United States. These are (1) the American Cancer Society's 1953 report, which maintained that the death rate among cigarette smokers was substantially higher than that of nonsmokers; (2) the U.S. Surgeon General's Report of 1964, which claimed that cigarette smoking caused lung cancer; and (3) the banning of all cigarette advertising on radio and television as of 1971.

Empirical studies attempting to assess the influence of health scares and the advertising ban on smoking behavior have produced findings that can be described as equivocal. For example, with reference to the 1953 health shock, a number of researchers have shown it to have a dampening effect on per capita consumption rates. Unfortunately, estimates as to the severity of this dampering effect range from rather weak or transitory (Hamilton, 1972; Warner, 1981) to strong and persistent (Ippolito & Ippolito, 1984; Schneider, Klein, & Murphy, 1981). Similar results hold with respect to the 1964 health scare, with some authors finding this event to significantly decrease consumption levels (Hamilton, 1972; Schneider, Klein, & Murphy, 1981; Warner, 1977), while others indicate its nonsignificance (Bishop & Yoo, 1985; Fujii, 1980; Ippolito & Ippolito, 1984). Our own findings regarding the effect of the health scare were that it significantly reduced cigarette consumption rates. The trough for the year 1964 in Figure 1 exemplifies this point.

The Public Health and Cigarette Smoking Act of 1970 outlawed cigarette advertising on television and radio, the expectation being a permanent decline in per capita consumption rates. However, ascertaining the impact of this ban on subsequent smoking behavior has proven to be another highly controversial issue.

A number of scholars advocate that the ban actually increased cigarette consumption levels (Hamilton, 1972; Schneider, Klein, & Murphy, 1981; Teel, Teel,
& Bearden, 1979), and some believe that it had little or no effect at all (Bishop & Yoo, 1985; Ippolito & Ippolito, 1984).

Given the contradictory findings of many of the studies, it is clear that additional work in the health scare/advertising ban area is warranted. The recent unanimous endorsement by the American Medical Association of a proposal to completely ban all cigarette advertising only serves to underscore the timeliness and importance of conducting research on this topic.

REFERENCES


TEACHING BENEFIT SELLING: CONCEPTS AND ACTIONS
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INTRODUCTION

Benefit selling is one of the most central tools of professional selling. The power of this approach is rooted in the simple fact that customers buy the benefits, not the features, of a product. Benefits represent the personal profit buyers receive from purchasing the product. If we simply assume that customers will behave so as to serve their own interests, then the benefits approach may be said to underlie all of why people buy what they buy.

The pervasiveness of this concept is demonstrated by the fact that benefit selling is discussed in virtually every Principles of Selling text the current authors have ever seen (See, for example Pederson, Weight and Weitz 1988, pp. 307-8; Russell, Beach and Buskirk 1988, pp. 104-6; Wendel and Gorman 1988, pp. 315). Despite the importance of this concept, it is often not grasped fully by the student, or, if grasped, is not applied, or is misapplied. This is to say, after the concept of benefit selling has been taught, often the practice has not been adopted. For example, one exercise in the current authors' Sales Management course allows students to debate the relative merits of various sales force candidates. Invariably, each participant will couch his/her support for a candidate in terms of that candidate's features, rather than in terms of the benefits the candidate might bring to the current members of the selling organization.

We submit that this inability to apply is the direct result of certain shortcomings in the way benefit selling has been taught. It has been our experience that students can learn to apply this concept via sequence of pedagogical exercises, conducted both in and out of the classroom. Accordingly, the purpose of this paper is to specify a methodology for the teaching of benefit selling. To this end, we will discuss four topics: 1) Operating Definitions of Benefits and Features, 2) Teaching the Benefit/Feature Distinction, 3) Teaching Coordinated Benefit/Feature Presentation, and 4) Extending Benefit Selling To Selling Oneself - The Final Frontier.

OPERATING DEFINITIONS OF BENEFITS AND FEATURES

The starting point for teaching the practice of benefit selling is providing clear definitions of "benefit" and "feature;" definitions which are suited for the practical task of distinguishing between the two. Our two definitions are:

**Benefit:** A favorable result or effect that promotes welfare, advantage or gain from using the product. A Benefit is what the product will do for the buyer; i.e., a favorable effect to satisfy a need/problem.

**Feature:** Any characteristic or part of a product, plan or service that provides the user with a favorable result (benefit). Anything built into the product such as quality, delivery, design, workmanship, construction, etc., is a feature. Features are the source of benefits. They exist whether or not the product offer is used.

The most important thing to note here is that a benefit is not an aspect of the product and neither is it an aspect of the buyer. It is an emergent property of the merging of customer and product - the definition indicates that the benefit does not exist until AFTER the product has been purchased. Thus, this definition leads us to two conclusions: 1) the buyer is motivated by the promise of gains to come, and 2) as these gains are a result of an interaction, not all customers will yield the same benefits when combined with the same product, and not all benefits are critical for each consumer. This is the basis of situational selling.

TEACHING THE BENEFIT/FEATURE DISTINCTION

Now we wish to pass these insights on to the class, and in a fashion which they may find to be practical. In the course of class discussion of the above definitions, the class will usually conclude that features are "things you can point to on the product," whereas benefits are "things that happen." Blending in the above situational selling orientation will often produce the refinement that benefits are "things that happen to some buyer in particular." When the class reaches this conclusion, they are ready for the first exercise.

The instructor asks one of the students in the class for a $2 pencil. S/he then says, "We are going to see if we are able to differentiate between features and benefits for a $2 pencil." Handing the pencil to one student, the instructor continues, "This student will state a benefit of the pencil, and then hand the pencil to the next student. The challenge to the second student will be to state a benefit which might be associated with that feature. The challenge to the third student will be to name a new feature, and so on."

The beauty of this exercise is in its simplicity. It is so quickly comprehended by the students that the instructor may systematically "ratchet up" the task by introducing refinements to the definition of "benefit." Naturally, it is most effective to do this in a praising fashion. For example, one might wait for a comment such as, "A benefit of this pencil is that it will allow
the freedom to improve your thoughts - the erasure feature provides for this." The instructor can now point out that the student has used the sales tactic of stating in the positive. This tactic is important as the other way to phrase this benefit, "it won't stick you with a mistake," lacks the direct tie to the favorable result, "freedom." As the favorable result is at the core of the benefit concept, such a tie is of paramount importance.

Having explained this refinement, the instructor may write it on the board, and include it as part of the working definition of a "selling benefit" - a benefit statement phrased for a selling situation. The challenge to all subsequent student participants has now been altered to include this new parameter. In similar fashion, the instructor may continue to refine the definition, and thus elevate the challenge and the learning task, by the inclusion of more points. In addition to being stated positively, the selling benefit should be 1) stated clearly, 2) stated persuasively, and 3) expressed as a complete thought.

This exercise may continue until the class has exhausted new features or new benefits. In the authors' experience, this usually occurs after approximately ten features. Even obtaining ten will usually require some encouragement on the part of the instructor; encouragement to think creatively, to take the third and fourth looks at this very familiar object. Having the student actually hold the pencil is almost invariably helpful.

When the instructor is satisfied that the list is truly exhausted, the instructor congratulates the class on their mastery of the feature/benefit distinction, as well as their creativity. S/He then produces a list of twenty-seven features and benefits of a pencil (Appendix A). The lessons here are obvious. First, when everyone agrees that every possible benefit has been considered, the task may be only started. Second, is, if such a mundane product has such a number of features and benefits, how many must be hidden in a product of only moderate complexity?

There are five fundamental objectives to be served by this exercise. 1) Most importantly, to teach the student to distinguish between features and benefits. 2) To learn to state a "selling benefit," one that is stated positively, clearly, persuasively and in a complete thought. 3) To practice thinking on their feet. 4) To develop analytical skills by examining a product and attempting to attempt to reduce it to its component features and their associated benefits. 5) To engender class cohesiveness via meeting a challenge as a group.

OUT OF CLASS EXERCISE ONE:
COORDINATING BENEFIT/FEATURE PRESENTATION

This first exercise should have driven home the first of our two conclusions derived from the definition of a benefit: the buyer is motivated by the promise of gains to come. Further, they will have practiced the action of phrasing benefits in a positive fashion. They are now ready for the second point, that the benefits of the same product may be different for different customers. This second exercise is designed to teach this point. When presenting benefits and features it is imperative that the student be in the habit of presenting the benefit first, and then support it with features. In promotion, this is often referred to as stating the promise, then supporting the promise (Schultz and Martin 1979, p. 11).

If one leads with features, the customer is being invited to conjure their own outcomes for these features. Such a set of circumstances is very hazardous due to two simple facts that we know about people: they resist change, and they think more quickly than we can talk. Since purchasing the product often means that something within the consumer's world will change, this truth may be translated as: customers are looking for reasons to not buy. Further, they will be able to think of these reasons faster or more quickly than we will be able to counter them; on average, people think about four to five times the word-per-minute rate that they talk. This means that for every feature the salesperson mentions, the customer has time to think of four or five results of that feature. Even if the customer is favorably predisposed to both the product and the salesperson, there would be no reason to believe that all of these imagined results would be positive ones. If we think that the customer may be seeking not-buy reasons, it is possible that few or none of the imagined results may be positive. The salesperson must guide the customer's thinking by leading with benefits.

The assignment designed to teach coordinated benefit/feature presentation involves a complete feature/benefit analysis for the product of the student's choosing. The student is to list each feature of the product, and then the benefits, or often, benefits, associated with this feature. This is best presented in a balance sheet format, with features on one side of the page and associated benefits on the other.

The student will now select two target audiences which might have an interest in the product at hand. The student will now construct a benefit/feature presentation for each target group. The students are encouraged to select groups which are as dissimilar as possible: a portion of the grades rests upon the contrast between their two presentations. This exercise serves three
purposes. 1) It provides practice in learning to lead with benefits, and support with features. 2) It illustrates the point that benefits are as much a function of the buyer as they are the product, and 3) It encourages creative thinking. Forcing the students to think in terms of more than one consumer base expands the number of benefits they are able to see.

OUT OF CLASS EXERCISE TWO: SELF ANALYSIS

Extending the concepts of benefit selling to include the selling of oneself seems to be most unnatural, even for the student who has mastered the concepts of benefit selling.

We sometimes conduct mock interviews in our sales classes. Even the best students regress to feature-oriented selling in such a situation. The tendency is to make comments such as: "I have a degree in Marketing with a 3.4 GPA," or "I have experience in sales," or "I love meeting new people." All of these are, of course, features. Shows the student a better approach to the interview situation is the purpose of this last exercise.

Each student conducts a feature/benefit analysis of themselves. They begin with a listing of all their features: education, work experiences, extra curricular experiences, personality traits, and so on. The challenge then becomes associating benefits with each of these features. This is presented in the same fashion as the above exercise: in a balance sheet format, and with separate analyses for two separate career alternatives. This exercise serves three purposes. 1) It drives home the point of benefit-oriented selling. This is an extremely high-involvement exercise for the student. After taking a benefits approach to this product, they are far more willing to do it with others. 2) It is an exercise in self-knowledge, and there are few topics most of us are more interested in. While the student is often reluctant to begin, it is usually a memorable assignment. 3) It is a practical exercise, in that it helps the student prepare for their upcoming interviews. Perhaps the most important aspect of this preparation is not the memorization of a list of benefits-of-me, but rather the back-to-basics marketing activity of having considered the interview from the other person's point of view.

CONCLUSIONS

Benefit selling is one of the most central concepts of professional selling, and therefore one of the concepts most central to any sales course. Yet it is an elusive concept for the student, particularly in application. It is incumbent upon the instructor to create student experiences which will result in making the benefit approach to selling feel natural. This is not a simple task, and probably cannot be accomplished in a single assignment or classroom exercise. Rather, a sequence of related activities are required.

The authors feel that the logical approach is to begin with definitions of "feature" and "benefit," and devote one classroom exercise solely to communicating this distinction. The next student needs to understand how to present features and benefits in tandem, using the features to support the benefits. At this point the student is prepared for the exercise which seems to help all the lessons sink in: the self assessment.

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STUDENT EVALUATION OF INSTRUCTORS AND
THE DISCONFIRMATION MODEL OF TEACHING QUALITY

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Arjang N. Sohrabi (Student)

ABSTRACT

Recent developments in service theory contend that service quality is not due to performance alone, but to the difference between performance and expectations (the disconfirmation model of quality). This study evaluates that theory in the context of college teaching, empirically comparing the performance model of teaching quality with the disconfirmation model. Results support the continued use of existing evaluation methods based on performance alone.

Improving the quality of college teaching is heavily dependent on feedback from students, particularly in the form of end-of-semester written evaluations (e.g. Lowman 1984). The education literature has a substantial heritage of discussion of the design and use of these evaluations (e.g. G. Egan 1958, Wilson 1982), where superior quality is indicated by high ratings on scales of performance (e.g. Marsh 1982).

Within the last decade, the marketing discipline has become increasingly interested in quality, particularly service quality. As a service, teaching falls within the domain of service theory, including that pertaining to quality. In a recent seminal study, Parasuraman, Zemichal and Berry (1985) proposed several service quality concepts relevant to college teaching theory. One of their concepts, in the teaching context, is the contention that student perceptions of teaching quality are formed by comparing the level of performance expected with the level of performance perceived; this will be referred to hereafter as the disconfirmation model of teaching quality.

If the contention of these respected researchers regarding the disconfirmation model is correct, then the usual measures of teaching quality have been misspecified. The usual instructor evaluation instrument contains no measure of expectations, only performance. To the extent that distortion occurs in the measurement of teaching quality, teaching improvement becomes much more difficult, as the true relationships between quality and instructor improvement efforts are masked. Given the importance of college teaching to the individual student, and to the competitiveness of our national economy, resolving these differences between theory and practice is urgent.

The purpose of this paper is to empirically compare the proposed disconfirmation model of teaching quality against the performance model currently used, i.e., teaching quality related directly to perceived teaching performance of the various class and instructor attributes. Additionally, this study will compare the somewhat overlapping concepts of quality, performance, and satisfaction.

LITERATURE REVIEW AND HYPOTHESES

The research by Parasuraman, et al. (1985) was a seminal conceptual study in the area of services quality, and introduced services marketing to three potentially important concepts. The pertinent concept here was the disconfirmation concept of quality, where quality was described as the difference between the expected and performed levels of service, as perceived by the consumer. These concepts are under study only, based on focus group information, and contain no empirical substantiation.

While little empirical verification of their hypotheses has yet appeared in the general marketing literature, some testing has, interestingly, been done in the college teaching industry and published in this conference. Orsini (1986) compared their ten perceived universal service attributes to an evaluation form developed in the college teaching industry, and found comparable levels of predictiveness of teaching performance. Orsini and Meyer (1987) compared the disconfirmation model with the model of performance alone and found the performance model substantially more predictive of overall teaching effectiveness than the disconfirmation model.

Subsequent to the design of the latter study, however, Parasuraman, et al. (1986) defined the expectation portion of their quality model so as to raise an alternative explanation concerning the findings of Orsini and Meyer (1987). The consumer satisfaction/dissatisfaction (CS/D) literature had long held that dissatisfaction was the result of disconfirmed expectations (e.g., Andreassen 1977), exactly matching the Parasuraman, et al. (1985) contention of the definition of quality. This apparent confusion between satisfaction and quality was explained by Parasuraman, et al. (1986) as follows:

"The term 'expectations' as used in the service quality literature differs from expectations as used in the satisfaction literature. Specifically, in the satisfaction literature, expectations are viewed as predictions made by customers... In contrast, in the service quality literature, expectations are viewed as desires or wants of consumers, i.e., 'what they feel a service provider should offer rather than would offer.'" (p. 6).

Insofar as Orsini and Meyer (1987) had used the predictions formulation in their measures of expectation, one reason for their finding of superiority of the performance model is the misspecification of the definition of quality.

However, the CS/D literature is richer in its definition of expectations than indicated by Parasuraman, et al. (1986) above. Several types of expectation have been noted in the CS/D literature: anticipation; ideal; minimum acceptable;
and "equity" (e.g., Leichty and Churchill 1979, and Tse and Wilton 1988). The equity type of expectation is defined (Tse and Wilton 1988) as "... the level of performance the consumer ought to receive, or deserves, given a perceived set of costs..." (p. 205). Thus there appears to be little difference between the equity type of expectation in the CSQ literature and expectation in the service quality literature, as defined by Parasuraman, et al. (1986) above.

Regardless of how expectation is defined, the disconfirmation model of service quality appears to have some conceptual problems. For example, in using this definition to compare a new Mercedes with an old used car, if the Mercedes did not perform up to expectations it would be considered low quality, while if the old used car exceeded expectations it would be considered high quality. On the face of it, while one may be dissatisfied with the new Mercedes and satisfied with the old used car, it might seem problematic.

The primary investigation of this study is a comparison of the prediction of overall teaching quality: the disconfirmation model, as formulated by Parasuraman, et al. (1986), will be compared with the more traditional performance model. As a secondary investigation, the relationship among the concepts of performance, quality and satisfaction will also be analyzed.

METHODOLOGY
This study will be a correlational design, utilizing student survey responses to measures of performance, quality, satisfaction, and expectation. The strength of predictiveness of the two models (disconfirmation and performance) will be the measure of superiority of the two approaches.

Instrument
The survey instrument for class/instructor evaluation was based on the Student Evaluation of Educational Quality (SEEQ) developed by Marsh (1982), and widely adopted by universities. His eight teaching performance categories were included, but only half of his questions for each category were utilized, as pretesting had indicated that his full instrument (31 questions) led to student fatigue in completing the three pages of this study's questionnaire.

The first page of this three page questionnaire consisted of fifteen class/instructor attributes and two overall teaching questions: overall teaching performance, and overall satisfaction with that performance. The second page consisted of several questions related to characteristics of the class situation, e.g. class size and time of day. These were intended to distract the student from the evaluation process so that two pertinent questions could be asked without being consecutive with the evaluation process: questions concerning the overall quality of instruction, and satisfaction with that quality.

Subsequent to the quality measures, several questions pertaining to student characteristics were asked, e.g. class standing, gender, number of courses taken. The third page of the instrument then repeated the 15 class/instructor characteristics, but asked the student to rate the appropriate level of those characteristics that should have been provided by the instructor. The form of these questions followed the recommendation of Parasuraman, et al. (1986) in that the perception and expectation questions were asked separately and overall teaching performance for the disconfirmation model was predicted by the computed differences between perceptions and expectations. The performance model was based on perceptions only.

Subjects
The subjects utilized in this study were students enrolled in several upper division business courses in a large western university. In order to not be course-specific, students were asked to evaluate the next class they had, in a type of "snowball" survey. While most of these courses were probably business courses, some were probably in other disciplines. Confidentiality precluded specific identification of the class/instructor evaluated; fortunately, the theory is applicable to any course or instructor.

Analysis
The empirical evaluation of the competing models was by multiple stepwise regression, using the coefficient of determination (adjusted R-squared) as the measure of comparison. Previous studies had indicated that the class/instructor characteristic items tended to be strongly correlated, i.e. instructors with high overall rating tended to be given high ratings on most of the characteristics, and vice versa for instructors with low overall rating. The specific attributes in any model were thus sensitive to the particular sample, and are not of concern in this study.

Relationships among the measures of performance, quality and satisfaction were measured by the Pearson product moment correlation. Correlation and stepwise regression are common methods used in the development of teaching evaluation instruments (e.g., Marsh 1982).

FINDINGS
The results of the stepwise regression of the disconfirmation and performance approaches to predicting performance, performance satisfaction, quality, and quality satisfaction are indicated by the coefficients of determination (adjusted R-squares) in Table 1. Testing for nonlinear forms of the models indicated no substantial improvement, hence the linear forms of the models were used.

The most important finding of Table 1 is that the models of performance alone are uniformly superior to the disconfirmation models in predicting the four criterion variables investigated; the difference in the coefficients of determination
is about 10%. This is consistent with the findings of Orsin and Meyer (1987) for the quality criterion, and Tse and Wilton (1990) for the performance satisfaction criterion.

<p>| TABLE 1 |</p>
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<th>Predictiveness* of Alternative Model Configurations</th>
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<tr>
<td></td>
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<tr>
<td>Overall Performance</td>
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<td>Overall Performance Satisfaction</td>
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<td>Overall Quality</td>
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<td>Overall Quality Satisfaction</td>
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* Coefficients of Determination (adjusted R-squared); p < .0001
** Computed as: Performance Rating minus Equity Expectation

Note: All correlations significant at p < .0001

TABLE 2

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<th>Overall Performance</th>
<th>Overall Satisfaction</th>
<th>Overall Quality</th>
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<tr>
<td>Overall Performance</td>
<td>.92</td>
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<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.84</td>
<td>.86</td>
<td></td>
</tr>
<tr>
<td>Overall Quality</td>
<td>.82</td>
<td>.89</td>
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CONCLUSIONS

The purpose of this study was to examine the contention, developed in services theory, that teaching quality was a function of the difference between perceived performance and expected performance, rather than perceived performance alone. Substantiation of this theory would have broad ramifications for college teaching. A secondary purpose was to explore relationships among the concepts of quality, performance and satisfaction.

The results of the correlation design employed in this study supported the superiority of the performance model of teaching quality over the disconfirmation model. These results, employing the disconfirmation model configuration recommended by the originators of the theory, were similar to previous investigation which used a slightly different configuration.

The finding of the performance model superiority does not mean that the disconfirmation theory is incorrect. The usual cautions applicable to correlation designs involving convenience samples are certainly pertinent in this case. While it is quite possible that sample selection or uncontrolled variables led to the results, there are, as yet, no existing empirical results which are contradictory to these findings.

These results differing from the proposed theory may be due to their specific applicability to college teaching, i.e. there may be product-specific contingent conditions which mitigate the disconfirmation theory. In the related area of consumer satisfaction, Churchill and Surprenant (1982) found, in an experimental design involving two products, that the disconfirmation model was superior for one product, but the performance model was superior for the other product. Thus, by analogy, the college teaching industry, which was not one of those evaluated by Parasuraman et al. (1985), may be a product class where performance is a better predictor than disconfirmation.
A second area of investigation in this study was an exploratory look at associations among the concepts of satisfaction, quality, and performance. Again noting the cautious of this research design, the associations were quite strong, explaining two-thirds or more of the variance. While questionnaire construction may be part of the explanation for the high association, another possibility is that the concepts are, in fact, strongly related in the consumer's mind. Evidence of the consumer association of satisfaction, quality and performance comes from several sources, as follows.

In marketing, Churchill and Surprenant (1982) and Tse and Wilton (1988) both found strong association between performance of product features and satisfaction. In the quality industry literature, a subdiscipline of production, while quality was originally defined as conformance to specifications (e.g. Feigenbaum 1961), in the last dozen or so years it has been defined in terms of consumer satisfaction (e.g., Alexander 1988). That is, high product quality is defined (in very general terms) as one with high customer satisfaction. It thus appears, prima facie, that the concepts are strongly related, although not necessarily exactly the same.

From the perspective of concerns within the college teaching industry, the evidence supports continuation of using the performance model of teaching quality rather than changing to the disconfirmation model. Given the uncertainties existing in the fields of consumer satisfaction and product quality, the evidence at this point does not appear to warrant any fundamental change. Given the possibility of contingent conditions which may affect the suitability of either model, the education industry should continue to monitor developments in the service quality area.

REFERENCES


While a body of empirical literature addressing hospital image is rapidly developing, the investigations conducted thus far demonstrate little cross-study agreement. These disparities may be the result of any number of largely uncontrollable factors (history, geographical differences, etc.). However, the confusion may also be partly due to certain aspects of the methodological tradition which has evolved within this portion of the health care literature. This paper will investigate the literature's departures from accepted psychometric development procedure.

The process of psychometric development may be divided into four steps: definition of the construct's domain (a statement of what is to be studied), item generation procedures (development of questions designed to tap the domain), a priori specification of dimensions (hypotheses concerning the cognitive factors which underlie the domain), and investigation of dimensionality (empirical assessment of the cognitive factors) (Peter and Churchill, 1986, pp. 3).

THE HOSPITAL PREFERENCE LITERATURE: METHODS

Domain

As is the case within many application areas, it has not been traditional for researchers within the health care area to specifically state the domains of their studies. However, one may still conclude that all six of the reviewed studies centered on large institutional entities concerned with physical health care. The mental constructs considered by these studies are more eclectic. Frequency counts of stated choice criteria and importance ratings of hospital attributes were the most common.

Item Generation

The dominant procedure for item generation has been the literature review: four of the investigations cite this approach. Three of the studies state that, in addition to the review, input was obtained from physicians; three studies sought consumer input.

A Priori Specification of Dimensions, And Dimensionality

Hypotheses concerning the nature of factors are a rarity in Marketing, and the Hospital Preference literature is no exception. Only one of the cited studies (Wolinsky and Kurz, 1984) presents a factor analysis of the results, indicating that the field of Hospital Preference is still in the "discovery of factors" era. The one factor analysis yields the following factors: Quality, Knowledge of the Hospital, Recommendations and Cost/Location.

Conclusions Regarding Methods in the Hospital Image Literature

An exciting statement of concept studied would help to simplify application of published research by defining precisely what the results do and do not address. Careful exploratory procedures have not been part of the tradition in the hospital image literature. While several of the studies do obtain consumer or physician input, no study mentions the implementation of critical incident interviews, focus group interviews, or any other established exploratory research technique as part of the process of obtaining this input. Only one of the cited studies has made use of factor analysis, so this literature must still be thought of as in Kerlinger's (1973) "discovery of factors" stage, with the true nature of the factors still considered an unknown.

CONCLUSIONS

Perhaps it is simplest to view the evolution of the cited literature in three steps. First, Boscarno and Steiber (1982) and Hiirsch and Peters (1982) established that certain aspects of the hospital itself (Quality, Reputaion) influence the consumer's hospital selection. This finding was not so trivial as it may appear today—patients selecting their own hospitals is a recent phenomenon. Second, Scannell and Kinnard (1983) and Okorsak (1983) provided some idea of what attributes might constitute "Quality" within the consumers mind. Third, Malhotra (1983) and Wolinsky and Kurz (1984) introduced sophisticated data analysis to the field.

REFERENCES


SERVICES INADEQUACIES IN MARKETING TEXTBOOKS: PLANNING, RESEARCH, AND CONSUMER BEHAVIOR

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ABSTRACT

Even though the past ten years have seen a virtual explosion in the concern of services marketing, marketing principles textbooks still tend to reflect the traditional goods orientation. In order to contrast the services literature with current textbook treatment of services, planning, research, and consumer behavior chapters of several contemporary textbooks are examined for services consideration, and compared with examples of services marketing literature in those areas. Textbook authors are encouraged to update their material so as to better prepare students for their future vocations.

INTRODUCTION

The marketing discipline has become increasingly concerned with services, as evidenced by the explosion in services marketing literature in the past decade (Fisk and Tansuhaj 1985), and the 1982 creation of a Services Marketing Division within the American Marketing Association. This is reflective of the national economy, where two-thirds of current employment, and 90% of newly-created jobs, are in services (Heskett 1986).

Despite the increasing importance of services to marketers, current marketing textbooks still tend to reflect the traditional perspective of "getting the goods to market" (Lichtenthal and Belk 1984), hence do not adequately describe the world encountered by the students reading those texts. The purpose of this article is to extend the work of Orsini (1988) in contrasting the level of service consideration in marketing textbooks with the level existing in the services literature. It will do this by pointing out some of the many areas where the marketing of goods differs from the marketing of services, and citing some of the relevant literature.

METHODOLOGY

The complete investigation of marketing principles textbooks for services and goods differences is beyond the scope of this study. However, to serve as an illustration of areas warranting further elaboration, three concepts are discussed in some detail below: services differences as pertains to planning, to research, and to consumer behavior.

Twenty current editions of marketing principles textbooks were examined, so as to arrive at an overview of services consideration from the perspective of textbook authors. This overview was then compared to selected areas of the services marketing literature which elaborates on or, in some cases, contradicts that overview. The primary focus of the literature selected is on that which is five to ten years old, so as to point out that which was available at the time the textbooks were written.

While 20 textbooks is not an exhaustive list, it does represent most of the current marketing principles textbooks available (a recent issue of Marketing News carried advertisements for 23 texts by 14 publishers). The list of 20 textbooks examined, and a summary of their individual treatment of the items considered, may be obtained upon request from the author.

BACKGROUND

The majority of the services literature contends that there are substantial differences between the marketing of goods and the marketing of services (e.g., Berry 1980). The economic importance of services makes it imperative for marketing students, as future managers, to be able to comprehend and deal with these differences.

There is some contention in the services literature regarding the importance of differences between goods and services; these contentions appear to be reflected in the variety of treatments of services by marketing principles texts. For example, some of the texts devote a whole chapter to services, while others devote only a few pages. The latter "low profile" approach is a reflection of several authors who contend that differences between goods and services are small compared to the many other differences among the various product classes (e.g., Enis and Roering 1981).

It should be noted, however, that the services differences indicated in the expanding literature are reflected in a trend toward incisiveness of the consideration of services in marketing principles textbooks. Examination of textbooks of even a decade ago reveals little discussion of any kind regarding services, reflecting of the historic focus of the discipline on goods.

The definition of product provides an indicator of the services treatment in the texts. While most of these texts use "product" as a generic term for both goods and services, some frequently refer to goods as "products." While making a point of defining product as consisting of both goods and services may seem trivial, there can frequently be a confusion of terms, insofar as most of our marketing concepts have been derived based on studies of goods marketing. For example, while the concept of the product life cycle may be equally applicable to both goods and services, using the term "products" in the physical distribution chapter is certainly problematic. To the business student taking the required course in marketing, but who is not a marketing major, this situation may be more than trivial. It may not only cause confusion, but also lead to a poor impression of the discipline and those who practice it.
PLANNING

Marketing planning, the process of determining courses of action to achieve organization objectives, is composed of both strategic and tactical planning. The process consists of determining objectives, analyzing organizational resources and environmental factors, determining marketing objectives, and formulating marketing plans.

Little differentiation is made in the texts between planning for service organizations and planning for goods-producing organizations. The substantial majority of the texts either have only a sentence or two on the issue, or no discussion at all. Those with more extensive discussion typically consider portfolio theory as being of more limited applicability to services, and discuss the difficulty of maintaining a large market share for services.

The service characteristics held to most strongly impact planning are intangibility (the lack of corporeal existence), and perishability (the simultaneous production and consumption of the service). Included in the services literature are issues of product diversification, price positioning, and advertising approach (Bateson 1979, Bell 1981, German and Langeard 1980, Eiglier and Langeard 1977, and Zeitbaml, et al., 1985).

One of the primary unresolved problems of service managers is that of fluctuating demand (Zeithaml, et al., 1985). Unlike goods, which may usually be inventoried to achieve stability in the production process, the simultaneous production and consumption of services requires service availability specifically when and where consumption takes place. Thus, for example, empty hotel rooms cannot be saved for use at a later time. One strategy alternative is to undertake business ventures which produce services having opposite cycles, so as to smooth out overall production. Even this must be considered with care, however, as German and Langeard (1980) note, such diversification may lead to image and market inconsistency.

Simultaneity (or perishability) also results in the consumer typically being involved in the production of the product (Eiglier and Langeard 1977). This characteristic results in many substantial differences for service marketers which are not encountered by marketers of goods. Quality control, the physical environment of the "factory," its location, and divided employee loyalty, all result from this characteristic (Bell 1981, Eiglier and Langeard 1977, Schneider 1980). Complexity in the strategy of encouraging participation by the consumer, such as in self-service gas stations, has also been addressed (e.g., Langeard, et al., 1981). While enhanced participation may serve to achieve lower prices, for example, it may also require greater consumer education in service operation procedures, thus leading to further quality control problems.

Simultaneity of production and consumption also affects the structure of the organization. Most notably, with the customer participating in the production process, marketing and production no longer have an arm's-length relationship (Eiglier and Langeard 1977). This changes the goods-based tradition of separation of the marketing and production disciplines (Orsini 1987), thereby indicating the need for organization restructur- ing.

Part of the organization's strategy may be to require service employee producers to be more involved in the tactical planning process (Bell 1981); for example, by allowing them more flexibility in product design as they personalize the service to customers' needs. The Wendy's "Have it your way" hamburger, contrasted to McDonald's uniformity, provides an example of alternative strategy approaches to this issue. However, as discussed above, whether there will be a greater involvement of marketers in service operations (Lovellock 1984), or greater awareness of service operators about marketing considerations (Sasser, Olsen and Wykoff 1978), has yet to be resolved.

RESEARCH

Marketing research, the systematic gathering, recording, and analyzing data concerning problems related to marketing, has been addressed in the texts by the consideration of types of research, and the research process. The transformation of marketing research into a marketing information system is also discussed.

Compared with planning discussions, even less differentiation of marketing research between goods and services is made. Only three of the 20 texts have even a limited discussion of services research. Further, the discussion that does exist typically only notes that research is applicable to service businesses, and points out the greater importance of "image" to service industries.

One overriding consideration for services research is that services considerations are measured through the consumer (e.g., Bateson 1979). Unlike tangible goods, which may be objectively evaluated by various physical measures, intangible services have to be measured as perceived and communicated by the user. This imposes a substantial subjective component to the research accomplished, due to both perceptual variation among consumers and user-researcher communication imperfections (Drumwright 1985). Halo effects, for example, may make evaluation of service attributes more difficult than evaluation of goods attributes (James and Carter 1977). We should expect, then, less precision in empirical studies concerning services than comparable studies concerning goods, making accurate marketing assessments more difficult.

On the positive side, however, at least for applications research, is that the participation by consumers in the production process will generally insure that service providers have contact with their customers. This will enable them to have a substantial opportunity for information gathering (Hardin 1970).
CONSUMER BEHAVIOR

Consumer behavior, the acts of individuals in obtaining and using products, consists of both external influence on consumers and personal consumer characteristics. Among the former are situations, and cultural and family influences, and among the latter are perceptions, learning, and consumer decision processes.

As with other service items, typically little textbook distinction is made regarding consumer behavior toward goods being different from their behavior towards services, in either the consumer behavior chapter or in the services portion of the text. However, those few texts which do have a more extensive services discussion provide a greater depth of discussion of consumer behavior than they do of the planning or research items.

The chief focus of theoretical services research on consumer behavior has been with regard to consumer decision processes, which are held to be different for services than for goods (e.g., Fisk 1981, Margo et al., 1983). The reason for this difference is held to be that intangibility of services causes a lower level of conceptual comprehension and higher buyer uncertainty for services. This causes the consumer to have a greater latitude of acceptance for performance evaluations, satisfaction, and causal attributions (Mizerson and Weinberger 1978).

Comprehension difficulty, combined with the concept of a service as an activity rather than an object, indicates that consumer services evaluations are done by procedural scripts rather than as static object attributes (Smith and Houston 1983). That is, because most services are steps undertaken by the consumer, rather than just a single finished product to be evaluated, the consumer has to consider the series of activities which must be accomplished in the service consumption. Any one of these activities may be a cause for the consumer to become dissatisfied with the service. It requires greater care on the part of the producer/marketer in designing and producing the service offering, as there is no opportunity for "reworks" of inadequate production.

Consumers not only evaluate services differently than goods, but may engage in a whole series of different purchase related behaviors. One issue to be addressed in the consumer behavior literature is the consumer behavior effect of the customer participating in the service production process. For example, Langeard et al. (1981), found that willingness to select the self-service form of a product was based on psychological as well as economic considerations. unquestionably this is a rich area for further development of consumer behavior theory.

Articles by Zeithaml (1981) and Davis, et al. (1982) illustrate much of the current thinking with respect to the consumer behavior differences between goods and services. Zeithaml (1981) contends, for example, that there are differences in information search (greater importance of personal sources and more postpurchase evaluation); different evaluation criteria (more price importance and greater atmospherics consideration); a smaller size of the evoked set of alternative brands; slower diffusion of service innovation; greater product risk; greater propensity to switch brands; and more likelihood of attributing oneself as the cause of any service dissatisfaction rather than the producer. These affect marketing strategy with respect to information provision, pricing, and many other aspects of strategy.

Empirical and conceptual research into differences among different types of services has been less widely considered than differences between goods and services. One study which empirically considered four different services (banks, fast food, auto repair, and hair styling), determined that significant consumer behavior differences exist among these services (Dubinsky and Levy 1981). They found differences among the services, for example, with respect to use of information sources, extent of pre-purchase search undertaken, differing levels of brand loyalty, different methods of service evaluation, and differing levels of perceived risk. Much work needs to be done on explanation of systematic reasons for differences found among services and related consumer behavior.

CONCLUSIONS

The unique service characteristics of intangibility, perishability (or simultaneity), and customer involvement in production point to differences between goods and services marketing with regard to basic marketing concepts, including planning, research, and consumer behavior. High sensitivity to fluctuating demand, service quality control being measured through the customer, and differing consumer evaluation processes are examples of primary areas in this regard. Although there is little empirical study on these conceptual differences, it is generally supportive of the substantial conceptual discussion which exists.

The purpose of this article is to examine the "state of the art" in marketing principles textbooks, with respect to their treatment of planning, research and consumer behavior of services, and compare that with the services marketing literature. The concern was that as an introductory marketing course is a critical one for business students, both marketing majors and those majoring in other disciplines, the course ought to reflect the most current thinking of the discipline. Further, as the first and perhaps only formal involvement of many students with the marketing discipline, care ought to be exercised in dealing with concepts and terminology so as to minimize student confusion and maximize student image of the discipline.

Most difficult, from the textbook writer's perspective, is the need to consider services concepts throughout the text rather than only in one portion. With the importance of services to students' careers, and the substantial body of services literature which points out goods and services differences, it would appear important
in conceptual understanding that the texts reflect services considerations as they are applicable in the various subject areas.

Again, the intent of this article is not to disparage any of the texts. Hopefully, the raising of this issue will lead all marketing principles textbook authors to examine and revise their approach to dealing with services. While there is still a distance to go to adequately reflect services considerations, the trend in that direction seems well underway, and deserves to be encouraged.

REFERENCES


DETERMINANTS OF SUCCESSFUL EXPORT MARKETING STRATEGIES AMONG SMALLER AND MEDIUM-SIZED FIRMS

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ABSTRACT

Overseas marketing activity will become increasingly important to small- and medium-sized firms for both micro and macro reasons. Up to one-third of profits earned by U.S. businesses are estimated to be derived from export sales, but small-and medium-sized firms, which generate more jobs than large firms, generally lack an export orientation (Birch 1987). But smaller firms may actually have competitive advantages in international sales through astute use of deliberate marketing strategies (Czinkota 1986).

Studies by other researchers have examined characteristics and attitudes of exporting and nonexporting firms, the influence of marketing strategy variables on export results, and the effect of strategy decisions on export intensity and growth (Hirsch and Lev 1974; Ayal and Zif 1979; Cooper and Kleinschmidt 1985).

In the present study, three hypotheses are investigated:

H1: Marketing strategy variables are significantly related to both the static (export intensity) and dynamic (export growth) measures of export performance.

H2: Marketing strategy variables are more related to the dynamic measure of export performance (export growth) than to firm characteristics.

H3: Firm characteristics are more related to the static measure (export intensity) of performance than are marketing strategy variables.

The independent variables included in this analysis are:

Export marketing strategy variables
- Target export countries
  - Number
  - Developed vs. developing vs. centrally planned
  - Japan vs. Pacific Rim (including Japan) vs. Pacific Rim plus U.S. neighbors (Mexico and Canada)
- Marketing mix orientation
  - Emphasis on product or product component
- Firm characteristics
  - Sales volume
  - Number of employees
  - Subsidiary status

The dependent variables are:
- Static success (percent of sales attributable to exports)
- Dynamic success (change in static success compared to two years previously)

The analysis was based on data obtained from telephone interviews with 57 export managers of Oregon firms that manufacture lumber and have 500 or fewer employees.

Results showed that H1 could not be completely accepted. Some of the marketing strategy variables were significantly related to static export performance, but none were significantly related to dynamic performance. H2 was rejected because there was no significant relationship between the strategy variables and dynamic performance nor did the firm characteristics have a significant relationship to either of the dependent variables. Finally H3 was also rejected because the strategy variables were significantly related to the static measure although firm characteristics were not. There was some indication, however, that firm characteristics might be more related to export intensity as opposed to export growth.

This study supports the tenets of the marketing concept in relation to international marketing: careful target country segmentation and selection is important. The more market-oriented firms exhibited somewhat greater export success, and the marketing strategy variables were more related to static export success than were firm characteristics.

Further research is indicated involving additional strategy variables, such as the nature of export distribution channels, and firm characteristics, such as the number of countries exported to, the number of years exported to each country. This type of investigation should also be extended to different industries in different time periods.

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INTERNATIONALIZATION OF MARKETING EDUCATION: THE BUSINESS PERSPECTIVE

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ABSTRACT

This study attempted to find out the opinions of U.S. businesses involved in international sales about appropriateness and quality of the education offered by business schools in the area of international marketing and business. The results show that these businesses are fairly satisfied with the general education, but rather dissatisfied with international education.

INTRODUCTION

The persistent foreign trade deficit and problems with American competitiveness in general, have given a sense of urgency to the internationalization of marketing and business curriculum. This has also been the latest line of reasoning followed by the AACSB. There seems to be little agreement on how to implement the internationalization in practice, beyond the general agreement that it is necessary.

There are several alternative ways for carrying out the implementation: a basic international course required of all students, or an international component in all or most courses, or a combination of these.

Another dimension of the internationalization issue is the structure and nature of the specialized international marketing or international business program, that we need to provide to those students who plan a career in international sales or business. How should the program be built: an option or major added to general marketing and business studies; a certificate program; or a separate specialized degree concentrating on international studies?

Other pertinent questions include: at what level should the international specialization begin, B.A., M.B.A. or both? And finally what should such program consist of? Naturally, specific answers to these questions depend largely on the needs and resources of each institution.

The present study attempts to shed some light on the question of how the corporations involved in international sales view the international education currently offered by U.S. business schools, what are their needs in this respect, and what is their opinion on the ideal international marketing and business education.

METHODOLOGY

Research Objectives

The overall purpose of this study was, as indicated above, to find out how businesses involved in international sales rate the appropriateness and quality of international marketing and business education offered by U.S. business schools, and what are their actual needs in this respect. More specifically, the study attempted to answer the following questions:

1. How do the international marketing and business professionals rate the general level of business school education offered to future management and marketing personnel in terms of helping to improve U.S. international competitiveness.

2. How do the international marketing and business professionals rate the skills and knowledge of recent graduates in specific subject areas.

3. How should an ideal program for a career in international sales be structured.

4. What is the relative importance of different skills and subject areas for a prospective employee in international sales. More specifically, what is the importance of foreign languages, and which languages are the most useful for a career in international sales.

5. How can the variance in the responses and opinions be explained by the background characteristics of the respondents and their firms.

Research Design

Due to the basic exploratory and mostly descriptive nature of the main research questions, a simple straightforward survey was chosen as the most economical and expedient approach. In late Spring 1988, a questionnaire was mailed to 314 businesses that represented the entire membership of the Export Managers' Association of California (EMAC).

A total of 80 complete questionnaires were returned, which yields a final response rate of 25.5%. This can be considered a fair result in spite of a fairly lengthy questionnaire used in a mail survey. The representativeness of the sample is analysed below.

The self-administered questionnaire consisted of partly factual background information and partly attitudinal questions. In the attitudinal part, both four- and five-point Likert-type scales and rankings were utilized.
The Respondents and the Businesses

As a result of the sampling base used, the respondents represented mostly businesses engaged in exporting and international business from the State of California. Only a few companies were located in the adjacent states, i.e., Arizona and Oregon. In the following, a brief summarized profile of the respondents and their businesses will be presented.

The respondents were generally fairly highly placed and tended to fall into the older age categories: 35% were the owner and/or president of the company, and the largest single age category was '55 and over' (27.1%). These facts were also reflected by the income level: 40.4% reported an income of $75K or higher. The respondents tended to be also fairly well educated as 48.5% had a B.A. and 30.0% had a M.A. level degree. In addition, about two thirds had received education or training in exports or international marketing.

In terms of years of experience in international sales or operations, the respondents were quite evenly distributed: only two categories were slightly larger than others: those with an experience of 3 to 10 years and those with an experience of over 30 years.

The industry and product line categories of the businesses included in the sample were distributed as follows: services (28.6%), conglomerates/multiproduct businesses (24.7%), high technology (20.8%), industrial (15.6%) and consumer goods (10.4%). This distribution represents California exports quite faithfully as evidenced by the recent studies by the California State World Trade Commission (CSWTC 1987 and 1988).

Contrary to what could have been expected, only 14.3% of the businesses were export intermediaries (mainly DCMs). In terms of size as measured by the total number of employees, the businesses ranged from 1 to 70,000 employees. However, small businesses were more numerous: about one third had less than 10 employees, and 12% had more than 1,000 employees.

In terms of total annual sales, the single largest category was that of $2 to $10 million. Almost one fifth had sales of $100 million or more. The businesses were not limited to exporters as 30% had also foreign subsidiaries. A total of 55.9% had hired new employees for international sales or operations within the past 3 months, and 31.3% planned to hire within the next 3 months.

Opinion on the General Level of Education

The largest proportion (42.1%) of the respondents were noncommittal (‘hard to say’), whereas 32.0% rated it as ‘good’. Only 15.8% rated it as ‘poor’ Very few rated it as either ‘very good’ or ‘very poor.’ Consequently, the overall opinion can be summarized as ‘moderately good.’

The respondents were also asked about the role and responsibility of the business schools for helping to improve U.S. international competitiveness. In general, the business representatives blamed the worsening competitiveness on U.S. export industry itself, as the highest share of respondents ranked the following two causes as the most important: poor strategic planning (e.g. too much emphasis on short-term profits) and poor marketing practices.

The respondents were also willing to put some of the blame of the business schools, as over half (51.9%) of them agreed with the statement: "One of the root causes of the U.S. foreign trade deficit is the failure of the business schools to educate future marketers and managers with adequate international skills."

The respondents' opinions on the most important remedies for the competitiveness problem were consistent with these opinions. The most important measure turned out to be: "U.S. export industries should improve their performance and planning," with 70.5% of the respondents rating it as ‘very important.’ The business schools were next, as 36.4% of the respondents rated it as ‘very important’, that "U.S. business schools and educational systems in general should provide better education and training for future managers and personnel."

Opinion on the Skills and Knowledge of Recent Business School Graduates

The general opinions and attitudes described above give a good background for analyzing the opinions of the respondents on the skills and knowledge of recent business school graduates in nine different general and international subject areas. The respondents were asked to use a five-point scale.

A clear general pattern emerges: all the general and basic skill and knowledge areas were rated as fairly good, whereas knowledge and skills in international areas were rated as quite low. The basic skills in mathematics and English/writing and the general knowledge of marketing were all rated equally good: between 55 and 56 per cent rated them as 'good' or 'very good.' General knowledge of management and salesmanship came next with slightly lower ratings. The ratings are summarized in Table 1.

TABLE 1

| KNOWLEDGE AND SKILLS OF RECENT BUSINESS SCHOOL GRADUATES | SUMMARY OF THE RATINGS BY RESPONDENTS | Share (%) of those | rating item as 'very good' or 'good' |
|--------------------------------------------------------|---------------------------------------|-------------------|
| 1. Basic skills in mathematics                         |                                       | 56.7%             |
| 2. General knowledge of marketing                      |                                       | 55.6%             |
| 3. Basic English/writing skills                        |                                       | 55.0%             |
| 4. General knowledge of management                     |                                       | 47.2%             |
| 5. Salesmanship (selling skills)                       |                                       | 30.5%             |
| 6. International marketing knowledge                   |                                       | 28.8%             |
| 7. Knowledge of foreign countries and cultures         |                                       | 16.4%             |
| 8. Knowledge of export procedures and documentation    |                                       | 15.3%             |
| 9. Foreign language skills                             |                                       | 13.7%             |
Negative ratings, 'poor' or 'very poor', were consequently more common for the four international areas: 50.7% for international marketing, 63.0% for knowledge of foreign countries and cultures, 65.7% for foreign language skills, and 69.4% for knowledge of export procedures and documentation.

Opinion on the Ideal Program for a Career in International Sales

In the next part of the survey, the international business representatives were asked to express their opinions on the ideal preparation for a career in international sales with regards to the structure and contents of the program. First, the respondents were asked to rank four different program alternatives:

1. A program that concentrates on basic marketing and other business subjects with a limited general exposure to international marketing ('limited exposure' program).
2. A program that devotes equal time to general marketing and business subjects and international marketing ('equal time' program).
3. A program that combines a general foundation of general marketing and business subjects with a strong emphasis on the international subjects ('strong emphasis' program).
4. A program that provides a comprehensive specialization in international marketing and international business ('comprehensive specialization' program).

The so-called 'strong emphasis' program emerged as the clear favorite with 44.9% of the respondents giving it as their first choice. Perhaps somewhat surprisingly, they did not prefer the program of complete international specialization, which was chosen as the first choice by 39.7%. The 'equal time' program was a distant third, as only 14.1% of the respondents chose it as their most favored program. Finally, the so-called 'limited exposure' program was favored by very few (3.8%).

Opinion on the Importance of Various Skill and Knowledge Areas for a Career in International Sales

The business representatives were asked to rate the importance of five skill and knowledge areas directly related to international sales and business; these areas were: foreign languages, understanding foreign cultures, international finance, international transportation, and export procedures and documentation.

A clear pattern emerged: 'understanding foreign cultures' was rated overwhelmingly as the most important skill and knowledge area for prospective employees. A total of 94.8% of the respondents rated it as 'important' or 'very important', in fact, the share of those who rated it as 'very important' was as high as 72.7%.

The next three areas: export procedures and documentation, foreign languages, and international finance were rated as practically equal in importance. The summary of these ratings is presented in Table 2.

<table>
<thead>
<tr>
<th>Skill Area</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding foreign cultures</td>
<td>94.8%</td>
</tr>
<tr>
<td>Foreign languages</td>
<td>93.7%</td>
</tr>
<tr>
<td>Export procedures and documentation</td>
<td>96.2%</td>
</tr>
<tr>
<td>International finance</td>
<td>96.2%</td>
</tr>
<tr>
<td>International transportation</td>
<td>96.2%</td>
</tr>
</tbody>
</table>

In the case of foreign languages and export procedures and documentation, the number of those who were either 'not sure' or assigned them 'no importance' was negligible (between 1% and 4.1%). Those who assigned these two areas only 'little importance' accounted for about 10%.

International transportation received clearly lower ratings. However, even in this case more than two-thirds (69.4%) rated it as either 'very important' or 'important', as can be seen in Table 2. This time, among this group those who rated it as 'important' were in the majority (50.7%). On the other hand, 22.7% of the respondents rated it as having only 'little importance'.

It is interesting to compare the previously presented ratings of the skill levels of recent business school graduates to these ratings of the relative importance. The comparisons are presented in Table 3.

<table>
<thead>
<tr>
<th>Skill Area</th>
<th>Skill Level 1</th>
<th>Importance 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding foreign cultures</td>
<td>16.6%</td>
<td>94.8%</td>
</tr>
<tr>
<td>Foreign languages</td>
<td>13.7%</td>
<td>85.1%</td>
</tr>
<tr>
<td>Export procedures and documentation</td>
<td>15.3%</td>
<td>63.4%</td>
</tr>
</tbody>
</table>

As was seen in Table 1, the skills in these three areas were rated as the poorest among the nine areas. Interestingly, the same three skills and knowledge areas were also rated as the most important for a career in international sales. This discrepancy in the two sets of figures, conveys a strong message to the business schools.

The respondents do not blame the neglect of these areas on the schools alone, but seem to be aware of the fact that the schools tend to anticipate the needs and desires of the businesses they serve. When asked if they agreed or disagreed with the statement 'Until recently U.S. companies have not valued and encouraged enough international specialization in their hiring practices,' an overwhelming majority (94.6%) agreed.
The Importance of Foreign Language Skills

As was indicated above, foreign languages were rated as an important skill, and yet the skill level of recent business school graduates was rated as 'poor' or 'very poor' by 65.7% of the respondents. Therefore, it is useful to look into this area in greater detail: the business representatives were also asked to list the three most important foreign languages in the order of importance.

Only five languages were listed consistently enough to indicate any real importance; these were, in the order of importance: Spanish, French, Japanese, German, and Chinese. The remaining less important languages included Arabic, Italian, Korean, Portuguese, and Russian. Even English was included by some respondents with the note, that English skills come first as long as they still leave a lot to be desired.

When we consider how many times each language was mentioned in any of the three positions, the following order of preference/importance emerges: (The total number of times each language was listed is indicated in the brackets.)

1. Spanish (44)
2. French (43)
3. Japanese (39)
4. German (26)
5. Chinese (26)

As can be seen from the list, the 'traditional' foreign languages, Spanish and French, are clearly still considered as most important. However, Japanese comes already close in the third place.

Explaining the Differences in Opinions by Background Characteristics

An attempt was made to explain the variance in the opinions by differences in the background characteristics of both respondents and the businesses they represented. The responses were cross-tabulated with the background factors, the statistical significance of the association was tested using the chi-squared test.

Quite surprisingly, very few of these background characteristics seem to be statistically related to the opinions. The few instances where a statistically significant relationship was found, will be introduced below. This general outcome cannot be due to lack of variation among the respondents and their businesses. Either the background factors were not chosen correctly, or the variation in the opinions was not strong enough to be significant.

In several instances the latter explanation would indeed seem to be the most likely: often a remarkably consistent and cohesive picture emerges. The only background characteristic of the respondent that had any statistically significant effect on the opinion was whether or not the respondent had received formal training or education in exporting or international marketing. This factor influenced the opinion on the following issues: rating of the foreign language skills of recent business school graduates, rating of the knowledge of foreign countries and cultures of the recent business school graduates, and the ranking of the third program alternative (the so-called 'strong emphasis' program).

The only only business characteristic that had any statistically significant effect on the opinions expressed by their representatives, was the dollar amount of total annual export sales. This factor influenced the way the respondent rated the importance of understanding foreign cultures. However, the results were somewhat inconclusive as the effect was not the same across the size categories.

The clearest conclusion that can be drawn from this cross tabulation is the fact that the largest exporters (with sales over $10 million) clearly consider understanding of foreign cultures very important ('with 90.9% of them rating it 'very important'). Other size categories still considered the area important, but not with such unanimity. In fact the smallest exporters (export sales of less than $1 million) were least emphatic: 44.4% of them gave the area a rating 'very important.'

CONCLUSIONS

The business representatives included in the study gave a fairly unanimous and quite consistent opinion on the level of business education for a career in international sales and on their needs in this respect. In fact the view was consistent enough that very little of the variation could be explained by the ten general background factors included as explanatory variables.

In general the respondents were rather critical of the present state of affairs, but at the same time they seem to assign equal responsibility for it to the export industry itself as well as to the business schools. In brief, the main message seems to be that in spite of the fairly good general level of business school education, the international skills are not sufficient. It is very important to remedy the situation also from the long-term perspective of U.S. international competitiveness.

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INTERNATIONAL NEWS PROGRAMMING AS A SOURCE OF BUSINESS INFORMATION FOR COURSES IN INTERNATIONAL MARKETING AND INTERNATIONAL BUSINESS

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Mike Shonka, Creighton University, Omaha

ABSTRACT

Given the increased emphasis on international courses in preparation of business, it is important to identify and develop methods of effectively communicating the topic to students. Satellite reception of international business news programming is one source which provides timely examples of international business and illustrates in an effective manner the differences in cultures that impact on business operations. This paper discusses various aspects of the use of these business news programs in international marketing classes and presents the SCOLA Consortium at Creighton University which facilitates their use.

INTRODUCTION

Students of business today have a very real need to learn as much as they can about the world economy and international business. Increasingly, the economies of the world are becoming interdependent and international trade is no longer an area of interest limited to the largest corporations. To survive and prosper in today's international marketplace, all business organizations have to look beyond their domestic borders to the markets of the world for potential customers. The students of today who will be responsible for the functional areas of these business organizations in the near future must not only be aware of the importance of international business operations, they must also be able to respond to the challenges these international operations present.

Educational institutions have been responding to this need for a more thorough introduction to international topics by developing international courses in marketing, economics, finance, and general business. Most textbooks in the functional areas of business include chapters pertaining to international implications of the subject matter. Reflecting these realities, internationalization of business courses is now a criterion for the accreditation of business schools in the United States.

This paper discusses a timely and thought provoking method of introducing international business topics to the classroom that the potential for being quite effective. The method involves utilizing examples of business topics found in news programs broadcast from around the world. First is a discussion of the objectives of a course in international marketing. These objectives are very similar to those of other international courses. This is followed by a discussion of various international news resources and of the technology involved.

Finally, the paper will include comments about how international news broadcasts are being developed as a resource by Fr. Lee Lubers, SJ, of Creighton University in Omaha, Nebraska.

THE OBJECTIVES OF AN INTERNATIONAL MARKETING COURSE

A review of the academic program at Thunderbird (The American Graduate School of International Management) in Glendale, Arizona, finds that the curriculum has three major areas: 1) the cultural environment of international business; 2) traditional business topics presented in a manner stressing international implications; and 3) language as a tool in accomplishing international transactions. Each area is approximately one-third to the total program. Thunderbird's allocation of priorities reflects the reality that an appreciation of the culture of one's international business customers is critical to the ultimate success of these efforts. No longer can an American go abroad and expect the world to conform to American culture.

Business topics and their international implications, the second third, reflects the reality that while the principles of the domestic discipline generally hold, applying them in an international environment requires an understanding of and an appreciation for the complexities of applying them in different cultures.

Language, despite the American's inclination to think that English is the major language of international trade, is extremely important. When the Japanese go abroad to conduct business, they do so following training in the language and culture of the nations whose business they are going to solicit. And, while this final third of Thunderbird's program is beyond the scope of schools of business, the recognition of its importance should not be ignored.

This framework, at least the first two parts of it, has been the basis for the development of most courses in international marketing and international business. The emphasis in the cultural area involves presenting the major cultures of the world and communicating the importance of understanding them in order to enhance the likelihood of developing business. Giving students an international perspective through cultural sensitization is important prior to the presentation of marketing principles and concepts and their international implications. The application of marketing topics in an international setting is enhanced by an appreciation of the cultures involved in
Finally, an objective of any international course should be giving students a firm base for critical thinking so students can understand and appreciate the meanings and implications of various international developments for nations, industries, and firms.

INTERNATIONAL SATELLITE NEWS TRANSMISSIONS AS A RESOURCE: THE BENEFIT OF "REAL TIME"

International news programs are potentially a very valuable resource to enhance students' international perspective. These international news programs, available from satellite transmissions, could contribute substantially to international marketing courses through the benefit of "real time" reaction to business practices and developments in other parts of the world. International news programming, broadcast in the native language of a country, is becoming an increasingly important part of foreign language courses in many schools.

Because few students in schools of business are bilingual, however, the selection of programming material suitable for use in international marketing courses must be limited to transmissions either in English or those which, while transmitted in the native language, have a second sound channel carrying a simultaneous English interpretation or translation.

Currently, international news programming from the following countries is available and suitable for business course use:

Canada (CBC) France India
France Great Britain (BBC) Japan Morocco

Canadian Broadcasting Corporation (CBC) transmissions are readily available via satellite in the United States. Canada, of course, a highly developed market, much like our own. These news broadcasts can provide important insight to aid in understanding our largest trading partner, and help reveal that our neighbors next door are not simply people like us who happen to live further north. Insight into Canadian perspectives and concerns via CBC news programming, recently featuring news dealing with the United States/Canada free trade agreement, could aid students in understanding that, while Canadian culture may be very similar to ours in many ways, it still has an identity of its own. It might help students see that what is good for the United States may, or may not, be good for Canadians and do so in a "real time" way that no textbook possibly can. When students see a tape of a news broadcast made a week or less prior to the class, it could have a timely impact impossible from any other source.

France, a major European trading partner, broadcasts weekly in English a program called "Today in France." This program occasionally features segments of interest to business students and presents a continental European perspective from a French perspective and an opportunity to observe French culture.

Great Britain broadcasts to the world from London via the resources of British Broadcasting Corporation (BBC). Although in English, of course, students would have to pay close attention to the subtleties of the British use of the language and occasionally have to be able to understand the meaning of the terminology from the context of its use. Viewing BBC news could reveal that Great Britain is similar to the United States and Canada in many ways, yet students would be able to observe a different perspective, a world view that is unique, and another European perspective. Great Britain has a long-standing tradition of international trade.

News programming from India, available in English, would provide students an opportunity to observe the perspective of a developing economy on business issues. India is a culturally heterogeneous nation, unlike the others discussed previously, and this is reflected in its news programming. Viewing presentations of business topics and issues from a developing nation such as India, students would be able to see how both the state of economic development of a nation and its culture(s) impact on the formation of attitudes, opinions, and orientations, and how these, in turn, impact on international trade policy.

Japan (NHK) broadcasts a simultaneous English interpretation of its evening news programming. A highly developed market, of course, Japan is an example of a complex oriental culture. Business segments often communicate attitudes and opinions on both domestic and international business topics that are quite different from our own. A recent example of this was a segment which told of Japanese government involvement in setting a "floor" price for the rental of VHS tapes to consumers in order to protect the profit margin of the rental firms from competition that was forcing prices below the levels at which they could operate profitably.

Broadcasts from Morocco in English present a perspective from an Arabic culture quite different from our own, yet, in the case of Morocco, influenced by its European neighbors across the Mediterranean. Morocco is a bilingual environment and a developing economy.

INTERNATIONAL NEWS TRANSMISSIONS IN CLASS: UTILIZING THE TECHNOLOGY TO YOUR ADVANTAGE

Using news broadcasts of international business topics in class could be quite rewarding. It would involve, however, certain challenges in preparation. Time is required, of course, to screen news programming for appropriate examples. Experience gained from language departments (who are well ahead of schools of business in the use of this type resource) suggests that the most effective method is
through video tapes of programming rather than viewing it live. While some news programs will contain two or three examples, others, unfortunately, will have nothing useful. Additionally, the time at which the news broadcast is run seldom would fit the class schedule and examples found might need to be saved until a later class when their use would be appropriate. Good examples could remain useful for several months or, in some cases, much longer without sacrificing their impact or value.

A preliminary screening of taped news broadcasts could, in some cases, be accomplished by a graduate student assistant or a work-study student who has been carefully instructed in the kinds of examples to look for. This prescreening could save an instructor a great deal of time. As previously suggested, once a good example is found it could often be used for a number of semesters before needing to be replaced by something more current.

**SCOLA: A CONSORTIUM OF ACADEMIC INSTITUTIONS UTILIZING INTERNATIONAL NEWS BROADCASTS FOR EDUCATION**

Access to international transmissions can be accomplished with a basic satellite dish antenna no more sophisticated than that commonly used in isolated areas of the western United States. In our case at Creighton University, this access is through SCOLA (Satellite Communications for Learning), a non-profit consortium of academic institutions supporting and utilizing international news broadcasts for educational purposes. The news programming, originating from countries of interest, is received via numerous satellite dishes and is rebroadcast to members of the consortium via satellite.

SCOLA began in 1983 at Creighton University during a meeting of college professors and technical personnel discussing the uses of campus cable systems and satellite technology for the classroom. The academic applications for satellite programming led to the concept of an educational channel or network which would provide the widest possible cultural and learning experience for students. The programming selected for this exposure was news reporting from other countries. Today, SCOLA has evolved into an educational superstation of sorts, collecting and rebroadcasting live or "near live" news programs from quite a number of countries around the world. This worldwide coverage of foreign news broadcasts gives member institutions a unique 'window to the world' of current events.

News broadcasts were selected as the programming source early in the development of SCOLA because:

1) Governments state policy to their own people and other governments through the news organ/media connection;

2) The content of the media reflects the human condition at the time and place of origin;

3) News broadcasts are well packaged, concisely written, and tremendously informative programming produced by teams of professionals dedicated to presenting the message. The message may be that of the government, commerce, a social cause, or a significant event of current interest to a broad range of viewers.

The net effect of unedited "live" news broadcasts from around the globe is a compilation of the world condition at that moment. The view is not obstructed by one culture sifting through with their own reporters. The unedited, full run newscast is not only a current pulse of the world, but an expression of viewpoints that may be sensitive between nations. This fluid diversity allows the viewer to experience intercultural awareness never before available.

SCOLA contracts with satellite receiving facilities placed around the world in order to pick up an estimated 80 percent of the world's satellite signals. Sites in the United States include Omaha, Nebraska, and Seabrook, Florida. Other locations include the United Kingdom, Israel, Sri Lanka, and Papua New Guinea. SCOLA converts foreign television broadcast standards (PAL and SECAM) to the North American standard (NTSC) for domestic rebroadcast and viewing.

The primary use of programming until recently was for instruction in foreign language departments, and this use, of course, dictates rebroadcast in the native language. Significant interest is developing for simultaneous English interpretation of broadcasts to allow the use of the programming in other instructional areas such as schools of business. This has prompted the development of plans to present news broadcasts from all of the major nations of the world with simultaneous English interpretation by the end of 1989. A copy of the Fall, 1988, SCOLA daily program is in Appendix I. News broadcasts from most of these countries will be available in English by that time. This will be accomplished by separate sub-carrier and will allow the viewer in a language course to listen in the native language and the viewer in a business course to listen to the English interpretation.

In order to adopt SCOLA on a campus, it is usually advantageous for several departments to cooperate in obtaining the service, access to which is readily available through a typical satellite dish. The satellite dish can be linked to a campus cable system for distributing the news programming to appropriate locations around a campus where viewing, taping, editing, etc., can be accomplished. Financial support of SCOLA members is based on the number of full-time equivalent students in the institution. Sub-consortium umbrellas are utilized in many cases for groups of institutions to join together in order to obtain lower costs. For instance, the entire Missouri state educational system, including high schools, colleges, and universities, belong under one umbrella.
Appendix II is a copy of the SCOLA rate schedule.

SUMMARY: ADVANTAGES OF USING NEWS PROGRAMMING IN INTERNATIONAL CLASSES

The use of international news programming featuring timely business information could be quite advantageous to the student. The strength of this resource lies in the medium, specifically the audio/visual impact. Information is communicated to the viewer in a manner never before possible. As students view the programming from another culture and begin to filter the information through their own set of cultural perceptions, their "world view" begins to develop, change, and expand. Breaking down poorly developed beliefs and prejudices. This subtle shift of attitudes toward a broader world view is the international educational experience our students need in order to compete in the international business environment of the 1990s.

While actual classroom experience in utilizing international news broadcasts in business courses is limited at this time, the technique has received positive feedback from students. Faculty in foreign language departments, where the programming has been available for some time, have successfully included international news programming material in classes. The experience to date has been sufficiently encouraging to warrant development in the area.

APPENDIX I

SCOLA SERVICE FALL 1988 NEWS

FROM THE CRITICAL LISTENING POSTS AROUND THE WORLD

- Central Daylight Time -

0900 France: A2 or TFI
0930 E1 Spain
1000 Russia VREMIA
1030 Aujourd'hui en France / Canal Plus
1100 Arabic / Aujourd'hui en France / Canal Plus
1130 Japan NHK
1200 China NHK
1230 Iran
1300 Aujourd'hui en France / Argentina
1340 Italy - RAI
1400 German
1500 Turkey
1530 Israel

ALL DAY AUDIO: RADIO FRANCE INTERNATIONALE

APPENDIX II

SCOLA RATES

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$ = \frac{x - 20,000}{10} + $8,300

where x = Number of Students

At fixed rates of ten cents per student:

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PERCEPTIONS OF CLASSROOM LEARNING ACTIVITIES AMONG ADVANCED MARKETING STUDENTS

Gary L. Karns, Seattle Pacific University

ABSTRACT

INTRODUCTION

Whithead (1929) and Goresky (1984) suggest that discovery and involvement are critical to effective education. Marketing educators should endeavor to construct learning environments where students actively engage marketing knowledge. An understanding of student perceptions of the learning activities commonly used by marketing educators is needed to see whether the learning environment provides for the "engagement" necessary for effective marketing education to occur. This paper explores the underlying structure of student perceptions of various learning activities.

BACKGROUND

A variety of learning activities can be used to accomplish a marketing educator's learning objectives. Excellent summaries of the goal orientations and benefits of many learning activities can be found in Henke et al. (1988) and Goresky (1984). Discussion offers involvement and may tap affective as well as cognitive domains. (Berbine, 1987) Both multiple choice and essay tests can measure any of the cognitive goals, but essays are more typically associated with the higher level ones. (Weaver, 1985) Term papers may also reach higher level cognitive goals, however they tend to be highly abstract. Cases add realism but they are static and not fully "real-life." (Frey and Keyes, 1985; Hadden, 1983) Guest speakers and role plays add more realism. (Hite et al., 1985) Projects and simulations link theory and practice along with a variety of skills. (De los Santos and Jensen, 1985; Goresky, 1984; Henke, 1985).

Learning activities have been seen as being structured in terms of cognitive information processing attributes; skill oriented attributes; and degree of involvement. Henke et al. (1988) proposed that participativeness, personal involvement, required and applicability of knowledge were the attribute dimensions for organizing learning activity perceptions.

Much of this prior work has been based on the views of instructors. There is a need to have student generated, unconstrained understandings of learning activities. This paper addresses this need.

METHODOLOGY

A cross-sectional survey of students in the capstone marketing course was employed. An anonymous, structured-undisguised, self-administered questionnaire was given to the students about one week before the close of the term. The questionnaire used bi-polar scales to measure perceptions of the pair-wise similarity of 11 learning activities; preference ratings; and attribute ratings.

A convenience sample of 19 undergraduate marketing students was used. There was a 100% response rate. The sample was made of seniors, most working 10-20 hours per week in addition to being full-time students. Most of the sample reported their GPA to be a B, the remainder reported a level GPA's. The students had participated in 1-2 simulation games and 3-4 client-sponsored field projects.

RESULTS

The unconstrained similarity perceptions of the students were averaged and factor analyzed. After varimax rotation, the factors were named: Concrete Experiences; Verbal Interaction; Analytical Writing; Reading; Observing. Only the first three factors, which accounted for 73% of the variation, were kept for further study. It appears that skill and cognitive attributes are used by students to organize their perceptions of learning activities.

The students' attribute ratings show that class discussion, guest speakers, simulation games and client projects were seen as practical, personal, helpful and stimulating. Simulation games were seen as somewhat more quantitative. Client projects were seen as requiring a high level of effort while guest speakers required little effort. The students did not have strongly polar views on films, cases, lectures and term papers. They were seen as moderate on practicalness, stimulation, helpfulness, personalness, and qualitative. Films were seen as requiring little effort as opposed to term papers which require much effort. Multiple choice and essay tests along with text/reading were seen as relatively theoretical, more impersonal, less helpful, less stimulating and more quantitative. Essay tests and readings were seen as requiring more effort and multiple choice tests as requiring a moderate level of effort.

Guest speakers were the most preferred and multiple choice tests the least. Activities which gave the students the opportunity for participation and gave them relevant challenges were preferred.
HOW AN MBA EXIT SURVEY IS CHANGING A MARKETING CURRICULUM

Leon Winer, Pace University, New York City

ABSTRACT
An exit survey of Business Policy students revealed low satisfaction with their attainment of two goals and five objectives that respondents rated as being important to them. Similarly, they reported low satisfaction with five teacher behaviors that they considered important. Opinions regarding the value of core courses also raised concern. Several strategies are described for solving these problems, including: much greater emphasis on writing skills, establishing a firm connection between Marketing concepts and managers' need to apply them personally for job searches and career advancement and introduction of new courses in "Current Issues in Marketing" and "Marketing of the Individual." Tactics are described for developing students' interpersonal skills within the context of learning Marketing.

INTRODUCTION
According to Hoffman and Dunnington (1987) and Kayla and others (1991), exit surveys are used in many colleges and universities for evaluation of courses, sequences of courses, placement information, evaluation of instructor effectiveness, verifying completion of graduation requirements, program review, and self-study/accreditation. Our initial purpose at General (a fictitious name for a real school) University Graduate School of Business was more marketing-oriented.

A University-wide budget tightening had led to elimination of funds for promoting our MBA program. Therefore, we felt a need to find out what the "word of mouth" was regarding our program, since this was the principal promotional tool remaining to us. As our exit study started producing information, our purpose in doing the survey broadened substantially.

THE EXIT SURVEY
The Pilot Study
The survey sampling frame consisted of all the students enrolled in the capstone Business Policy courses. It was deemed that this group of students would have accumulated the most experience with our program and would be in the best position to provide useful information. Accordingly, during the Spring 1988 semester, a sub sample of one class was selected and a ten open-ended question form was administered to discover areas important to our students and to get some idea of what their opinions were regarding these issues. The objective was to generate hypotheses to be tested in a structured quantitative survey. This approach was effective in generating over twenty hypotheses worthy of further testing. A full description would be beyond the scope of this paper. Suffice it to say that our hypotheses included:

H1: Students' principal goals were to become more marketable and to increase their competence in their field.

H2: In pursuing their goals, students wanted to attain the following objectives: writing skills, presentation skills, negotiating skills, ability to influence others and career development skills.

H3: The core curriculum was viewed by many students as a burden, not generating sufficient benefit in exchange for its cost in time, effort and money.

H4: The quality of instruction that students were receiving in their major fields was wanting, in that teachers were not using up-to-date materials, were not relating theories to current issues and were not emphasizing key points sufficiently.

At this point, the objective of the study shifted from discovering what word-of-mouth promotion we were receiving toward securing information that would enable us to improve our MBA program.

A five-page questionnaire was developed and administered to 104 students to test the questions and refine the issues further through additional open-ended questions. Findings of this study supported almost all of the hypotheses, and prepared the way for the quantitative study that would form a base for decision-making.

The Quantitative Study
The sampling frame for the quantitative study was all the students enrolled in Business Policy during the Summer 1988 semester, a total of 293 students. Questionnaires were administered in class by research assistants, with permission of the instructors. A total of 209 usable questionnaires were returned for a 71% response rate. Limiting ourselves to the scope of this paper, the following findings may be reported, with respect to the entire group of 209 respondents. Answers of the 13 Marketing majors did not differ significantly.

Regarding the first hypothesis (goals), it was found that on an eleven point zero to ten importance scale, "To make yourself more marketable," and "To increase your competence in your field," received the highest ratings, 8.9 and 8.8, respectively. The question was "How important is each of the following goals to you?" The anchors were 0 = "Not at all important" and 10 = "Extremely important." Furthermore, on a similar 0 to 10 satisfaction scale, the same two goals received ratings of 7.0 and 6.3, respectively. The question was "How satisfied are you with the GU-GSB in helping you to achieve each of the following..."
provided to help them to prepare and rehearse the presentations.

3. During class discussions, as opportunities present themselves, questions are raised about the applicability of the concepts being discussed to the marketing efforts of MBA's in seeking jobs and/or advancement.

Students occasionally express dismay about the amount of work. The reassuring response of the instructor is that surveys have disclosed, beyond reasonable doubt, that the corporate world wants MBA's to have excellent communications skills, in addition to understanding Marketing. In addition, they are told that graduating students have confirmed the need for these skills, so that it is clearly in the students' best interests to do the work required and to do excellently. Many other encouragements are offered and the relationship between excellent performance in meeting the requirements of this course and future success is explained in a variety of ways.

Privately, the instructor confesses that he is amazed at the amount of work that may be heaped on a class and still not have them revolt.

The Curriculum in the Marketing Major

Within the curriculum for the Marketing Major, two new courses are in development to help deal with the dissatisfactions expressed by students.

"Current Issues in Marketing." This will be a seminar course focusing on the current Marketing literature. Each student will be required to write and present three papers on current issues. To get things rolling, the instructor will give the initial presentations, while students are beginning to research and write their reports. The instructor will also provide a non-limiting list of possible subject areas.

"Marketing of the Individual." This will be an elective for Marketing majors. The course will cover the marketing of politicians, executives, administrators, entertainment stars and especially MBA students and professional and managerial corporate employees. Students will be required to prepare and present a research-based marketing plan for an individual. Guest speakers from industry will help to increase the sense of realism of the course and may also help students to develop job leads.

In addition to planning new courses, existing courses are being reformed without sacrificing content coverage. There is more emphasis on writing and presenting by students. Special exercises are being introduced to sharpen students' communications and interpersonal skills. Two examples are described below.

Developing Students' Questioning Skills. On the premise that managers need to know how to dig out information through questioning, several case study discussions are developed through the "Question & Answer" technique. The instructor comes to class with a case study the students have never seen. It is the job of the class to ask suffi-

cient questions of enough depth to elicit from the instructor enough information to enable the class to analyze the case. Following the Q & A session, which lasts about an hour, students write their analyses in class and hand them in for grading.

"Q&A Combined with Interpersonal Skills." The session starts in the same way as above. Following the question period, which is cut by about 15 minutes, students meet in small groups and hammer out a solution of the case. They write it up immediately and hand it in for grading. Possibly, they will also rate each other's contributions to the analysis and hand that in too.

Clearly, much remains to be done to respond to all of the needs defined in the survey. As additional strategies are developed and implemented, surveys will be taken to determine whether desirable results are being achieved and to see if any new problems crop up.

CONCLUSION

In these times of rapid change, no one can assume that any curriculum or course is achieving its objectives as effectively as it did at the time it was instituted. It is only through carefully conducted and precisely aimed surveys of the client populations, students and their employers that we can determine whether we are still doing our job as well as we could.

Course and instructor evaluations by themselves are not sufficient. First, they are taken when the course is still fresh in students' minds. Second, they tend to focus on instructor performance. Ultimately, what counts is: "What did the students learn?" "How durable was the learning?" and "How do students perceive the value of what they retained?"

We have surveyed exiting students because they are the ones who have experienced the entire process and are in the best position (except for alumni) to report the perceived usefulness of what they learned under our tutelage and the amount of satisfaction they feel at the end. Continuing surveys will enable us to monitor the effectiveness of the changes we are making and may also discover new problems.

REFERENCES

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THE EFFECT OF STUDENT PERCEPTION OF INSTRUCTOR EVALUATION ON FACULTY EVALUATION SCORES

Gail Tom, California State University, Sacramento
Stoakley Swanson, California State University, Sacramento
Eileen Cajecum, California State University, Sacramento
Charles Abbott, California State University, Sacramento

Student evaluations of faculty serve both as a critical criterion for administrative career decisions of retention, promotion, and tenure, and as a source of feedback to the instructor for course improvement and development. Although some studies report the validity of student evaluations as a measure of teaching performance, other studies report the effect of contextual or situation variables, such as class standing, major, and gender of the student and instructor.

Studies that have specifically investigated the effect of the intended purpose of the faculty evaluation on faculty rating report mixed findings. Some research indicates that prior knowledge of the purpose of the evaluation has an effect on faculty rating scores; other research has found that student evaluations were more favorable when students were informed of the purpose of the evaluations than when they were not. For example, certain research has indicated that students who believed that the purpose of the evaluation was administrative rated the instructor more favorably than did students who were told that the purpose of the evaluations was for course improvement.

The contradictory findings of the effect of prior knowledge of the purpose of the evaluation on faculty ratings may be due in part to the lack of control of previous studies for the initial quality or baseline performance of the instructor and, consequently, the faculty rating scores may be the result of the interaction of the baseline teaching performance of the instructor and the stated purpose of the evaluation. This study specifically tested the role of the baseline instructor performance on the effect of the purpose of the faculty evaluations on instructor ratings. It was hypothesized that differential purpose of the faculty evaluation would not affect faculty scores for instructors whose baseline performance are extreme, either very good or very poor. It was further hypothesized that the purpose of the evaluation would most significantly affect the teaching evaluations of instructors who perform at moderate levels, which is most likely the majority of the faculty at any particular school.

Three faculty from the marketing department at a large western university were selected to participate in the study. One faculty member each was selected to represent the three categories of good, moderate, and poor. Categorization of the faculty was based upon a long-term average (6 to 18 semester ratings over two to four classes) of their student evaluation ratings.

The evaluation instrument used in this study is the same as the one actually used in faculty evaluations at this school. This allows the generalization of the findings of this study to the actual faculty evaluation process used at the school.

The intended purpose of the evaluation was manipulated with one of three statements attached to the front of the survey instrument. The stated purpose of the evaluation was either to (1) assist administrators in making decisions regarding the instructor's career, or (2) serve as feedback to the instructor for instructional improvement, or (3) help students select instructors through the publication of the results.

A student administered the faculty evaluation instrument to the selected classes. Systematic random sampling was used to place students in the class in one of the three manipulated conditions. Twenty-nine students participated in each of the three classes; thus, nine or ten students were randomly placed in one of the three conditions.

The results indicate that the intended purpose of the evaluation does affect the student's evaluation of the faculty. However, the effect of the previous knowledge varies by condition. The evaluation scores for the instructor who has a history of moderate student evaluation scores was significantly higher in the administrative condition than in the instructional or public conditions. This finding supports the first hypothesis.

Contrary to the second hypothesis was the finding of significantly lower ratings for the administration condition for the instructor who has a history of high ratings. This instructor's rating in the administrative condition was significantly lower than the ratings in either the instructional or public conditions.

The ratings received by the instructor who has a history of lower evaluation scores differed significantly in all three conditions. Students rated the instructor more favorably for administrative purposes than for instructional or public purposes. The rating of the instructor was higher for the public condition than for the instructional condition. Interestingly, prior knowledge of the purpose of the evaluation appeared to increase this instructor's ratings beyond his historical pattern. Prior knowledge did not have such a dramatic effect on the instructors with a historically high or moderate evaluation performance.

The findings of this study suggest the importance of the baseline performance of the instructor and intended purpose on student evaluation scores. The inclusion of the baseline performance variable does explain, somewhat, the diversity of previous findings. Overall, although the results are informative, they should be taken as preliminary. The generalizability of the findings would be strengthened with replications over different instructors in different disciplines and with different evaluation instruments.
PROACTIVE PURCHASING AND REVERSE MARKETING, FACT OR FICTION?
By
Richard L. Pinkerton Ph.D., C.P.M.
School of Business and Administrative Sciences
California State University, Fresno

In mid-1988 a new trade book appeared with a very provocative title, Reverse Marketing: The New Buyer-Supplier Relationship in which the authors define "reverse marketing" as:

An aggressive and imaginative approach to achieving supply objectives. The purchaser takes the initiative in making the proposal. The goal is to satisfy both short and long term supply objectives (Leenders and Blenkorn 1988, p. 2).

The term "reverse marketing" means the initiative is taken by the industrial buyer and he/she "sells" the potential supplier on a product redesign, a new contracting procedure such as just-in-time delivery or a joint venture of some kind to break a monopoly position by the present supplier and/or some other undesirable supply situation.

The paper explores the relationships among the concepts of reverse marketing, early supplier involvement (ESI), logistics early involvement (LEI), proactive procurement and the proactive integrated procurement system (IPS) and the materials management concept. Finally, the writer attempts to integrate these concepts and suggests implications for purchasing and marketing management, partners in the whole process.

The following brief descriptions of these concepts will help the reader understand the need for integration.

Materials Management Concept
The materials management term is a rather familiar concept which organizes inventory control, production control, purchasing, stores and other related activities under one staff.

Early Suppliers Involvement (ESI)
Reverse marketing addresses the current move by leading manufacturers to involve their suppliers at the start of the industrial procurement process, the requirement determination stage. As described by Dowst (1987), early supplier involvement (ESI) at the design stage of new product development has been stimulated by: intense world-wide competition, the trend by large original equipment manufacturers (OEM) like IBM to purchase more components and subassemblies vs. making them, shorter design cycles, and a realization that suppliers have great expertise which can improve the quality of a product design while at the same time reducing costs.

Logistics Early Involvement (LEI)
An enlarged or macro approach to ESI is logistics early involvement (LEI) advocated by Witt (1986), the distinguished authority from IBM on product development and introduction. Witt defines the total logistics process as:

All activities which, directly or indirectly, are involved in the procurement, manufacture and distribution of the product or any portion of the product. This includes the direct physical activities of procuring the raw materials and component parts and the manufacture and distribution of the product. It also includes the activities that establish the process. Design of the manufacturing line, selection of the sourcing strategy and suppliers, and the payment and distribution networks are examples. Additionally, activities that support the physical tasks are part of the total process. They can include order processing, scheduling, and inventory control (Witt 1988, p.xiii).

While his definition is rather massive, Witt's work demonstrates how to view inventory as the sum of all amounts in the entire pipeline of supplies. In addition, he gives a true system picture with the critical interrelationships among all the system segments.

Proactive Procurement - The Integrated Procurement System (IPS)
For any of the above concepts (reverse marketing, ESI and LEI) to work, the purchasing department of a firm must be aggressive or as Burt (1984) described it "proactive". Burt's integrated procurement system or "IPS" is defined as:

The procurement of material and services is a process that cuts across organizational boundaries. The process includes activities in marketing, engineering, operations, production planning, quality assurance, inventory control, purchasing and finance. Integration of the procurement activities performed by these departments results in a synergism or union where the whole is greater than the sum of its parts (Burt, 1984, p.x).

According to Burt, proactive purchasing departments use reverse marketing, ESI, and IPS to achieve savings of 6 to 30%. Leenders and Blenkorn (1988, p.2) estimate nearly identical savings of 5 to 30%.

The implications for purchasing and marketing executives involve new levels of risk and the necessity for more sophisticated forms of communication or "characteristics of exchange" as described by Frazier, Spekman, and O'Neal (1988).
HOUSEHOLD GEOGRAPHIC MOBILITY AS A SEGMENTATION BASE BETWEEN PRODUCT MARKETS

John Getta, Oregon State University, Corvallis
Paul Sauer, State University of New York, Buffalo

ABSTRACT

Introduction

After more than a quarter of a century (1947-1975) in which one-fifth of the population consistently changed addresses each year, the annual mobility rate declined to 17.3% only to rise again in 1984-85 to 20%. In the present study, three emergent societal groups - long distance mobiles, short distance mobiles, and renovators - are studied in the contemporary societal context. The relevance of household geographic mobility as a contemporary segmentation base is evaluated by rigorously defining, and testing the purchase behavior of resulting segments. The applications of these findings for mobility theories are also addressed.

Research Objectives

The three objectives of this research are:

1. To reevaluate the existence of household geographic mobility segments in a framework provided by theoretical contributions of earlier geographic mobility researchers.
2. To use these evaluations to test hypotheses stemming from these theories.
3. To examine the relevance of household geographic mobility as a segmentation base for demand in the contemporary society.

Models of Demand

The value of segmentation to marketers lies in its implications for marketplace behavior, or demand. Household geographic mobility, like social class, might be termed macro, in contrast to, micro segmentation variables. On the other hand, individual variables such as income and occupation are micro segmentation variables. The distinction between macro and micro segmentation with respect to product demand concerns between product class and within product class decisions respectively. For example, a long distance move may result in a decision to buy a new washer and dryer rather than a television set. This is a macro segmentation issue. Conversely, different occupations or life-styles may result in different purchase decisions with regard to style, size and color of garment. This then is a micro segmentation issue.

Sample Design

Respondent homeowner households were randomly selected from the publication Daily Reporter, published in Columbus, Ohio on weekdays. This publication prints the names and addresses of those who have recently engaged in Franklin County, Ohio house transactions as well as those who have recently been issued building permits.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>SURVEY RETURN RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailout</td>
<td>Returns</td>
</tr>
<tr>
<td></td>
<td>$(#)</td>
</tr>
<tr>
<td>Renovators</td>
<td>307</td>
</tr>
<tr>
<td>Mobiles</td>
<td>803</td>
</tr>
<tr>
<td>Within County</td>
<td>67</td>
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<tr>
<td>Cross County</td>
<td>178</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1110</td>
</tr>
</tbody>
</table>

Demand Characteristics of Mobility Segments

Two measures are used as a means of determining whether three studied homeowner groups—"short distance" mobiles, cross-county or "long distance" mobiles, and renovators—can be said to be homogeneous segments. The two measures of absence or presence of homogeneity of marketplace response are: (1) post-move or post-renovation (within one year) aggregate purchase activity computed by combining planned and actual purchases for eight (8) product categories; and (2) shifts in retail patronage patterns aggregated across fifteen (15) retail categories. These responses were chosen as were representative of the product and retail categories studied by Andreasen and Bell, two pioneering geographic mobility researchers from the field of marketing.

The combined actual and purchase intentions was greatest for short distance mobiles, next greatest for long distance mobiles, and least for renovators. The number of retail patronage changes were greater for long-distance mobiles than for short distance mobiles, and least for renovators.

While descriptors or the demographics and life-styles of consumer groups (or potential segments), may differ, this may not produce significantly divergent marketplace behavior. While Andreasen and Bell assumed such a linkage between descriptors and responses, their work represented an early segmentation investigation. The body of knowledge has grown considerably since then. Segmentation studies which test the linkage between descriptors and marketplace responses are more likely to be welcomed by practitioners.
ABSTRACT

EXPERIMENTING WITH TWO WAYS OF OFFERING MAIL SURVEY RESULTS

Curt J. Domeyer, California State University, Northridge

During the 1970s several mail survey practitioners recommended offering survey results to potential respondents. Experimental investigations of this technique, however, have consistently shown it to be ineffective in both industrial and household surveys. One must wonder why offering survey results does not enhance the response to a mail survey. The effectiveness of the appeal could be limited by the fact that potential respondents may not be exposed to it. That is, if cover letter recipients are not reading the cover letter or are merely skimming it, any appeal in the cover letter would have little chance of success. Researchers at the University of Michigan's Survey Research Center conducted a study that investigated the readership of cover letters, and they found that over 50% of those who were mailed a cover letter and brochure did not recall reading either item in a subsequent interview (Survey Research Center 1965). An offer of results might have a greater chance of success if it were presented in a manner that drew attention to the offer.

A device used by direct mail marketers to focus the potential respondent's attention on the benefit of an offering is the lift letter (Gosden 1985; Nash 1986). A lift letter is a second letter that is added to the mailing. It is usually folded, is about a quarter of the size of a standard cover letter, and invariably has some enticing handwritten copy on the outside of it, e.g., "Read this only if you're not buying!" The lift letter generally describes another benefit that could be obtained from purchasing the advertised product. Direct marketers claim that because the lift letter is small, folded, and personalized, it provides a dramatic and suspenseful way to make an important selling point. The primary purpose of the present study is to determine whether an offer of mail survey results will be effective when presented in a lift letter.

A secondary purpose of this study is to compare how commercial and noncommercial populations respond to a lift letter. Jobber (1986) has illustrated that commercial and noncommercial populations do not always react similarly to response inducing techniques.

Surveys of commercial populations have generally resulted in lower response rates than surveys of household populations (Thompson, 1984). A third purpose of this study is to compare how commercial and noncommercial populations respond to the same questionnaire.

RESEARCH METHOD

A mail survey experiment was conducted among three populations: personal computer owners, computer retailers, and computer manufacturers. Within each group, subjects were randomly assigned to receive either a standard cover letter, a cover letter that offered results to respondents, or a standard cover letter along with a lift letter that offered results to respondents.

RESULTS

The results of the experiment showed that offering mail survey results to respondents in a cover letter or lift letter did not increase the rate of speed of response, and had only a minor effect on reducing the number of item omissions. Offering survey results increased the costs of the survey while providing minimal benefits. Additional analyses revealed that although the three groups of subjects responded similarly to the treatments, the retailers and manufacturers were much less likely to respond to the survey than the PC owners.

REFERENCES


This paper examines current retail management education programs from both academic and retailer viewpoints in an effort to provide direction for future program development at academic institutions.

Introduction

An examination of the history of the training of retail managers reveals what appears to be an inconsistent relationship between retail organizations and academic training institutions. Some retail organizations seem to have a close working relationship with academic institutions while others barely know academic programs exist. Originally, retail training activities were carried out solely by the retail organizations themselves. As many of these organizations became larger and more sophisticated, the need for more academic training of their managers became evident.

Academic courses, programs and schools of retailing emerged in the U.S. in the 1930's and later in Canada. Often these activities were initiated jointly by retailers and academic institutions and many worked well in providing needed instruction for prospective retail managers. Since that time, numerous retail related courses and programs have been added to the curricula of universities and colleges so that it now appears that a majority of institutions offer some sort of retail management course. Questions which such institutions need to examine as they expand or alter existing management programs to accommodate the needs of the retailing industry and their own objectives are as follows:

1. What skills should be taught to prepare students for the world of retailing? 2. Are retail courses perceived by retailers to be valuable training grounds for potential managers? 3. Is it possible for a retail management course/program which meets retailer needs to fit into the academic program of our universities?

While several retailers regularly recruit employees who have graduated from academic institutions, many prefer to offer their own training programs or to utilize training seminars developed by their industry association. This suggests that many academic programs at universities or colleges may not be providing the kind of training that retailers desire or expect. Failure to meet such expectations and perhaps more importantly failure of both retailer and educator to understand the expectations of each other has most probably led to the situation which appears to exist today.

Regardless of this, there is ample evidence that in the future retailers will need to rely more heavily on academic institutions for retail management education. This is expected to occur for at least three reasons. First, the retail environment is becoming more technical and systemized. Sophisticated financial and computer competencies will be required in retailing, the preparation for which is best provided in the academic environment. Second, the increasing level of competition in retailing and the volatile nature of markets will make it imperative that retailers become more responsive to consumer swings and niches. Preparation for this is provided extensively in academic marketing programs. Thirdly, the increasing importance of the environment in which the retail institution operates will require the retail manager to have exposure to several disciplines, a broadened training which often is not acquired working up through the ranks of the organization.

Therefore despite what appears to be a general lack of coordinated effort between retailers and academics there is a growing need for effective and relevant training programs for retail managers. As a result of this need, the future of retail management education for universities and colleges appears positive. Could this mean that the future for all academic retail programs looks bright? This may be not necessarily so. There is some evidence that retailers are becoming more careful in their recruiting efforts. They are beginning to evaluate the success rate for employees hired from among various schools. In view of this it may well be a good time for any academic institutions to evaluate their program offerings in retailing, their relationship to the retail community and the trends occurring elsewhere in retail management education. Some interest has been shown in this regard in the United States and recently in Canada. An important part of such an evaluation would involve the age old

1Retail Education - Stanley C. Hollander, Journal of Retailing, Fall 1978, pp. 3 & 4

2Different Perspectives on Retail Education - Quinn G. McKay, Journal of Retailing, Fall 1978, p.81

3a) Recruiting - Marjorie A. Lake, Stores Magazine, April 1982, p.64.  


5Recruiting - Marjorie A. Lake, Stores Magazine, April 1982, p.64.

6Base Laid for Top Level Retail course - Volume Retail Merchandising, March 1982, p.34.
question of whether retail management education and especially the kind of training that retailers want and need, has a legitimate place in the curriculum of particularly the universities.

The purpose of this study is to assist in beginning such an evaluation in Canada. To the author's knowledge no other study has attempted to describe the current state of retail management education in this country and its perceived adequacy by the retailing industry.

The specific objectives of the study were as follows:

1) To describe the current state of programs and courses in retailing offered by academic institutions in Canada. This included obtaining information about the number of courses, format, background of instructor, style of instruction, number of students enrolling in retailing courses, and the textbook and resource materials used.

2) To investigate retailer attitudes and opinions towards these programs. Specifically, retailers' comments about the following items were sampled: level of interaction they have with academic institutions; the perceived adequacy of the courses; skill requirements; recruiting activities; and suggestions for improvement of existing courses.

Methodology

Two hundred (200) mail surveys were sent to academic institutions, retailers and retail industry associations in order to obtain information to meet the above stated objectives. The surveys and covering letters were sent in June and follow up calls were placed during August of 1987.

One hundred thirty (130) of the questionnaires were sent to Canadian colleges and universities. This sample was arrived at by subtracting those institutions which definitely do not offer retail related courses from the total of academic institutions in Canada. The remainder (130) were schools which either listed retail programs or courses, or for which it was unclear if they had such offerings from the information reviewed. Fifty-four (41.5%) academic institutions responded to the questionnaire.

Eight retail industry associations were identified and were sent the retailer questionnaire although with a different covering letter. Four (50%) of these associations responded to the questionnaire while the other four were not interested in participating in the survey as indicated by the follow up phone calls.

Sixty-two (62) questionnaires were mailed to retail chains operating in Canada. All retail chains which contained over fifteen stores formed the sample. Response to the retailer questionnaire was 39 (60.5%) with approximately half of the respondents participating only in the follow up phone calls.

Results

Responses to the questionnaires were tabulated and analyzed using the ABTAB software program. The most significant results for each constituency are as follows.

Academic Institution Response

Forty-two (82%) of the fifty-four schools responding to the questionnaire offer retail courses. Combining survey results with the literature review as previously cited as well as a listing from the Retail Council of Canada we conclude that there are between 90 and 105 academic institutions offering retail management education courses in Canada. This represents approximately 55-64% of all such institutions.

The survey also queried the instructor background and delivery style for retail courses at academic institutions.

As might be expected the universities utilize instructors with an academic background to teach these courses to a greater degree than the colleges do. Overall, however, instructors with academic and practical experience were popular with both types of institutions. Straight lecture dominates the delivery style of the majority of course offerings but over one third of the colleges use a lecture combined with workshop approach. Only two respondents reported use of an intern work-study approach to course delivery.

With respect to involvement of the retail industry in academic programs, 44% of responding schools indicate a moderate influence (some interaction but no significant course development input) while 32% report heavy involvement and 24% reported little or no involvement.

According to academic institutions, particularly the universities, retailers do not recruit extensively from these sources. Interestingly close to 20% of all respondent institutions were not aware if retail recruiting activities were taking place at their institution.

Retail Industry Response

In response to the question of adequacy of retailing courses only 25% of retail chains indicated that these courses provided a good mix between the theory and practical. Fifty-five percent felt the courses were inadequate - primarily too theoretical or too general. Surprisingly 20% were unfamiliar with retail courses in their area.

The most important areas of expertise which retailers felt colleges and universities should be providing to retail managers were communication,
buying and marketing skills.

Additional findings from retailer responses were that while 47% encourage employees to take retail courses at external institutions, 86% have their own in-house training courses and 10% have an academic institution teach the retailer-designed course. Only 21% of those retailers responding to the questionnaire recruit extensively from academic institutions while almost 37% do very little recruiting from this source. If these percentages are combined with phone respondents’ comments it is conceivable that approximately only 10% of larger retail organizations in Canada seek employees from college and university programs. This percentage would undoubtedly be even much less if the small retailer sector had been surveyed.

Responding retail chains voiced overwhelming support of intern or work study program in retailing with 18 (86%) indicating such a program would be very valuable or somewhat valuable.

Responses of the four participating retail associations generally coincided with the retail chain responses. Two of the four respondent associations indicated, however, that academic programs are not specific enough to meet member needs. As well, similar to the retailers’ responses, they appear to see strong value in some sort of work-study intern program.

Conclusions and Recommendations

Several conclusions may be drawn from the responses to the questionnaire.

1. The high incidence of retail management courses at Canadian academic institutions indicates a recognition by those institutions of the need and value of such courses to the education of their students -- particularly those in marketing related areas. This corroborates evidence previously cited from the United States that retailing has become a legitimate offering at the university level. This has always, and continues to be, the case at many of our community colleges. Some of the colleges have maintained close contact with the industry and provide excellent programs in retail management and directed more at job training than to the teaching of theoretical concepts.

Changes in the retail industry and environment including advancing technology, increased competition and more complex environmental influences provide increased opportunities for retail management courses at the university level. What was once seen as a watered down training course by many of our colleagues is increasingly being accepted as having academic merit. Evidence from the U.S. shows that a majority of retail chains recruit from four-year as opposed to two-year programs. While some of the U.S. institutions offer specialized retail programs which are not found in Canada, these same retailers cite student maturity of development and the greater possibility of outside work experience as positive aspects of this focus of their recruiting efforts. Although our survey showed that only a small percentage of students enrolled in retail courses at the university level plan on entering retailing as their occupation, the fact of the matter is a relatively high percentage actually do end up in a retail related field eventually. Therefore there appears to be a niche that universities can service for potential leaders in the retail industry.

2. All too evident from the results of the survey is the lack of contact and involvement that the retail industry has with academic institutions. The industry generally perceives university and college courses to be inadequate or they are unaware of such programs or courses. Academic institutions, particularly the universities, have seemed somewhat uninterested in increasing the dialogue with the industry. Having established that there can be a role for the university to play in retail training the onus is on institutions to increase efforts at liaison with the industry. This may involve such steps as education about the value of their programs, some adjustment to course delivery and content, and an attempt to involve retailers where possible in such programs.

3. The difficult part of implementing the previous recommendation would be to do so without significantly and adversely affecting existing programs and courses. This study, however, has provided some insights as to how this might be done. The retail industry respondents were almost unanimous in voicing support for a work-study intern program in retailing involving our academic institutions. If carefully developed, would not only go a long way towards bridging the gap between retailers and academia which appears to exist today, but may provide long-term industry contacts and relationships which could prove very helpful to schools and programs in business management. In the final analysis it is the student, however, that stands to gain the most from such programs.

For many institutions work-study programs will not be possible even in the long term. In such situations similar benefits to work-study programs might be obtained by encouraging such interactive activities as summer intern programs, student project work with retailers, consulting, use of retailers on advisory boards and as guest speakers to classes.

Any of these initiatives could go a long way towards bridging the gap between the retail industry and academic institutions. It is entirely possible that both groups’ objectives, once thought to be too divergent, can be reached. The retailer might obtain students with contemporary technical competencies, a more broad liberal arts background and critical thinking mindset, the capacity to integrate the theory with practice and an opportunity to screen potential. The academic institution will find a large body of current examples, case and project material to enhance teaching experiences and relevancy not to mention the possible support both financial and nonfinancial from the retail community. The real winners and the most important player in the game, however, will be the student who will be exposed to the theory, will have the
opportunity to see the practical side and may make valuable contacts for their future.

"Recruiting - Marjorie A. Lake, Stores Magazine, April 1982, p.64."
ABSTRACT

THE ETHICAL STANDARDS OF BUSINESS STUDENTS, PROFESSORS AND BUSINESS PEOPLE

Harold H. Kassarjian, UCLA
Barbara E. Kahn, UCLA & Wharton

INTRODUCTION

In recent months ethics and changing ethical standards have become front page news. Many people feel that the moral values and ethical standards in this country are deteriorating in correlation with the decay of cultural and social institutions.

The purpose of this study was to examine the changing moral and ethical standards of business people. The paper draws on an earlier study such that we can make comparisons of businessmen of today with a very similar group of businessmen who were tested 25 years ago. In addition we have data on MBA students - the business people of the future. In a sense we are making comparisons of past businessmen, present businessmen and potentially future business persons. Also, we have tested a group of professors in business schools for one further analysis.

The question we ask is whether or not ethical values have changed over the last generation among American businessmen and are they different from the breed of future business persons (MBA students) or their teachers (management professors).

METHODOLOGY

A quarter century ago, Father John Clark developed a measuring instrument that purported to capture the ethical standards or ideals of business people (1965, 1966) - standards or values rather than conduct.

The Personal Ethics Scale (PES) represents the ideal that ethical responsibilities are co-extensive with the "rules of the game" of competition. A person scoring high has a firm commitment to personal integrity and honesty within the law at the cost of personal gain. Beyond that the business of business is to be profitable.

The Social Responsibility Scale (SRS) measures the degree to which an individual considers himself ethically responsible for the social effects of business decisions: the effect of decisions on the welfare of others - beyond the interest of the stockholder.

The final Clark sample consisted of 103 business executives in the UCLA executive training program in 1964. Our business person sample consisted of 76 executives in the same classroom in the same program at UCLA 25 years later. All conditions were duplicated as closely as possible. The student sample consisted of 51 first year MBA students and the faculty sample was 44 members of the UCLA business school.

RESULTS

Based on the prevalent folklore, we had expected that the business persons of today would score lower on the scales than their counterparts from a generation ago, in the belief that the college years are the most idealistic we expected that our student sample would show a much higher level of ideals than business people of the present or the past. From the protected elite of society - university professors - we expected the highest ideals.

The PES Scale fits the Henry Ford maxim that, "The worst sin I can commit as a business man is to fail to seek maximum long-term profitability by all decent and lawful means." The results for the four groups are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>PES Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>Executives</td>
<td>43.3</td>
</tr>
<tr>
<td>1987</td>
<td>Executives</td>
<td>46.4</td>
</tr>
<tr>
<td></td>
<td>MBA Students</td>
<td>46.1</td>
</tr>
<tr>
<td></td>
<td>Management Faculty</td>
<td>45.9</td>
</tr>
</tbody>
</table>

The groups did not significantly differ from each other (Chi Square = 12.03, 6df, p=.06). The lack of a significant difference is indeed interesting. So-called idealistic students were no different than 1987 businessmen or faculty. In fact university faculty scored lower (in the "less ethical" direction) than 1987 business persons.

The SRS Scale is a measure of one's ethical responsibility for the social order, the sacrifice of personal gain for social goals. Once again the four groups were not significantly different from each other (p > .05). The results are as follows.

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>SRS Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>Executives</td>
<td>21.1</td>
</tr>
<tr>
<td>1987</td>
<td>Executives</td>
<td>19.5</td>
</tr>
<tr>
<td></td>
<td>MBA Students</td>
<td>19.7</td>
</tr>
<tr>
<td></td>
<td>Management Faculty</td>
<td>19.0</td>
</tr>
</tbody>
</table>

In general, our subjects seem noticeably less willing to accept the values of social responsibility scale than those of the (personal) business ethics scale. These, among other results, are presented in the complete paper. We were amazed by the stability of the findings across years and across groups. Ethical standards and norms are indeed stable values that do not seem to change much over time or over groups, at least not in this study.
INTEGRATING ETHICS INTO MARKETING COURSES

(ABSTRACT)

David M. Ludington, Berry College, Mt. Berry, Georgia

INTRODUCTION

The development of a personal value system is an important part of the ethical decision-making process in marketing. Organizations can develop guidelines, frameworks, procedures, and policies to encourage ethical behavior, but in the end, the vast majority of ethical decisions rely on the value system of the person making that decision. Marketing educators need to assist their students in developing ethical orientations. This should be done in each course on an integrated basis, and not be confined to a one-time business ethics class.

ETHICS AND THE LEARNING PROCESS

To assist students in developing more ethical decision-making systems, we can apply the learning process to marketing ethics. The learning process is the vehicle for the advancement to higher levels of ethical thinking and reasoning. There are three major domains of learning: 1.) the INTELLECTUAL domain (transmitting information, understanding, and analytical skills); 2.) the FUNCTIONAL, or practical domain (concerned with the various communication, social, research, and technical occupationally related skills); and 3.) the AFFECTIVE domain (concerned with beliefs and attitudes, including ethics and morals).

(Author's note: figures and tables are not included in this representation)

Attainment of the Intellectual Domain skills takes students through six stages: knowledge, understanding, analysis-issue spotting, analysis-problem solving, judgement, and synthesis. Marketing students who master these skills develop the ability to synthesize various ethical principles, develop new and original solutions to ethical problems, and to develop ethical marketing strategies.

The Functional Domain skills involve the development of inter-disciplinary knowledge, and the ability to communicate ideas in both an oral and written manner. To assist students in this level of ethical decision-making, marketing classes should contain projects that require ethical research outside the discipline for environmental analysis, and the presentation of this information in oral and written form.

The affective, or moral domain, deals with the development of a student's ethics, values, attitudes, beliefs, and his or her conscience. This highest level of learning helps students determine the proper way to act in a given situation. It is the process of value clarification and development.

One way we can help marketing students attain this level is present a number of values that could be considered to be shared by most in our society. Such values would include: respect for others, concern for others, honesty, trustworthiness, integrity, fairness, fidelity, respect for rule of law, commitment to excellence, positive influence, and accountability. These values can be used as benchmarks in determining the correctness of answers, and case solutions. Marketing professors can build these benchmarks into the student evaluation process, much as they use logic in judging case solutions.

CONCLUSION

We need to help our students develop ethical systems that are based on this country's traditional values and beliefs, and we cannot leave this to the business ethics course. The understanding and use of the learning domains by marketing professors can help in this process.

REFERENCES


A MARKETING PROFESSOR LOOKS AT MARKETING IN CHINA

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China is a land of contradictions. It is a nation which has a nuclear navy. China has silk worm missles and many successful space shots. China is also a country in which donkey and horse carts are still a major form of commercial transportation.

China is a place which is difficult to know. The Chinese have a long tradition of "putting their best face forward." As a short time visitor, one may see only those things that the Chinese want seen. Many tourist return from China with raves of the up-to-date facilities. They stay in joint venture hotels. They travel on air conditioned buses. Their moves are programmed from early morning until late evening. They see the souvenirs of 5000 years of a great culture. They come back to their hotel at night, tune in CNN or an American movie, and tell each other that China is certainly modern.

There can be no denying that China has come a very long way in a relatively short time. Ten years ago, for example, there was only one television set for every 73 homes. Today there is one set for every two homes.

It was my privilege to spend one year in China. During that time I traveled to more than 30 cities in 20 Provinces. As a special guest of the government, I visited three areas which are not normally open to Westerners. I was able to pull back the "silk curtain" for a brief look at what many Westerners never get to see. What follows is a marketing look at China.

PRODUCT

Domestic Markets

For the most part there is little active competition within the domestic markets of China. By Western or Japanese standards things are pretty mild. There are only a few alternatives in each product category. Fixed prices are common in most of the government owned stores which cater primarily to local Chinese. There is little selling or promotional effort. There is a general attitude that if something sells, good; if it does not sell, also good. There are, however, a growing number of exceptions to this generalisation. Bicycles, televisions, and radios have recently become more competitive. Bicycles are the major form of transportation in China. In Beijing, a city of about 9 million people, there are 6.7 million bicycles. The basic need for bicycles has past the "critical shortage" stage. Consumers are now seeking higher quality alternatives such as Flying Figaro or Phoenix brands. These higher quality products command a higher price.

Most factories in China are still judged by output rather than sales. In many product categories, production of large quantities of poor quality products is still the rule. Radio and television production, however, has now reached a high level of sophistication. Some domestically produced products even begin to rival the Japanese sets. Japanese products still command a somewhat higher price in the market place.

It must be noted that the prices of foreign made products are higher than those of domestic production for two reasons. First they are priced somewhat higher because of higher costs. Second their true price is higher because the purchase of these products requires the use of Foreign Exchange Certificates. China has a two money system. The purchase of any foreign made good requires Foreign Exchange Certificates (FEC). This applies to candy bars as well as television sets. People's money (RMB) is used to purchase domestically produced items. Workers receive only RMB which means that FEC is difficult to obtain. There is an active black market in which the FEC sells for a 50 - 60% premium. Therefore even though the Japanese product may appear close in price to the domestically produced alternative, the foreign item will require FEC with its built in premium.

For most product categories, demand in China still greatly exceeds the supply. In these cases the emphasis remains upon production rather than sales. This also results in little product differentiation. Brand names, for example, are often either city names (Beijing Beer or Shanghai Soap) or some national symbol (Great Wall Computers or Panda brand of almost anything.) Most of the food product labels seem similar to the generic labels of US supermarkets; that is, plain, simple, and descriptive.

China is a not-for-profit society. During the
Cultural Revolution the phrase to govern business was, "To Serve The People." This has influenced business in many ways. For example there are no exclusive right of manufacture and no real incentives to be a more aggressive marketer.  

Export markets  
Like most developing nations, China has a very great need for foreign exchange. (The need of the general public to use FEC to purchase foreign made goods is a part of this problem.) The three major products upon which China depends most heavily for foreign exchange are: textiles (especially silk), petroleum, and tourism. China also relies heavily upon joint ventures to supply both technology and investment capital. Today there are more than 11,000 joint ventures in China. Approximately 90% of these are with Hong Kong based businesses. Among the more visible non-Hong Kong joint ventures are hotels (Sheraton, Hilton, Holiday Inn); service businesses (Consulting and Accounting firms); food and household products companies (Proctor and Gamble, General Foods, Heinz, Kelco); and textile manufacturers (Calvin Klein, Liz Clairborne). There is also a relatively small amount of counter-trade. The Russians, for example, currently trade iron and steel for textiles and "Thermos" type bottles.  

PLACE  
Transportation of Goods  
The transportation system in China is improving but movement is still slow.  

Intercity transportation is mainly by rail. A high proportion of this is by steam locomotive. China exports much of its petroleum production but she has a rich supply of coal. Except for pollution, a major problem in this coal burning country, the steam locomotive provides an alternative to diesel.  

The intercity road system is narrow and slow. Bicycles, donkey and horse carts, and tractor-type vehicles fill the roads. Most speed limits are low. Forty-eight miles per hour (60 kilometers) is strictly enforce on most intercity highways.  

Intercity transportation is also slow. The streets of most cities are crowded with people, donkey and horse carts, flashed bicycles, and bicycles. Trucks, vans, and cars add to this congestion and result in many traffic problems. Even Beijing, with its wide divided streets, is not immune from these problems. In this regard the major cities of China are similar to major cities throughout the world. In China, however, the disproportionately high number of very slow moving vehicles exacerbates the situation.  

The communication system in China also has some interesting effects upon marketing. China's international telephone system is excellent. They use state-of-the-art digital equipment. However the local system is not so advanced. According to an article in the China Daily, the official English Language newspaper, only 11% of the phone calls are completed in Beijing. The article also estimates that it takes an average of three days to complete a phone connection. According to this same source, approximately .02% of the private homes in Beijing had telephones in 1987. This was up from .006% in 1986.  

Storage facilities and distribution centers in China, like most businesses, are government owned or at least government controlled. Many of the top managers of these businesses have achieved this status not because of management skills, but rather due to political activity. While there are a great many highly skilled managers in China, there are also many very loyal party members in top positions.  

Retailing is small by Western standards. The largest supermarket in Beijing, for example, is less than 10,000 square feet. The main department stores are less than 40,000 square feet. Much of the retailing is done in small shops and in the free markets. The free market system is China's major move to the free enterprise system. Entrepreneurs can lease space to establish a "stall." These "stalls" are about 7 feet long and 12 - 13 feet deep (2 x 3 meters.) While there are many things sold at these free markets, clothing and food markets are the most common. The clothing markets offer a wide variety of items ranging from locally produced shirts, pants, sweaters, dresses, and skirts to the overruns and seconds of the joint venture designer factories. These markets also offer services such as shoe repair and tailoring. The food markets sell fresh fruits and vegetables, some meats, and some cooked foods. Also household products, such as pots and pans and plastic mixing bowls are sold in these food markets. The facilities range from portable, free standing stalls to covered markets. The selling in all free markets is very aggressive. This is in sharp contrast to selling in the government owned store. These merchants expect to bargain.  

On the other side of the spectrum are the stores like the Beijing Department Store or the Xidan Department Store. These two stores are among the largest in China. Both are less than 35,000 square feet. Both are extremely crowded during business hours. There are many differences between these two stores and Western Department Stores. The first point of difference is the grayness or lack of colorful merchandise displays. These stores are very similar in appearance to the US department stores of the 1930's and 1940's. That is they are large three or four floor buildings. Stairways provide vertical traffic. The ceiling are very high and the floors are dirty cement on tiles. During the summer months employees sprinkle the floors with watering cans to keep the dust under control. There is no air conditioning but these stores are heated in winter (between Nov. 13 and March 15.)  

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and automatic cash control, there is another difference. Not only are there no scanners, but there are not even cash registers. Money is thrown into a drawer or box. There are no bags for the purchases. However many of the items will be wrapped with paper and string. The Chinese do not use credit cards and checks in this "cashful" society.

Shopping in these stores can be very frustrating for foreigners. Merchandise is usually not available in all sizes or in all colors. Therefore the shopper often finds an item but the needed size or the desired color may not be available. Most items are not displayed on racks. Merchandise is usually either hung on the wall or shown in display cases. The general rule of shopping in China is, if you see it, like it, find it in your size, buy it because it probably will not be there tomorrow. Another shopping inconvenience is there is no place to try anything on. Some women garments are tried on over the existing clothes, but a great deal of buying is done with the aid of a tape measure. Most stores and free markets appear willing to accept returns if there are size problems.

While the upper floors of these two department stores are semi-organized, the main floor is not. The ground floor of each of these two stores contains more than 60 major displays of unrelated merchandise. For example, umbrellas are shown in the middle of the luggage, medical laboratory equipment is next to the candy, the liquor and the portable fans are displayed together, the cigarettes are shown in the air supply area, and vending machines are next to the cookies. All of these displays are in an 8,000 square foot area.

Most merchandise is displayed. There is very little back stock. Small shelf signs show the price of the item. Often these price signs get lost or removed causing some problems for the customers. The sales help have little incentive to give much service. Most clerks do little more than receive money and answer basic questions. As a result I received two reactions; non-service discrimination and high service discrimination. In the first instance the sales people preferred to help the locals rather than people who were different looking (foreign friends). The second case often found the sellers ignoring the local customers to better serve the "foreign friends." In some cases they wanted to practice their English. Sometimes the clerks were curious as to what the foreigners would buy. In still other instances they were just very polite to foreigners. Fortunately the second situation was more common than the first.

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The schedule for television broadcasting can seem a bit confusing. In Beijing, for example, there can be as many as five channels operating at the same time. Most channels go on and off at various times throughout the day. The majority of broadcasting is "educational." Popular programs include; Learn English, Learn Japanese, Learn Management, Learn Computer. Many sporting events, Chinese movies, and Beijing Operas appear every day. At 10:10 PM the "News in English" is broadcast. This is followed by either a movie in English (or with English subtitles) or a magazine style show in English. The computer clock controls most programming. Many shows will end in mid-sentence when the clock dictates the ending time.

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There is a great deal of outdoor advertising in China. There are growing number of circles with advertising on the sides of the city buses. Airport advertising and ads in the train stations are common throughout the country.

One interesting thing about most of the advertising in the mass oriented media is that it is for industrial products. The People's Daily, the highest circulation mass newspaper in China, reports that at least 75% of advertising is for industrial products. A typical issue will contain ads for products such as industrial type electrical wire or steel rolling equipment. Even television has no standards industrial ads. The consumer ads are very product oriented. Appeals include information such as; founded in ---, given --- award in ---, made with ---. There is very little user benefit stressed.

Most people in China distrust advertising. The general population seems to feel that it is necessary to advertise only the bad products. The good ones sell themselves. Also since most of the businesses are government owned, they are not operated for a profit. Customers wonder why the product is being advertised.

Personal selling

Selling in China is also different. The most important word in a seller's vocabulary seems to be, "MAI YO" (pronounced "may yoh."). "Mai yo" means "we do not have it," "we are out of it," "no more." It also seems to mean, "go ways and don't bother me!" Selling in China is not aggressive by Western standards. The exceptions are selling in the free markets and selling to
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The recent trend has been away from rigid price controls. With this relaxation has come inflation. Last year the government was claiming that the inflation rate was only 8%. The Chinese people were saying that food prices were up at least 80%. There is no way to prove who is correct as the government controls the statistics. More recently the Chinese government has revised its estimate to a 50% increase. An interesting policy was to give all employees a pay increase of $2.00 per month to help off set this inflation. While $2.00 a month may not seem like a great deal of money, this represents an average 36% increase in wages (from $67 to $69 per month.)

Prices are low compared with the US. Most everyday items are about 1/6th of the prices here. The big problem is that the luxury items are even more expensive in China than in the United States. None the less it is amazing the number of people who have television sets and stereos and even CD players. On the other hand, there are relatively few refrigerators and washing machines. These products are coming into the culture but it will be several more years before their usage becomes widespread.

CONCLUSIONS

Marketing in China is in transition. Business is changing almost daily. China has her problems but the Chinese leadership is looking for solutions. The next several years will be critical in Sino development. They must control inflation. There is a growing separation in incomes which is in conflict with Communist doctrine. There is the problem of what to do with all of those people.

Those who have not experienced this population problem firsthand may have difficulty in fully appreciating the extent of this situation. China is trying to hold the lid on the population at 1.2 billion people. There are great pressures which will make this very difficult. First there was a baby boom in China between 1960 and 1964. This population bulge is now coming into the family formation years. Second there is a downward trend in the age at marriage. This has also led to an increase in the number of marriages. Both of these trends will lead to an increase in births even if the "one child" policy is continued.

Most people can not realize what a 1.2 billion population means for China. Imagine 1 billion people in the United States, all living east of the Mississippi River. While China is a big country, much of it will not support a major population. Add to this an economy which is still underdeveloped. There are approximately 4 - 5 people for every job. It takes more than 70% of the population to produce the national food supply. The result is a strong tendency to sit back and let someone else do the work. Unfortunately much of the time things never get done.

China has a long history of making pragmatic decisions. With revision often comes backlash. The next several years will give us clues as to the future. History may say the real Great Leap Forward was not the 1950's. Rather it was in the 1980's.
Cultural Revolution the phrase to govern business was, "To Serve The People." This has influenced business in many ways. For example there are no exclusive right of manufacture and no real incentives to be a more aggressive marketer.

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Intercity transportation is mainly by rail. A high proportion of this is by steam locomotive. China exports much of its petroleum production but she has a rich supply of coal. Except for pollution, a major problem in this coal burning country, the steam locomotive provides an alternative to diesel.

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ADVERTISING IN KOREA:
AT THE CROSSROADS OF MATURE

Kyung-il Ghym, University of Nevada-Reno

INTRODUCTION

The Korean advertising industry, like much of the rest of the Korean business environment, has a short history of only about two decades. Yet despite its relatively short existence, its growth has been so rapid that it is now second only to Japan in total billings in Asia, taking in over U.S. $ 1 billion annually (Korea Times-a 1986).

This phenomenal growth rate has occurred in spite of the fact that Korea's market is one of the most closed in the world among all the "Free World" nations of Asia. There were only two other countries that didn't permit any foreign investment in domestic advertising businesses: Pakistan and Indonesia (Business Korea-b 1987).

Given this unique environment, the purpose of this paper is to provide a brief summary of the current situation and future trends of the Korean advertising industry. It is hoped that the paper offers valuable informational and educational materials for educators. It's also hoped that it provides a basic understanding of the Korean market for potential foreign marketers.

ECONOMIC GROWTH AND ADVERTISING

Some empirical data seem to show that per capita GNP and advertising as a percentage of GNP were directly correlated; that is, the higher per capita GNP, the higher the advertising as a percentage of GNP. As a country's income rises, an even greater potential market for goods and services is created and accordingly a greater incentive to engage in advertising is formed (Keegan 1988).

The Korean economy has sustained its growth at the average annual rate of about 10 percent during the past decade. As a consequence, Korea's per capita GNP has increased from $91 in 1962 to about US $3,000 in 1988, and there is every expectation that it will reach $5,000 in year 2000 (Korea Times-b 1988). Furthermore, recent switch from deficit to surplus in the balance of trade, open-market policy and rapid Won appreciation is creating a greater incentive to engage in advertising in Korea.

As a result of its tremendous economic success, the Korean advertising industry is now approaching a significant turning point as it attempts to shed its infancy and strive toward maturity. As it has begun making this transition, the industry has suffered, and will continue to suffer, many serious growing pains, and will continue to face many challenges. Among the most prominent of these will be responding to the increasing pressure (primarily by the United States) to open the industry to investment by the rest of the world; the domination of the industry by a handful of major in-house agencies; the increase in frequency of serious competitive battles for market share; overcoming the shackles of strong government regulation; the lack of media auditing and surveys; and making the transition from a distribution-oriented market to a consumer-oriented one.

As per capita GNP of the average Korean citizen approaches $5000, domestic consumers are facing an increasing number of choices for products and services. With but a quick glance at any of the current television commercials, with their 21st Century graphics; or at any of the myriad of newspaper or billboard ads in Seoul soliciting everything from Ginseng energy drinks to compact disk players and fashion jeans, it can be seen that the advertising industry has responded admirably to the needs of this new wave of increasingly affluent consumers.

In 1985, total advertising expenditures reached 739.3 billion Won (US $1.02 billion), and 8.2% improvement over 1984. And while even this growth rate would seem healthy by most standards, since 1977, the Korean industry enjoyed an average growth rate of a remarkable 28.4%. In comparison with 1985, the industry's total billings in 1984 were 683.3 billion Won. (See Table 1.)

In 1987, the industry growth rate rebounded to an 18.8% rise, as the nation's advertising was primarily concentrated in the manufacturing sector, in contrast to Japan, which has made the transition to other industries, such as marketing, real estate, and leisure services. Pharmaceuticals took the largest share of the Korean market, at 13.9%, with cosmetics and detergent at 6.8%, home goods at 6.6%, and electric and electronic goods taking 6% of the market (Korea Times-c 1988).
TABLE 1
Top 10 Ad spenders, 1986-1987

<table>
<thead>
<tr>
<th>Company</th>
<th>1985</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Samsung Elec</td>
<td>12,695,746</td>
<td>13,970,012</td>
</tr>
<tr>
<td>2. Goldstar</td>
<td>9,393,104</td>
<td>10,840,484</td>
</tr>
<tr>
<td>3. Pacific Asia</td>
<td>8,789,321</td>
<td>10,309,437</td>
</tr>
<tr>
<td>4. Ducoo Elec</td>
<td>7,113,854</td>
<td>8,789,321</td>
</tr>
<tr>
<td>5. Jeil Sugar</td>
<td>6,140,983</td>
<td>6,096,885</td>
</tr>
<tr>
<td>6. Hyundai</td>
<td>1,054,687</td>
<td>1,054,687</td>
</tr>
<tr>
<td>7. LG</td>
<td>1,037,686</td>
<td>1,037,686</td>
</tr>
<tr>
<td>8. Tofun</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>9. Mates Conf</td>
<td>690,000</td>
<td>700,000</td>
</tr>
<tr>
<td>10. Diamond &amp; Mates</td>
<td>622,534</td>
<td>675,000</td>
</tr>
</tbody>
</table>

(Units: 1,000 won; 1986=100 won)

There are at present 12 agencies which are given broadcast permission by KOBACO. Of these 12, 9 are in-house agencies, and 3 of those 9 generate more than 40% of their business from in-house accounts. During 1987 the combined in-house billings equaled 22% of the total advertising expenditures in Korea.

TABLE 2
1986-87 Korean agencies' billings

<table>
<thead>
<tr>
<th>Agency</th>
<th>Billings 1987 (US$)</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea First</td>
<td>101.4</td>
<td>29.6</td>
</tr>
<tr>
<td>Daeung</td>
<td>92.6</td>
<td>30.6</td>
</tr>
<tr>
<td>LG</td>
<td>54.1</td>
<td>41.7</td>
</tr>
<tr>
<td>Oricon</td>
<td>45.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Korad</td>
<td>49.6</td>
<td>68.6</td>
</tr>
<tr>
<td>Union</td>
<td>94.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Donghang</td>
<td>21.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Diamond</td>
<td>31.3</td>
<td>47.7</td>
</tr>
<tr>
<td>Saphier</td>
<td>15.0</td>
<td>12.9</td>
</tr>
<tr>
<td>Mates Conf</td>
<td>15.6</td>
<td>46.9</td>
</tr>
<tr>
<td>Geosan</td>
<td>15.2</td>
<td>--</td>
</tr>
</tbody>
</table>

Note: 12 KOBACO accredited agencies only
* Figures in US million. (= non-affiliated firms.
Source: Business Korea (L), April, 1988, p. 34.

In 1987, the business volume of the 12 largest advertising agencies in Korea showed an average growth rate of 38 percent. Mates, a non-affiliated agency, recorded the highest increase of 65.0 percent, followed by Korad with 56.6 percent, Diamond with 57.3 percent, and LG Ad with 47.7 percent. Korea First, the industry leader, posted 29.6 percent.

THE CURRENT PROBLEMS

The number one challenge facing the Korean advertising industry is the issue of liberalization. According to the Ministry of Culture and Information (MCIU) in spring, 1986, the industry was on the verge of liberalization, as it was predicted that market opening could be realized as early as the second half of 1987, with foreign ownership limited to at best 30% of any agency joint ventures.

However, as of April, 1988, the predicted stampede by foreign agencies who were eager to set up joint ventures with local companies has not occurred. There are several reasons behind this. Many domestic ad agencies, and especially those affiliated with the large conglomerates, are reluctant to transfer any of their paid-in capital for the formation of joint ventures. Also, most of these agencies are affiliated with the "chaebol" conglomerates, they feel that they already have a secure stable of advertisers through subsidiaries of their business group, and as such do not see much benefit resulting out of any joint ventures with foreign agencies (Korea Times - C 1988).

Another major problem is the government regulations which have set the commission fees for domestic agencies at 7-8 percent, far below the rate of 15 percent that is common elsewhere in the world (Korea Times 1987). Thus, foreign companies have been reluctant to enter into joint ventures under these terms; and even if the market is fully opened in the near future, it is predicted that foreign firms will be hesitant to move past joint ventures until these conditions are changed.

The domestic agencies that are eager to set up joint ventures with foreign firms have primarily been the smaller, independent agencies, who can benefit from the more sophisticated and modern advertising techniques and the potential foreign customers that foreign partners will bring into the venture. The domestic agencies now pursuing negotiations with foreign counterparts include: Oricon, Korad, Mates, and Geosan, who is currently talking with the U.S. agency Poy, Cone & Beldings (Korea Times - C 1988).

Faced with the strong U.S. pressure which will inevitably result in the full opening of the Korean market, there are many divergent opinions about the effects of a fully open ad market. Of primary concern among many local firms is that their relative lack of experience and expertise will mean that they won't be able to compete with their foreign counterpart. One such agency has predicted that immediate opening would mean a reduction of 28.6% in the revenues of local agencies. Another strong critic of full liberalization is Oricon, the Doosan subsidiary built around OB Beer and Coca-Cola. Oricon has many multinational clients including American Express, Boeing, British Airways, and several independent domestic clients that may be among the first to switch their accounts to foreign firms upon full liberalization.

Most agencies, however, are dependent on their in-house accounts, as for example, Goldstar and Samsung Electronics (two of Korea's largest ad spenders) will hardly switch their accounts from their respective in-house agencies, EFA and LG Ad, to foreign firms. Thus, these agencies are not as opposed to full liberalization as a firm like Oricon or one of the smaller independents.
The damage will probably not be as severe as the pessimists think, however. In a recent KOBACO survey of over 66% of local advertising executives, it was believed that foreign agencies will only take between 10-30% of the market (KOBACO 1988). It is estimated that the initial profit drain from foreign firms will not amount to more than a few million dollars a year, which is a relatively small amount for a country with over U.S. $ 56.6 billion in exports annually, and a spiralling current account surplus of $8.3 billion (Korean Business Review 1988).

Foreign (esp. American) firms will have a difficult time dominating the market as a result of Korea's unique and independent culture and language. Several managers interviewed stated that American firms would find it very difficult to penetrate Korean consumers who are Confucianism- and Chinese character-oriented. Another difficulty will be that Korean advertising often mimics Japanese style, which tends to appeal to more emotional factors, in contrast to the more logic-based Western styles (The Japanese Economic Journal 1980, p. 24). It is highly likely that liberalization will benefit the Japanese firms to a far greater extent than their American counterparts, because of the strong cultural similarities.

Liberalization is an important step, however, and a necessary one for the Korean advertising industry to reach maturity. The potential benefits foreign agencies will bring will probably include: the introduction of more advanced concepts; the establishment of independent auditing of media; a reduction in government regulation and in KOBACO's intermediary role; and improvements in salary, profits, and commission rates.

THE FUTURE TREND

The next major problem facing the industry is the domination of the market by a handful of major in-house agencies. To control costs and maximize profits, nearly all the major "Chaebol" conglomerates have their own in-house agencies. The largest of these, Korea First, is affiliated with the Samsung Group, and its huge research department has served as the primary industry source for advertising information. As already mentioned, Lucky-Goldstar and Doosan Group accounts are handled by LG Ag and Oricon respectively. Daehong serves the Lotte Group, and Haitai is handled by Korad. The only major group without in-house agency is Daewoo.

The major drawback of this strong oligopoly control of in-house accounts is that it absolutely limits any competition for major accounts. This has had the effect of hampering innovation and creativity, and encouraging inefficient operation, as in-house clients, used to standard ways of service, won't usually ask for a radical new approach to a campaign. Thus says one observer, much of the Korean advertising tends to look "ascale and initiate, like it came off an assembly line." Also, in-house clients who are dissatisfied with the creativity and service of a campaign, are effectively locked in, and can be prevented from switching to another agency as a result of their group affiliation.

Another problem on the road to maturity is the opposition, especially by the smaller, independent newspapers, to the introduction of independent auditing, and especially auditing that reveals cost per thousand figures. Currently these papers are able to set their rate scale at market levels, but if their true readership figures were known they would probably have to make significant rate cuts. Independent auditing is crucial however, to obtain accurate assessments of consumer patterns and levels and to maximize advertising expenditures.

Another change presently facing the industry, and perhaps one of the most important ones in terms of maturity, is the transition from the Korean marketing environment from a distribution-oriented market to a more consumer-oriented one. Not long ago, there was a very limited number of products on the shelves, as a result of low consumer spending power and inefficient distribution systems. Yet now, with improvements in distribution and retailing, and the increase in consumer GNP, the resulting increase in number of products and brand names on the market is changing consumer behavior, and forcing ad agencies to compete for business like never before. This new competition may be the primary factor in forcing the removal of the barriers and inefficiencies that stand in the way of progress and sophistication.

CONCLUDING REMARK

There are many challenges and obstacles facing the Korean advertising market as, like the rest of Korean industry, it makes the transition from a relatively unsophisticated, infant industry to a more advanced and mature one capable of responding to the rapid changes now taking place in the Korean market. For the foreign marketer, advertising in Korea still poses many problems, but as long as reforms and advancements continue, and it appears that they will—the prospective market potential can be seen as increasingly positive.
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ETICAL THEORY IN MARKETING

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ABSTRACT

This paper presents a theoretical framework within which ethical issues can be taught in marketing courses. The ideas of four ethical theorists—Jeremy Bentham, Immanuel Kant, Ayn Rand, and John Rawls—constitute the framework. These ideas, in turn, are illustrated by applying them to the concrete marketing issue of bribery.

INTRODUCTION

The purpose of this paper is to present a theoretical framework within which ethical issues can be taught in marketing courses. The framework can be used as the basis for an entire course on Marketing Ethics or Marketing and Society, or as the basis for a brief segment in traditional marketing core courses, such as the Principles of Marketing, Principles of Advertising, or Marketing Management. The following presentation assumes a full-length course on ethics and is based on a Marketing and Society honors course that I taught during the spring quarter of 1988 at Northeastern University in Boston.

The statement of course objectives in my Marketing and Society syllabus, addressed to the students, reads as follows:

The purpose of this course is to help you acquire insight into your beliefs about the many criticisms that are made against marketing and, especially, insight about where you stand on the morally difficult situations that confront marketing managers today. The course will challenge you to think at the level of fundamental philosophic and economic principles. It will encourage you to identify what your own beliefs are about specific concrete issues (such as bribery or emotional appeals in advertising) and, more importantly, why you hold those beliefs. It may even challenge you to question and to change some of them. In any event, by the end of the course you should be able to argue and defend a point of view concerning sensitive moral issues that occur in marketing; consequently, in the future—as working managers—you will hopefully know exactly where you stand on these issues and what actions you would take in response to them.

The course, in effect, was a "how to" course—a course on how to make ethical decisions. By presenting several contrasting theories of ethics and discussing their application to many concrete marketing situations, I aimed at giving students the confidence and conviction to face future ethical decisions with a minimum of anxiety and uncertainty.

THEORETICAL FRAMEWORK

The ideas of four theorists constituted the ethical framework of the course: Jeremy Bentham (hedonism and utilitarianism), Immanuel Kant (duty, altruism, and the Judeo-Christian ethics), Ayn Rand (Objectivism, rational egoism, and laissez-faire capitalism), and John Rawls (social justice, anti-utilitarianism, and the welfare state). These four were selected because their ideas prevail in our culture today. Bentham provides the traditional defense of capitalism based on the "greatest happiness" principle; Kant gives us the foundation of a secularized religious ethics and the basis for much criticism of business activity; Rand provides a radical defense of capitalism and of capitalistic activity based on a morality of rational self-interest—and probably is largely responsible for the resurgence of interest, over the past twenty years, in the ideology of classical liberalism; and Rawls provides much criticism of utilitarianism and also provides defenses of egalitarianism and the welfare state.

The goal of a valid scientific ethics is to establish objective, non-arbitrary value judgments—that is, normative or evaluative propositions that are true universally. These evaluative statements are validated by reference to a standard that serves as the supreme good or supreme value. All lesser judgments are seen as contributing to or deriving from the supreme good. Negative value judgments, or judgments of badness or immorality, clash with or contradict the supreme good. Consequently, ethical behavior is that behavior which is consistent with the standard of value; unethical behavior works against it. The above ethical theorists disagree over what the supreme good is.

In briefest essence, the ethical theories of these four philosophers follow.

1. Jeremy Bentham holds that pleasure is the standard of value; everything that leads to pleasure is good and everything that leads to pain is bad. This is the theory of ethical hedonism. Pleasure is the standard because human nature is such that everyone (by nature) already pursues pleasure and seeks to avoid pain. The justification of ethical hedonism, in other words, rests on a theory of human nature known as psychological hedonism; it does not make sense, Bentham would argue, to expect people to act against pleasure-seeking, even if in fact their natural inclination is to seek pleasure. Hence, pleasure must be the supreme good.

Bentham is most noted for his theory of utilitarianism, the social application of hedonism coupled with an influence from Christian altruism. If it is good to seek one's own pleasure, Bentham would say, it is better to seek the pleasure of others, indeed, the greatest pleasure of the the greatest number. Hence, the "greatest happiness" principle of utilitarianism. But how do we know what the greatest happiness is? Bentham offers his "hedonic calculus," which even in his day was considered cumbersome and unrealistic. Today, however, the hedonic calculus lives on in the form of cost/benefit analysis. It probably would not be too much of an exaggeration to
say that most economists today (and many marketers) are utilitarians of some kind.

2. Immanuel Kant holds that duty is the standard of morality. Duty means strict adherence to moral law without regard to its consequences in action. If something is right, it is right—period. Kant's ethics is known as a deontological theory (from the Greek "deon," meaning duty) because of its emphasis on duty and the notion that certain actions are right or good in themselves, whereas Bentham's ethics is a teleological theory (from "telos," meaning end or goal) because of its emphasis on the end or goal of actions and the notion that the consequences of action—the pleasure/pain consequences—ultimately determine the action's rightness or wrongness. In this sense, Kant's theory is the opposite of Bentham's, because for Kant right actions always are taken from duty, never from inclination or pleasure.

What, then, according to Kant, is the moral law to which we must be dutiful? It is the "categorical imperative," which Kant expressed in two formulations. His first formulation, paraphrased, states that our duty is to act only in ways that our actions can be based on a universal law; i.e., ethical principles must be "universalizable," applicable to all people at all times. His second formulation states that our duty is to treat humanity as an end in itself; i.e., we must always treat others as an end in themselves, never as a means to our own ends. Hence, Kant, as Bentham, is a proponent of altruism, the ethical doctrine that one should always place the interests of others above one's own selfish interests. As a result, Kant is probably the most consistent advocate of the Judeo-Christian ethics.

3. Ayn Rand holds that life is the standard of value; everything that sustains and enhances man's life as a rational being is the good and everything that retards and destroys it is the evil. Life is the standard of value because it is only living organisms that can have values. Living organisms constantly face the alternative of life or death; consequently, they always experience certain actions as good for them and certain actions as bad. Rocks, in other words, do not face such an alternative and, consequently, do not have values. But unlike Kant, Rand holds that each individual person's life is the purpose or end of ethics. That is, the objective conditions of human survival are the standard of value, and from them we derive the universal principles of ethics (such as rationality, productiveness, and pride), but each individual must apply the principles to the specific concrete actions of his or her own life.

Hence, Ayn Rand's theory, called Objectivism, is teleological and egoistic—teleological because it looks at the life consequences of action and egoistic because it encourages each individual to pursue his or her own selfish interests. The social application of Objectivism is laissez-faire capitalism—because the principle that guides and controls human relationships under capitalism is the principle of trade. This principle states that each individual should pursue his or her own interests, neither sacrificing oneself to others, nor others to oneself, and deal with one another on a strictly voluntary basis, trading value for value. Laissez-faire capitalism, however, should not be confused with the contemporary economist's notion of perfect competition, nor with the "might makes right" form of Nietzschean egoism.

4. John Rawls holds that social justice is the standard of value—justice as fairness. Fairness is accomplished in society when everyone is treated equally and when a proper distribution of social position and fortune is achieved. Rawls' theory is egalitarian (and therefore altruistic) and has been described as a philosophy for the welfare state—because Rawls repeatedly attacks utilitarianism (and capitalism) for its unfair distribution of social position and fortune. His theory is Kantian (and therefore deontological) because a right action is a just action, or in other words one's duty is to act justly, regardless of consequences.

Rawls validates social justice as the standard of value by using the "state of nature" device of social contract theorists. In this state, he argues, we are all under a "veil of ignorance" concerning our place in society; i.e., no one is favored by birth into a wealthy family, high social class, or with high intelligence. Under this "veil," we can now derive the principles of justice, which are: equal liberties for all (the equal liberty principle) and minimal social and economic inequalities (the difference principle). Rawls is most noted for one form of the latter principle: the maximin guideline. A just act, according to this formulation, is one that improves the position and conditions of the least advantaged and least equal; the goal, in other words, is to maximize the minimum. Much of this can be achieved by policing business behavior, enacting a negative income tax, providing education to the less intelligent at public expense, etc.

In addition to a 50-75 minute lecture on each of the above theories, I assigned one reading from each of the four philosophers: "The Good as Pleasure" by Bentham (in Mandelbaum, et al., 1967, pp. 534-540); "The Categorical Imperative" by Kant (in Mandelbaum, et al., 1967, pp. 571-581); "The Objectivist Ethics" by Rand (1964, pp. 13-35); and "Distributive Justice" by Rawls (in Donaldson and Werhane 1988, pp. 258-269; Donaldson and Werhane was the primary textbook for the course). The readings were difficult for undergraduate business students, but a lecture presenting the essence of each theory (in more detail than given above) helped the students comprehend what was being said.

APPLICATION TO MARKETING ISSUES

After a thorough discussion of the above theories of ethics, the rest of the course focused on application of the theories to specific marketing issues. These issues included: bribery, marketing to morally questionable countries, marketing harmful products, planned obsolescence, deceptive pricing, deceptive advertising, the monopoly power of advertising, price discrimination, and invasion of privacy.

The students were required to choose four issues from this list and write short position papers, stating in effect what they would do if confronted
with these issues and, more importantly, why they would take those actions. Application of the four ethical theories to each issue—i.e., illustration of what each philosopher would say about the issues and how he or she might disagree with one another—provided the students with a basis for choice. Although the students did not necessarily agree completely with any one philosopher, they did tend to gravitate toward one or the other. At the end of the term, they had at least some sense of where they stood on certain ethical issues.

To shed some light on the application process, let me now illustrate the four ethical theories on the issue of bribery.

A salesperson, for example, offers a payment to a purchasing agent in exchange for the agent’s business. In civil law, if the agent’s employer (the owner of the business) is not aware of the payment or does not approve of it, a bribe has taken place—because the salesperson and purchasing agent together are cheating the agent’s employer. A breach of trust, in other words, has occurred between agent and employer, and the intent of the payment is to induce the agent to act against his or her normal duties.

Bentham, on a personal basis, probably would be opposed to bribery, but the theory of utilitarianism does not offer a clear-cut opposition to it. Indeed, the greatest happiness of the greatest number is to be determined by consulting the hedonic calculus or, today, by conducting a cost/benefit study. It is not obvious from the theory that bribe per se is unethical; if a greater happiness is achieved through an occasional bribe, what is the harm? The net effect—i.e., the consequence—is what counts. Indeed, Pastin and Hooker (1988) argue—on utilitarian grounds—that the Foreign Corrupt Practices Act of 1977 should be repealed.

Kant, on the other hand, would declare in no uncertain terms that bribery is wrong—period. It is wrong because it is dishonesty; the purchasing agent is cheating his or her employer, treating the employer as a means to the agent’s ends. This, Kant would say, violates the categorical imperative. Consequences are irrelevant in determining the morality or immorality of an action; dishonesty is dishonesty and bribery is bribery. One’s duty is always to tell the truth, that is, to be honest. Kant, consequently, probably would uphold the Foreign Corrupt Practices Act.

Rand would be opposed to bribery because it involves dishonesty—but not on deontological grounds. Dishonesty is unethical because of its effects, i.e., consequences, on one’s own life. Dishonesty means pretending that something is not what it really is. The salesperson and agent pretend that the fiduciary relationship with the agent’s employer is in fact, when in actuality it is not. Refusing to perceive the facts—shutting one’s eyes to reality, in effect—according to Rand, is immoral because that act negates, and operates to destroy, the necessary, objective condition of sustaining one’s life: namely, the use of the mind—reason—to guide one’s actions. Dishonesty denies the efficacy of one’s own mind and makes one dependent on the minds of others. From now on, in other words, the salesperson and agent must rely on the beliefs—the misperceptions—of the employer for their deception to succeed. In the meantime, they each have turned their own perceptions away from the facts of what is necessary to sustain and enhance their lives. This, according to Rand, is not to anyone’s self-interest.

Rand, however, would be opposed to the Foreign Corrupt Practices Act for at least the following reasons: the Act prevents payments which are not bribery. Although the Act permits "grease" payments to low-level officials, it does not distinguish bribes from perquisites, from de facto broker’s fees, or from extortion. When a payment is not covert, that is, when its acceptance is known to, and approved by, the employer, the payment ceases to be a bribe and becomes a perk. This is the moral justification of expensive luncheons and Christmas gifts. But a threat of physical force, according to Rand, ends all commitments to honesty, because truth-telling can then operate to harm one’s self-interest. Rand’s principle here is "morality ends where a gun begins." Rand would say that the Lockheed scandal of the early 1970’s was unnecessary—because Lockheed bribed no one; indeed, it was officials of the Japanese government who extorted money from Lockheed.

Ravls, following the Kantian, deontological tradition, would say that bribery is unjust—period. Bribery is unjust because it violates the principles of equal liberties and of minimal social and economic inequality. The salesperson and purchasing agent are seizing unequal advantage over the agent’s employer, the agent’s competition, and the agent’s customers. The two certainly are not maximizing the minimum; i.e., they are not seeking to improve the position and conditions of the least advantaged. Consequently, Rawls would support the Foreign Corrupt Practices Act. Alpern (1988), in a response to Pastin and Hooker (1988), which also is a defense of the Act, demonstrates his Rawlsian influence when he states, "...not all interests are of equal weight....It is morally better to raise a person from poverty to security than to add an equal amount" of wealth or well-being to the whole of society. Morality, he argues, may require the sacrifice of financial gain in order to uphold justice for the least advantaged.

The four theories, thus, when applied to bribery, present four different points of view, although Kant and Rawls probably are in closest agreement. The students now have a framework within which to decide for themselves exactly where they stand on the issue of bribery. This presentation, of course, is briefer than was actually done in class. The students read several articles that discuss the bribery issue and each of the above points was developed in greater depth. Each additional marketing issue mentioned earlier (marketing to morally questionable countries, etc.) was then discussed using the same format and procedure.

THE PROBLEM OF RELATIVISM

It might be argued that I have failed to include one prevalent theory today, namely, the Nietzschean "might makes right" form of egoism. However, I did not find business students attracted to this idea (I would not be so confident in making this statement
about liberal arts students). What did come up
often were the notions of subjectivism, pragmatism,
and relativism. In the students' minds, these were
manifested by such questions as "So what?", "Why
bother; it's all relative," and "Why can't we just
use one theory in some situations and another theory
in a different situation?" "After all," they would
say, "that's true for you isn't necessarily true for
me."

In addition to assigning an excellent (and classic)
critique of relativism by Walter Stace (1988), I
attempted to deal with relativism in two ways.
First, at the beginning of the term, I offered an
automatic "A" to anyone who could prove that "what's
true for you is not necessarily true for me," a
pedagogical device used by one of my undergraduate
philosophy professors. The "out" for the professor
is to demonstrate Aristotle's law of non-
contradiction, which states that nothing can be A
and non-A at the same time and in the same respect.
This law holds that if something is true for one
person, then it must be true for all people; and as
Stace points out one must always carefully
distinguish between what people believe to be true
and what is true. This law at least allows for the
possible existence of true ethical propositions—and
the pedagogical device provides some motivation for
the rest of the course.

The second way of dealing with relativism was
repeatedly to cite the natural sciences as an
example of objectivity and universality. While
there certainly does not exist a complete agreement
among scientists today, there is much greater
agreement among them today than among the learned
people of, say, the fourteenth century, when
mysticism dominated. As Stace points out (p. 29),
the lack of agreement among philosophers about what
the objective, universal standard of value is, is
not an argument against the possible discovery of
such a standard in the future.

When students argued that scientific principles
themselves are relative and situational—such as
"water boils at 212 degrees Fahrenheit at sea level
but not at that temperature in mile-high Denver"—I
pointed out that the principle is not stated
correctly; the correct principle is "water boils at
a temperature that is a function of atmospheric
pressure, given as atmospheric pressure." Now,
the principle is universal. Similarly in
advertising, I pointed out, such principles as "the
selling message must be appropriate to the audience"
and "the execution must not upset the message" are
objective and universal principles. "Some day," I
went on to say, "objective and universal principles
of ethics will be discovered—perhaps you will make
the discovery this term! The four theories we will
discuss each claim to have discovered the objective
standard of value. It is your job to examine each
theory and its application to marketing issues and
to decide exactly where you stand."

There are no easy solutions to the problem of
relativism. Today's philosophy departments do not
offer much advice, since most of them are committed
on principle to subjectivism. But the above
comments may prevent some of the students from
becoming complete skeptics.

CONCLUSION

This presentation has assumed a full length course
on marketing ethics. As a one- or two-class module
within other courses, I would recommend using the
ideas of Kant and Rand, each applied to the
(relatively) simple issue of bribery. I recommend
these two because their ideas are polar opposites.
The principle underlying this recommendation is that
stark contrasts illuminate many issues that perhaps
would be missed by using two similar theories.
Also, I recommend them because Kant represents the
Judeo-Christian ethics of altruism and Rand, as an
advocate of egoism, is highly critical of altruism.
Indeed, the clash of ethical ideas today is a
conflict between the altruism of viewing the
individual as a means to the ends of humanity or
society and the egoism of viewing the individual as
an end in him- or herself. Rand's ideas, finally,
set up interesting cognitive dissonances in the
minds of students—between the traditional ethical
beliefs that Rand rejects and her ideas that
capitalism and capitalistic activities are morally
good.

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53
THE INTERNATIONAL STANDARDIZATION ISSUE REVISITED

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ABSTRACT

U.S. international consumer goods companies are currently faced with the question of how much they should standardize their marketing strategies in markets around the world. In view of the growing importance of trade with Pacific Rim countries, this study provides empirical evidence and concludes that U.S. international consumer goods companies do standardize all or parts of their marketing strategies in Pacific Rim countries.

PROBLEM

From the perspective of U.S. international consumer goods companies, the differences in market conditions between foreign markets are considerable. In the past, these differences in market conditions usually led U.S. multinationals to localize marketing strategy in each foreign market.

For a number of years, however, marketing decision-makers in international firms have been asking whether they could standardize various elements of their marketing strategies in markets around the world. The question of the extent to which they can standardize marketing strategy in each foreign market has continued to trouble marketing decision-makers and academicians alike, and has produced a wide array of different viewpoints.

DISCUSSION

Beginning in the 1960's, several authors advocated a standardized approach to international marketing strategy. Robert D. Buzzell (1968) initiated the debate on the standardization issue by raising an important question: can you standardize international marketing strategy? Is it possible to use the same product, pricing, promotion, and distribution strategies in several international markets? It depends, he answered, on the strengths of barriers to standardization, and on the potential economic rewards for standardizing marketing strategy. Buzzell stated that many international firms have found real benefits in standardizing their marketing strategies in markets around the world. Levitt (1983) argued that companies must learn to operate as if the world were one large market, ignoring superficial regional and national differences, and that technology is driving the world toward commonality and that this is resulting in global markets for standardized consumer products. In a probing survey of 27 leading multinational consumer goods companies, Sorenson & Welchmann (1975) concluded that despite strong differences in market conditions between European countries, a number of firms engaged in cross-border standardization of marketing strategy.

On the other side of the standardization issue are several authors who advocate a non-standardized approach to international marketing strategy. Walters (1986), in his overview of the standardization debate, advised that a policy of standardized marketing strategy is unlikely to be viable for most firms operating in the international arena.

In view of the growing importance of trade with Pacific Rim countries and the obvious differences in geographic and cultural conditions between these countries, the purpose of this study is to further clarify the standardization debate by providing empirical evidence showing the extent to which and the conditions under which U.S. international consumer goods companies currently standardize their marketing strategies in Pacific Rim countries.

Research Questions:

1. To what extent do U.S. international consumer goods companies standardize their marketing strategies in Pacific Rim countries?
2. What market conditions lead to either a high or low degree of standardization of marketing strategies by U.S. international consumer goods companies in Pacific Rim countries?

DATA SOURCES

The data sources (population) for this research study consisted of forty U.S. international consumer goods companies that market food, soft drinks, soap-detergent-colognes, and cosmetic/personal care products in two or more Pacific Rim countries: Japan, South Korea, Taiwan, People's Republic of China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, Thailand, Australia, New Zealand, and Sri Lanka.

METHOD

This study was based on a non-probability convenience mail survey that analyzed in depth the marketing strategies of twelve U.S.-based international consumer goods companies marketing products in two or more Pacific Rim countries. The mail survey gathered data on the extent to which and the conditions under which U.S.-based international consumer goods companies standardize their marketing strategies in Pacific Rim countries.

In each company selected, the designated respondent filled out the survey questionnaire concerning marketing decisions covering one/two products marketed in two to six Pacific Rim countries. To measure the degree of standardization of marketing strategy, a number of paired country comparisons were gathered. Each respondent was asked to look at two countries at a time and to indicate how similar or different they thought marketing decisions were regarding each element of marketing strategy for each.
product marketed in those two countries. Respondents rated the marketing decisions for each product/paired country comparisons on a six-point semantic differential scale ranging from "quite similar" (1) to "quite different" (6).

For two elements of market conditions, market share and nature of competition, hard data rather than subjective data were obtained. Similarity ratings based on data for each product and pair of countries on a scale of one to six were assigned by the researcher.

ANALYSIS OF DATA
Each pair of countries was treated as a statistical observation. The data were analyzed using a series of indexes depicting graphically the extent to which and the conditions under which respondents U.S.-based international consumer goods companies standardized their marketing strategies in Pacific Rim countries.

To determine the degree to which U.S.-based international consumer goods companies standardized their marketing strategies in Pacific Rim countries, similarity ratings for each respondent's product/paired country comparisons were combined to produce an index (Exhibit #1) that showed the percentage of each element of marketing strategy as well as total marketing strategy that fell into one of three categories: high standardization (ratings 1 & 2 on the scale), moderate standardization (ratings 3 & 4), or low standardization (ratings 5 & 6).

To determine the degree of cross-border similarity of market conditions, the similarity ratings for each respondent's product/paired country comparisons were combined to produce an index (Exhibit #2) that showed the percentage of each element of market conditions that fall into one of three categories: high similarity (ratings 1 & 2 on the scale), moderate similarity (ratings 3 & 4), or low similarity (ratings 5 & 6).

To determine both the extent to which and the conditions under which, U.S.-based multi-nationals standardize their marketing strategies in Pacific Rim countries, the combined standardization ratings for total marketing strategy were cross-tabulated with the combined similarity ratings for each element of market conditions (Exhibit #3).

RESEARCH ASSUMPTIONS
Research assumptions were based on the findings of the Sorensen & Wickehmann (1975) study. Previous cited:
1. That market conditions/environment (target market, use patterns, stage of Product Life Cycle, retail structure, availability of advertising media, marketing legislation, nature of competition, and market share position) will vary considerably from one Pacific Rim country to another.
2. That standardization of marketing strategy, such as product, pricing, promotion, and distribution strategy, will generally be high regardless of how similar or dissimilar market conditions are from one Pacific Rim country to another.

3. That market share position and the nature of competition will not greatly affect the tendency to standardize marketing strategy in Pacific Rim countries.

FINDINGS
The findings of this study indicated that total marketing strategy tended to be highly standardized 85% of the time. However, some degree of variation in standardization was apparent when each element of marketing strategy was looked at separately (Exhibit #1).

Product strategy, which included product characteristics, brand name, and packaging, generally tended to be highly standardized between countries. Pricing strategy, which included retail price, wholesale price, discount/credit terms, and mark-up, tended to be considerably less standardized from country to country. While discounts and markups were considerably more standardized, retail and wholesale pricing tended to be much less standardized. Promotional strategy, which included the basic advertising message, creative expression, sales promotion, media allocation, roles of sales force, and approach used to manage sales force, tended to be highly standardized most of the time with the exception of media allocation which was much less standardized.

Cross-border similarity of market conditions received mixed ratings (Exhibit #2). Among those market conditions that were rated highly similar were target market, use patterns, stage of product life cycle, retail structure, nature of competition, and market share position. Market conditions that received low similarity ratings included availability of advertising media and marketing legislation.

When similarity ratings for each element of market conditions were cross-tabulated with the combined standardization ratings for total marketing strategy, the findings indicated that in most cases there was a high degree of correlation between market conditions that were rated highly similar from country to country and high standardization ratings for total marketing strategy (Exhibit #3). The one exception was market share position which indicated a considerably lower degree of marketing strategy standardization when market share position was rated highly similar from country to country. Conversely, when market conditions indicated a low degree of similarity from country to country, marketing strategy standardization ratings still indicated a high degree of standardization in over half the case.
CONCLUSIONS

The basic conclusion of this research study is that despite considerable differences in market conditions between countries, U.S. multinationals do standardize all or parts of their marketing strategies in Pacific Rim countries. This conclusion appears to be consistent with the existing body of literature that advocates the use of standardized marketing strategies in international markets.

This overall trend toward standardization of marketing strategies by U.S. multinationals can be explained in the following ways:

1. A marketing strategy that has proven successful in one country can be transferred to another country with only minor modifications to allow for differences in market conditions.
2. A standardized marketing strategy helps establish a uniform worldwide image for the company's products. Within the Pacific Rim area, the increased flow of products, consumers, and advertising media would argue in favor of a standardized marketing strategy for many consumer products.
3. A standardization of marketing strategies can lead to significant savings in product design, packaging, sales promotions, advertising, and production costs.

RECOMMENDATIONS

In view of the fact that many international consumer goods companies are standardizing their marketing strategies despite differences in market conditions, it is recommended that decision-makers in U.S. multinational companies continue to develop their ability to conduct cross-cultural/national analysis of market conditions. Such analysis can guide the decision to standardize marketing strategy where conditions are appropriate and to localize marketing strategy only where market conditions dictate.
EXHIBIT #3

SIMILARITY OF MARKET CONDITIONS COMPARED WITH THE DEGREE OF STANDARDIZATION OF MARKETING STRATEGY

<table>
<thead>
<tr>
<th>Marketing Conditions</th>
<th># of Related Country Compar.</th>
<th>Degree of Similarity Market Conditions:</th>
<th>% of Standardization of Total Marketing Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Market</td>
<td>226 High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use Patterns</td>
<td>19 Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stages of Product Life Cycle</td>
<td>20 High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Structure</td>
<td>12 Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of Advertising Media</td>
<td>10 High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Legislation</td>
<td>42 High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Share Position</td>
<td>81 High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of Competition</td>
<td>203 High</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REFERENCES


The Purpose Of This Paper

is to provide the Marketing Professor with a tool which can be taken into the classroom as an adjunct to lecture on control or forecasting. This tool, RDNSTRAT, is a Lotus 123 template with macros. When used with a lap top computer and a "data show," it permits demonstration on a movie screen, much like a slide presentation.

The Purpose Of RDNSTRAT

is to present an enrichment of textual treatment of the marketing concepts relating to BUDGET ALLOCATION, FORECASTING, PROBABILITY FOR EXPECTED VALUES, AND STRATEGIC MARKETING PLANS. Specifically, this computer assisted tool gives the professor a means of illustrating how decisions pertaining to three product lines are simultaneously dependent on the decisions for allocation of non-marketing expenses, determination of a forecast, and evaluation of expected probability of given outcomes.

The Benefits Of This Approach

are that students need not be familiar with a computer, or even have access to a computer. Further, they are not expected to be familiar with budget allocation techniques. Proficiency with probability statistics is taken care of by automatic computations. Thus, students can spend time trying to understand the marketing implications rather than seeking ways to work the problem.

Similarly, the professor need not be overly adept at the mechanics of allocation and/or statistics. The template contains the macros necessary for all of the computations.

Projection of computer displays on a movie screen means students get a multi-media presentation to pep up what might otherwise be somewhat boring material. The approach also illustrates the value of the computer as a "what if" tool for planning.

The Uses Of This Template

are found in either a basic marketing course or an advanced marketing course. What changes is the level of discussion and interaction. It has been used in several classes for presentation of the material on CONTROL or for the material on STRATEGIC MARKETING PLANNING.

Actual Use Of The Template

assumes students have done some homework. To this end, students should be told to read the pertinent chapter in the text. (I.e. chapter 20 in the 9th edition of Basic Marketing by McCarthy and Perreault). In addition, students should be divided into four groups so each group can do one allocation prior to coming to class. Everyone is given a copy of the data as shown in Exhibit 1. Each person is asked to make an allocation of "non-marketing" and "overhead" costs using one assigned technique. Group I makes an even allocation. Group II makes their allocation using percent of sales as the basis. Group III allocates on the basis of percent of profit, and Group IV would allocate using percent of marketing costs. Exhibit 2 gives a brief explanation of each technique. This could be given to the student, too. Students can also be referred to any basic accounting text to reinforce the idea that material from other courses have value in a marketing course, too.

The students should also be asked to make a budget projection. They are to determine how many marketing dollars they would spend next year on each product. They should then determine how marketing expenses are to be split between the three products (i.e. how much advertising dollars of expense should be spent on each product line). This may generate a lot of questions. Avoid all answers by saying they are to do the best they can with the information at hand.

Exhibit 1

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$177,050</td>
<td>$132,500</td>
<td>$187,050</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>$170,000</td>
<td>$80,500</td>
<td>$177,000</td>
</tr>
<tr>
<td>gross profit on sales</td>
<td>$7,050</td>
<td>$52,000</td>
<td>$9,050</td>
</tr>
<tr>
<td>Marketing Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales commissions</td>
<td>$60,000</td>
<td>$13,000</td>
<td>$13,000</td>
</tr>
<tr>
<td>advertising</td>
<td>$30,000</td>
<td>$11,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>transportation &amp; del.</td>
<td>$7,500</td>
<td>$8,500</td>
<td>$11,500</td>
</tr>
<tr>
<td>transportation &amp; del.</td>
<td>$3,750</td>
<td>$2,750</td>
<td>$3,750</td>
</tr>
<tr>
<td>advertising</td>
<td>$9,500</td>
<td>$5,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>sales office expenses</td>
<td>$11,000</td>
<td>$5,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Non-marketing costs</td>
<td>$21,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>General Overhead</td>
<td>$45,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>$116,150</td>
<td>$42,750</td>
<td>$93,750</td>
</tr>
<tr>
<td>NET PROFITS</td>
<td>$78,950</td>
<td>$30,750</td>
<td>$51,250</td>
</tr>
</tbody>
</table>

Exhibit 2

Brief Explanation of Allocation Techniques

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
</tr>
<tr>
<td>SHOULD BE ALLOCATED TO MARKETING</td>
<td>100% OF EXPENSE</td>
</tr>
<tr>
<td>EXPENSES TOTAL DOLLARS</td>
<td></td>
</tr>
<tr>
<td>MARKETING DOLLARS OF EXPENSE</td>
<td></td>
</tr>
<tr>
<td>PERCENT OF TOTAL DOLLARS</td>
<td></td>
</tr>
</tbody>
</table>

% OF MARKETING COSTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>product Costs</td>
<td></td>
</tr>
<tr>
<td>MARKETING DOLLARS OF EXPENSE</td>
<td></td>
</tr>
<tr>
<td>DIVIDED BY TOTAL DOLLARS</td>
<td></td>
</tr>
</tbody>
</table>

% OF PROFITS

% OF PROFITS

RETURN ALL CELLS TO ZERO WITH ALT Z depressed simultaneously.
On The Assigned Class Day

open the class by asking each person to get out her/his assigned computation. Tell them to make notes of what the others found. In particular, net profit for each product line as determined by the various allocation methods. They will end up with the following data:

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>PRODUCT</th>
<th>PRODUCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>EVEN ALLOCATION NET PROFITS $6,740</td>
<td>$29,230</td>
<td>$62,880</td>
</tr>
<tr>
<td>SALES ALLOCATION NET PROFITS $11,509</td>
<td>$32,192</td>
<td>$33,149</td>
</tr>
<tr>
<td>% MARKETING COSTS ALLOCATION NET PROFITS $10,199</td>
<td>$35,280</td>
<td>$23,379</td>
</tr>
<tr>
<td>% PROFITS ALLOCATION NET PROFITS $12,821</td>
<td>$31,674</td>
<td>$24,324</td>
</tr>
</tbody>
</table>

Have the "data show" ready to go. Next, display the first screen of the template. With the benefit of macros provided within the template, you can show the proper results to be entered in a data sheet like the one shown above. Simply place the cursor in the blank cell at address c56 and activate a macro, Alt E. When the students have copied the profit data, return the cursor to c56 and repeat for the remaining three macros: Alt S, Alt C, and Alt F. Start with the cursor at c56 for each macro. It is not necessary to clear the spaces.

Next, make a quick division of the class into three groups. Assign each group a product line. Tell them that the product manager for that line is each group which allocation method they have to use during the coming year. Each group will want a different approach. You then explain that this is why it is important for a marketing executive to understand accounting. If marketing is evaluated on the basis of profit, then the methods of allocating non-marketing costs and overhead greatly affects the evaluation and possibly the person's compensation.

You Are Now Ready To Make Point Number Two By

asking the students how they went about allocating the MARKETING expenses for the coming year. Did they feel that what had been spent on each line last year was the proper amount for next year? Did they feel any items, such as commissions, would go up? Let them tell you they didn't have enough information. Then ask what information they wanted. Hopefully, they will want to know about historic sales, expected inflation, etc. After this discussion, page down on the spreadsheet of Lotus 123 and find a place on the template which looks like Exhibit 3.

Here is the historic data the students have sought: Fill in the forecasts for each product line. The trends are rather obvious. As you fill in all of the Optimistic forecasts, the template is designed to compute the optimistic total sales forecast. Simply continue to fill in the realistic forecast and the pessimistic forecast. Next, have the students determine appropriate probabilities. Probabilities are needed to complete the payoff matrix. These blanks also appear in Exhibit 3. At this time, it is wise to discuss the basis for the probabilities. Although students are guessing, business people would have a "gut" feel or a logical basis for their probabilities. Then hit the page down twice to proceed to the place in the template where an "Optimistic" pro forma balance sheet is provided. At cell c117 you once again activate the macros to make distribution of non-marketing costs. Before you activate the macros, point out that all expenses including all marketing costs have been increased by 6% for an optimistic pro forma. However, the total marketing costs remain allocated across the three product groups exactly as they were last year. Thus, if one could also show how a shift in emphasis were to be made, it would be made at this point. This template could be expanded in several ways. For example, there are several means of increasing expenses for next year. Next year's expenses could be estimated by increasing a flat percent (which I have done), a percent to reflect expected increases (decreases) in sales, a function of inflation, etc. You may want to protect the cells to prevent accidental change of data. At present, the cells can be activated for an immediate look at any new emphasis or budget increases the students want to examine (i.e. more or less advertising for the various product lines).

There are also pro formas for the "Realistic" and "Pessimistic" balance sheets. These can be found by tabbing to the right on the spreadsheet. Macros are activated with the cursor in cell I 117 or Q 117. Each time the costs are divided among the product lines, the template automatically computes an expected value matrix as shown in Exhibit 4.
Exhibit 4
Expected Value Matrix

<table>
<thead>
<tr>
<th></th>
<th>OPTIMISTIC</th>
<th>NEUTRAL</th>
<th>PESSIMISTIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMES PROFIT</td>
<td>($6,126)</td>
<td>($1,721)</td>
<td>($4,137)</td>
</tr>
<tr>
<td>EXPECTED VALUE FROM PROBABILITIES</td>
<td>0.1</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>TOTAL EXPECTED VALUE of all forecasts</td>
<td>($4,041)</td>
<td>($3,915)</td>
<td>($6,042)</td>
</tr>
</tbody>
</table>

This Entire Process

usually takes from one to one and a half class sessions. The time depends on level of preparation and speed with which the students grasp the material. Feedback for the process has been very good. Students like the multi-media aspect. They also feel it places the concepts mentioned in a good integrated perspective. A colleague who has used the template tells us it also gets her some comments on her skill with the computer even though the template shows it was written by someone else. But, the bottom line has been the fact that students go to other classes with a better understanding of the fact that methods used in accounting for allocation of non-marketing costs affects profit for marketing managers, probabilities are potentially useful, historical data is important for making strategic decisions and forecasts, and all of these factors work interactively and simultaneously not independently in the planning process.

DEREFETING

It Is Important To Take Time To

inform the students about what you expected them to learn from this session. This is much like a summary. For example, you can say, "I have been using this template so you can understand the following points:

1. It is important for the Marketing Practitioner to have a complete understanding of accounting. A simple change in the method of allocation of non-marketing costs can affect how profitably a product (product line) seems to be performing.
2. Before one can determine the Marketing Mix one needs to make a forecast and become aware of the historic trends.
3. Making next year's budget request requires a forecast and an understanding of the trends in the market.

4. This template used a full cost allocation basis for the computations. It would be possible to make an adjustment in the template and have a contribution margin analysis. As a reminder, contribution margin is the amount remaining after one subtracts direct marketing costs from "gross profit on sales."
5. Although probability is subjective in this template, in practice one would have a solid basis for the estimates of probability.
6. The pay off matrix helps one determine whether to base planning on an optimistic, pessimistic or realistic estimate of the future.
7. Accounting Allocations, Marketing Forecasts, Probability Analyses and Estimates of Budget require interconnected decisions."

People Who Attend The Presentation

of this material at the 1989 Western Marketing Educators Annual Meeting in San Francisco will be able to obtain the actual template by either bringing a 3 1/2-inch disc or by purchase of a limited number of 5 1/4-inch discs. We will provide 25 copies of the template on 5 1/4-inch discs for $1.00. Or we will make a copy on a 3 1/2-inch disc provided by the person desiring a copy. Since we will have a laptop computer, the 3 1/2-inch disc can be copied on the spot. Copies may also be obtained by sending a blank formatted disc and an addressed stamped return disc carton to the authors at California State University, Fresno, Department of Management and Marketing, Fresno, CA. 93740-0607. We will place a copy of the template on your disc and return it within one week of our receipt of the disc.
TEACHING IMPLICATIONS OF THE BUSINESS CAPSTONE COURSE FOR MARKETING AND FINANCE FACULTY

Brenda J. Moscove, California State University, Bakersfield
Robert G. Fletcher, California State University, Bakersfield

ABSTRACT

This paper explores the context of the business capstone course and argues that many of the strategic management concepts currently presented in the capstone course are simply repackaged concepts from marketing and finance. In addition, the presentation concludes that the faculty from marketing and finance are as well qualified as management faculty to meet the broad based demands of the course. In fact, for business schools with limited faculty resources this approach may be particularly important. Furthermore, strategic management concepts are heavily intertwined with marketing and finance theory, and input from faculty from these business disciplines rather than a strategic management specialist may be the catalyst for effectively teaching the course. Additionally, in order to provide a real world dimension to the course, practical business and/or extensive consulting experiences may be a more legitimate faculty requirement than a narrow strategic specialty.

THE BUSINESS CAPSTONE COURSE

The business capstone course (business policy, strategic management, etc.) is designed to integrate the knowledge and experiences derived from the business core curriculum. In the California State University (CSU) system, the graduate level capstone course also must be designed to provide a culminating experience for all business students as stated in Title 5 of the California Administrative Code. California State University Bakersfield (CSUB) requires a capstone course with a project requirement to satisfy the culminating experience requirement for M.B.A. students. Excerpts from the 1987-88 CSUB catalogue illustrate the integrated nature of the course and culminating written project requirement:

BA 690. An integrating course . . . Analysis of a wide range of decisions, with focus on the role of the executive in planning and implementing programs . . . intended to synthesize as well as foster analytical skills . . . a culminating written project . . .

The undergraduate capstone course stresses the integration of business core theory:

BA 490. A terminal integrating course . . . analysis of a wide range of . . . decisions, with focus on the role of the executive in planning and implementing programs.

These two courses also fulfill the American Assembly of Collegiate Schools of Business standards (AACSB).

Although a strict interpretation of the AACSB standards may be operational rather than strategic, the capstone course content has moved rapidly into the strategic arena (Digman 1986, p. viii).

STRATEGIC MANAGEMENT AND RELATED ISSUES

In recent years, the trend toward strategic management and strategic planning has captured increasing attention in academic literature, from business school faculty, and from business executives. In fact, faculty with strategic management specialties are being hired to teach the capstone courses as the content moves toward an emphasis on strategic management concepts.

The issues promoting the focus upon strategic planning in the 1980's are: organizational survival, the role of marketing in determining overall business strategies, and the rapid environmental changes that must be monitored and anticipated in order to capitalize upon new opportunities and forestall threats in the marketplace (Cravens, Lamb 1986, pp. 7-8). Moreover, limited financial resources and cash flow problems in the late 1960's and 1970's contributed to the current emphasis on strategic planning. At the corporate level and for multi-product/service business units, slowed economic conditions, competitive pressures, and cash flow and profitability problems during the late 1960's and 1980's resulted in the realization that different growth, profitability, and cash flow requirements exist for each of the various SBU's or market segments (Clarke et al. 1988).

Strategic management stresses a total enterprise perspective incorporating the functional and organizational demands with environmental concepts to formulate successful corporate and/or business strategies (Thompson, Strickland 1987, pp. 1-256). Strategic planning provides a long-term guideline for determining choices regarding what the business should be and how to get there, visionary planning. Time frames and performance measures are clearly stated. In contrast, policy focuses upon what the business is and what it will be, i.e., operational planning.

As business policy yields to the emergence of strategic management, most policy books attempt to deal with strategic issues. The current approach in the business capstone course, regardless of the title, tends to emphasize the
comprehensive treatment of management functions of the organization, stresses what the business should be, and provides cases involving specific strategic issues (Digman 1986, pp. vii, viii).

MARKETING AND FINANCE ROLES IN STRATEGY FORMULATION AND IMPLEMENTATION

Marketing and finance play a key role in formulating successful management strategies that go beyond mere policy statements. Examples of the importance of marketing for strategic planning are numerous. Marketing input has been described as the most important functional area contribution for successful strategic planning (Cravens, Lamb 1986, p. 9). For instance, executives rely upon marketing for identifying new products, services, and markets. Once an opportunity is identified, marketing input is vital for determining its potential merit. The overall strategy for new ventures is based upon marketing plans which are designed, implemented, and evaluated by the marketing personnel to a great extent (Kotler 1984, pp. 35-36). The importance of the marketing concepts for strategic planning is evident as the terms strategic marketing planning, business planning, and market planning are used interchangeably (Abell, Hammond 1979, p. 3).

The Strategic Marketing Management Model (Neidel 1983, pp. xx-xxvi) emphasizes elements similar to those touted as unique to the strategic management area (Sharplin 1985; Thompson, Strickland 1987; Pearce, Robinson 1988): environmental, linkage, and focus concepts. However, external environmental forces are primarily the marketing uncontrollables and internal environmental concerns are product/service offerings, organizational competencies, and synergy. Linkage endeavors to create an information system by which external and internal environmental factors are compatible with organizational strategies. Thus, environmental scanning, innovation and entrepreneurship, demand analysis, and the marketing mix are critical components of the linkage system. In strategic planning, focus is a key element in determining resource allocation. Focus demands that all segments of the corporation and/or business units be guided by common, or universal, concepts. Frequently, the unification forces are defined in marketing-related terms: product/service mix, customer groups, customer/market needs, and technology. Other models discussed in strategic management texts duplicating or similar to those included above are: Schone and Hofer, Porter, Thompson and Strickland, and Stainer (Digman 1986; Kotler 1986). In addition, corporate culture and leadership discussions relying heavily on Peters and Waterman (Thompson, Strickland 1987, pp. 49, 225-26; Kotler 1984, p. 38) are included texts for both fields.

The strategic management approach demands the differentiation between the businesses and/or products/services requiring heavy funding and those that provide the funds. Financial tools, particularly portfolio and cash flow analysis in addition to the more traditional emphasis on return on sales and return on investment, for various business units are recognized as vital tools for strategic management (Abell, Hammond 1979, pp. 3-18). Financial input into strategic planning minimizes financial risk by more realistically assessing the ability of the organization to provide the financial resources to efficiently produce and market goods and services in order to achieve stated strategic (long-term) objectives (Clark, et al. 1986, pp. 1-12).

The strategic implications of marketing and financial theory presented above represent selected key contributions to the overall strategic field. Although an extensive listing of commonalities between the two fields is beyond the scope of this paper, an exploratory examination of the contents of selected strategic management, marketing, and finance textbooks and the authors' teaching experiences reveal many common topics (see Exhibits 1 and 2). Moreover, several topics are universal to all three disciplines. Often, the marketing and finance presentations contain specific applications in contrast to the generic approach utilized in the strategic management field. To some extent, it appears that many strategic management presentations simply condense more comprehensive coverage of principles long inherent to comprehensive marketing and finance texts.

MARKETING AND FINANCE FACULTY ROLES IN TEACHING STRATEGIC MANAGEMENT BUSINESS CAPSTONE COURSES

Debating over whether marketing, finance, or management plays the most important role in strategic management is not productive. However, the marketing and finance disciplines are important contributors to successful strategy formulation. The common elements of strategic marketing, finance, and management, coupled with the broad based approach, warrant faculty input from all three of these disciplines. Because of the duplication of text material appearing in the strategic management, marketing, and finance textbooks, faculty who have been teaching marketing and finance courses are well prepared in strategic management theory and can provide integrative, in-depth strategy applications.

Teaching the capstone course provides the opportunity for marketing and finance faculty to demonstrate the integrative nature of the business disciplines and to reinforce the decision-making aspects of their various fields. It also provides the opportunity to demonstrate that marketing and finance faculty have comprehensive preparation and valuable knowledge of applications to the entire business field. In addition, it highlights the contributions of marketing and finance to management decision making and the overall well-being of the firm.

Because of the comprehensive nature of the strategic management course, faculty members should be experienced in the case approach with academic theory supplemented by actual business experience or extensive business consulting experience. The hands on approach provided by
case analysis is a vital part of the integration of the business core theory, synthesis, and analysis. Here, a wide range of practical experience may be more important to providing excellent instruction in the capstone course than a narrow, specialist preparation, particularly in the case of a faculty member with no real business experience.

Based upon the authors' teaching experience in strategic management as well as marketing and finance courses, utilization of both the Harvard (individual) and Yale (group) approaches to case analysis stimulates student comprehension of the interrelationship between the functional areas of the organization. Furthermore, students are required to assess and determine where the company should be and how to get there. Group case assignments, especially if the students are distributed according to their functional disciplines, are excellent devices to integrate functional knowledge and point out the subtle aspects of other disciplines.

Marketing and finance faculty who are experienced in using the case method can easily supervise strategic management cases. In fact, several cases written by one of the co-authors, primarily for use in advanced undergraduate and in M.B.A. marketing courses, have been adapted and published in strategic marketing texts (Sharplin 1985, pp. 357-365, 433-449; Digman 1986, pp. 416-425). Moreover, these same cases are cited in the texts for their strategic management applications. These cases have been used equally well in both marketing and the business capstone course.

Marketing and finance are often underrepresented in the business core requirements where management courses are apt to be dominant. Exhibit 3 presents a comparison of the number of finance, marketing, and management courses required at selected CSU campuses for undergraduate and M.B.A. degrees. Although the compilation is the result of judgements concerning the nature of the course and discipline, it is evident that considerably fewer marketing and finance courses are required for degree completion than management-related courses. If management information systems are grouped with management, the result is even more disproportionate. However, there is no reason to assume that the business capstone course is the sole function of the management department. Incorporating marketing and finance faculty into this required course helps distribute the student load and balance departmental faculty, by creating full time equivalent students (FTE) for each department. Furthermore, it legitimizes the contributions of marketing and finance to sound business management and organizational success. Many of the students, particularly at the undergraduate level, have difficulty making the transition from applying the knowledge and tools taught in individual courses into integrated applications of their business knowledge and skills. Moreover, accounting and management undergraduate frequently underestimate the importance of marketing and finance to overall business success. Those majoring in management information and/or systems management often are well versed in technical concepts but have difficulty making broad applications and interpretations. Seeing the marketing and finance faculty assume the strategic management perspective tends to motivate the students to stretch their own abilities beyond their major discipline. In the process, they learn that marketing and finance are vital to strategic decisions along with all the other business tools and techniques.

From a teacher's perspective, handling the capstone course is often rewarding because the professor can gauge the progress that students have made over the course of their studies. For instance, students who take the basic marketing and finance core courses but who do not major in those fields can be observed in the capstone courses. Their progress, maturity, and participation often contrast sharply with their previous performance in the required core courses. The capstone provides the opportunity for marketing and finance faculty to view the results of the total learning experience for the students. Having the opportunity to help them improve their overall business knowledge and skills and to offer them some final hints for success is a rewarding faculty experience.

CONCLUSION

The capstone course, or culminating experience, spans the total business program. Assuming that a variety of business disciplines are important in developing analytical, executive, and integrated skills, it is logical to staff the course with faculty from the various business disciplines. Marketing and finance faculty members should be encouraged to teach the business capstone course. Furthermore, marketing and finance faculty are well prepared to teach strategic management because of the common elements between their disciplines and strategy concepts. In addition to the rewarding experiences and new perspectives gained from the students in the strategic management course, the capstone course can be an efficient utilization of faculty, particularly for smaller departments and business schools. In contrast to highly specialized strategic management faculty, broad based knowledge, skill in facilitating case analyses, and business or consulting experience are requisites for satisfactory instruction in the capstone course.

REFERENCES

Abell, Derek and John Hammond (1979), Strategic Market Planning, New Jersey: Prentice-Hall, Inc.
EXHIBIT 2

SELECTED EXAMPLES OF SUBJECT OVERLAP IN FINANCE
STRATEGIC MANAGEMENT TEXTBOOKS

Selected Subject Area

- Relationship of Sales to Working Capital Requirements
- Cost Volume Profit (CVP) Analysis
- Capital Investment (Capital Budgeting)
- Capital Asset Pricing Model (Capital Structure)
- Financial Flows (Profitability, Liquidity, Leverage)
- Financial Policy
- Relations with Owners, Investors, and Stakeholders
- Long-Term and Short-Term Capital Requirements
- Leverage Strategies
- Alternative Financial Strategies

Subjects appearing in at least one strategic management text and at least one finance text: some subject areas appeared in all the texts. Three strategic management texts (Geiger, 1984; Thompson, 1987; Pearson, Robinson, 1984) and three finance textbooks (Cottrell, Williams, Dajani, 1985; Copeland, Weston, 1987; Brealey, Myers, 1987) were examined.

EXHIBIT 3

MARKETING, FINANCE, AND MANAGEMENT
COURSES REQUIRED AT SELECTED CSU CAMPUSES

(Undergraduate Business and M.B.A. Degree Requirements)

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<thead>
<tr>
<th>Course Type</th>
<th>Sacramento</th>
<th>Long Beach</th>
<th>San Jose</th>
<th>Santa Barbara</th>
<th>Total</th>
</tr>
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<td>LHRM 3810</td>
<td>Marketing</td>
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<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>UBS 3110</td>
<td>Marketing</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>M.B.A.</td>
<td>Marketing</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
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<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

*Subject listing for selected CSU campuses: management, management, and marketing level courses, and at least one marketing textbook; some subject areas appeared in all the texts. Three strategic management texts (Geiger, 1984; Thompson, 1987; Pearson, Robinson, 1984) were examined and five marketing books (Kotler, 1984; McCarthy, 1987; Cravens, Lamb, 1986; Aakhus, Hammond, 1979; Heidell, 1983) were examined.
TEACHING THE POTENTIAL OF MICROCOMPUTER-BASED SPREADSHEETS IN EVALUATING STRATEGIC GROWTH ALTERNATIVES

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Sharyne Merritt, California State Polytechnic University, Pomona

ABSTRACT

Applications of spreadsheets in marketing classes tend to focus on accounting and financial analysis. This paper offers an application rooted in marketing strategy. Four alternative growth models for a new product line are presented with suggestions for in-class exercises and advanced applications. A disk containing the spreadsheet files will be made available to interested instructors.

INTRODUCTION

Most spreadsheet applications in marketing classes focus more on accounting and financial analyses than they do on marketing analyses. That is, students are often asked to build or utilize pro-forma income statements to conduct profitability analyses and rarely have the opportunity to explore other marketing applications of spreadsheets. As a result, they leave our courses neither appreciating the variety of marketing problems to which spreadsheet analysis can be productively applied nor the potential of spreadsheets to impose structure on otherwise complex data-handling problems.

As a result of the focus on accounting and financial applications, students often conclude that microcomputers and microcomputer-based spreadsheets are not marketing tools. They do not recognize the power of these tools in analyzing marketing strategies or evaluating marketing opportunities. More specifically, they fail to understand the connections between spreadsheet analysis and fundamental marketing concepts. This is a most unfortunate outcome, because it means that we are giving students instruction in spreadsheet "operation," rather than providing them with an opportunity to assimilate how spreadsheets are inextricably tied to the practical problems giving rise to their use and to the conceptual frameworks required to build them.

The purpose of this paper is to provide instructors with an application of spreadsheet analysis to the problem of evaluating growth alternatives. This application involves quantification of a variety of important marketing concepts that would be extremely difficult to manage without a spreadsheet.

PROBLEM

The basic problem investigated in this application is estimating market size and forecasting market potential for a new line of infant products (a line extension) to be targeted toward middle and upper-middle class working mothers. Data required include (1) the number of births, (2) the average expenditures on comparable items, (3) a market forecast for the market as currently defined (mothers aged 22 to 34), and (4) market forecasts for three different age-defined market segments that constitute growth alternatives. Because the data needed did not exist for these analyses, it was necessary to build a model based on existing data that would permit the required estimations and forecasts.

Before discussing this model, however, it is necessary to introduce the marketing strategies currently adopted by the manufacturer serving as the basis for this illustration. This manufacturer now segments his market in terms of occupation, reasoning that this is the best single-variable surrogate for income and psychographic characteristics required to support sales of the existing product line. In addition, as noted above, the manufacturer has traditionally focused on women aged 22 to 34, reasoning that these are peak child-bearing years and where most market potential lies. In addition to these characteristics of the parent (buyer), the manufacturer believes that demand for the company's products may vary in terms of whether the user (child) is a first-born child or a second- or later-born child. It is also believed that demand varies in terms of whether the wife works or whether the husband is the only wage-earner. As will be discussed later, a number of these beliefs were untested at the time the model was being developed.

The manufacturer's segmentation decisions are the controlling factor in structuring the market-size model. Accordingly, the model is divided into three basic parts that both respond to these segmentation decisions and create a structure within which alternative models can be evaluated. These three parts (A, B, and C) are shown in Model 1 (see below), developed for the current market target (women aged 22 to 34).

Model Structure

Part A of the Model is derived from the segmentation scheme used by the manufacturer and from the basic effects of this segmentation scheme on market size as determined by different birth rates among the segments. The manufacturer defines the primary market for its products as "Mid-level white-collar working women whose occupations include teacher, secretary, social worker, first line supervisor, administrative personnel, high-tech sales representatives and similar white collar positions in finance, accounting, banking and communications." Thus, based on Census occupational categories, the model presents numbers of all women in the following occupations: managerial and professional, technical, sales, and administrative support and
some women (an assumed 10% share) in service occupations (U.S. Bureau of the Census, Series P-25, 1987). Most women in service occupations fall outside the primary market definition both psychologically and economically. The assumed 10% share was based on a review of occupations included in the Census categories. The manufacturer defines the secondary market as "homemakers having a total household income equivalent to the total household income of the primary target customer; husband who is in a management or professional position." As such, we have selected for inclusion in calculations of the secondary market women who are not in the primary target market occupational categories but whose husbands are in managerial, professional, or technical and related support positions (U.S. Bureau of the Census, P-20, 1986). This includes women who are unemployed or not in the labor force as well as women in lower socioeconomic occupations. The numbers of women in the primary and secondary markets are shown in column 3 of the spreadsheet. The next step in building the spreadsheet involved the calculation of birth-rate data (U.S. Bureau of the Census, Series P-20, 1987). These are shown in columns 4, 5, and 6. Note that birth rates are inversely related to occupational status. Columns 7, 8, and 9 multiply the birth rates by the numbers of women to compute the numbers of births in the base year (1986) for each of the occupations in the primary market. These numbers of birth were then summed, and the total births for the primary market were then divided by the total number of women to produce the birth rate for the primary market. These birth rates were then multiplied by the number of women in the secondary market to determine total number of births in the secondary market.

Part B of the Model is based on the total number of births in 1986 rather than the total number of women. That is, it takes the actual number of births occurring in the primary and secondary markets (first and second +) and calculates what percent of all births come from each segment. This calculation is critical to the model's usefulness in projecting future market size as derived from projections of expected births.

Part C adds to the Model data on per capita expenditures for product class made by the 22 to 34 year-old segment, based on industry data. Projections

The basic model, as discussed above, is the first part of one spreadsheet file that also contains projections for the years 1987 to 1995. These projections are computed by applying percentages and per capita expenditures from the first part of the spreadsheet to the number of births which actually occurred in 1987 and are forecasted annually to 1995 (Nade 1987). The projection process, however, does not consist only of applying these percentages. In addition, two projected changes in labor force characteristics were also included.

First, the Model takes into account U.S. Department of Labor projections of anticipated female labor force participation. The projected increase of .93% per year was applied to our figures on percent of women in the primary market.

Second, the model takes into account U.S. Department of Labor projections of increases in employment in upper-status positions (Lukaszewicz 1987). The 1.76% annual compound rate of increase was applied to our figures on percent of women in the secondary market.

Based on the basic model structure and these projection procedures, the spreadsheet calculates estimates of total market size for the 22 to 34 year-old segment for the years 1987 through 1995. The Model is then used to conduct further analyses related to expanding into other age segments.

ALTERNATIVE MODELS

In addition to the model defining the target age segment as 22-34 year-olds, projections of growth alternatives were developed for three additional target age segments (models):

2. Target expanded downward to include younger women: 18 to 34 years old;
3. Target expanded upward to include older women: 22 to 44 years old; and
4. Target expanded in both directions to include all women in child-bearing years (excluding teenage pregnancies): that is, women 18 to 44 years old.

Because the spreadsheet file for 22 to 34 year-old women (Model 1) contains all formulas involved in the market size estimation and projection process, these additional analyses were completed through four steps: (1) copying the Model 1 spreadsheet to new files (for Models 2, 3, and 4); (2) adjusting the numbers of women in each occupational category; (3) changing birth rates to reflect age-related fertility differences; and (4) changing per capita expenditures to adjust for age-related buying-power differences.

IN-CLASS USE

The spreadsheet files for all four models contain basic model data and market-size projections for each year from 1987 to 1995. The authors will make available a copy of the files (Lotus 1-2-3.3.NKI files) to instructors furnishing formatted blank diskettes (5 1/4"). We recommend duplicating copies of these files onto student diskettes to be used in classroom discussion and exercises. After an orientation to the basic model by the instructor, perhaps including exercises designed to assure comprehension of individual cell contents, the instructor can assign the following:

1. Identify differences between Model 1 and Model 2. Students should note: first, while overall first birth rate in Model 2 remains about the same as in Model 1, overall second birth rate is lowered by the addition of younger women; second, the percent of all births attributable to the 18 to 34 year-old segment is 25.42%, compared to 23.26% for the 22 to 34 year-old segment; and third, per capita expenditures drop for
the primary market as a result of adjustments made to account for the lower incomes of women and men 18-21. While Model 1 produced a 1995 market of $473,618,000, the market for 1995 projected by Model 2 is $538,631,000--14% higher. Students may compute that this 14% increase in total dollars requires a 20% increase in numbers of women addressed.

2. Identify differences between Model 1 and Model 3. Students should note: first, overall birth rates decline dramatically for first births and slightly for second or later births, yielding an overall drop from the current target’s birth rate of 4.99% to a birth rate of 4.34%. Second, the percent of all births attributable to the 22 to 44 year-old segment is 29.90%, compared to 23.26% for Model 1. Third, per capita expenditures for the product class increase for the primary market as a result of adjustments made to account for the higher incomes of women and men 35-44. While Model 1 produced a 1995 market of $473,618,000, the market for 1995 projected by Model 3 is $686,688,000—an increase of 44%. This increase is associated with an increase in numbers of women targeted of 41%.

3. Identify differences between Model 1 and Model 4. Students should note: Birth rates decline for both first and second or later births. The percent of births attributable to the 18 to 44 year-old segment rises dramatically from the 23.26% projected for Model 1 to 34.13%. Per capita expenditures for first births decline considerably for the primary market but barely change in the secondary market. Per capita changes for second and later births are almost identical for the primary market, but increase for the secondary market. Total sales projected are $752,024,000, an increase of 59% over 1995 projection from Model 1. The number of women required to produce this dollar increase is 61% greater than the current target.

ADVANCED APPLICATIONS

Instructors wishing to extend the above in-class uses of the models can assign two additional exercises.

4. Obtain new secondary data to update forecasts produced by the model.

5. Expand the targeted segment beyond 10% of service occupations to some higher level (chosen by the professor or students); or adopt a more focussed strategy and limit the target, for example, to professional and managerial women only.

CONCLUSION

The models presented offer students the opportunity to examine how market segmentation variables can be quantified; to see how microcomputer-based spreadsheets can be used to develop market size projections; to discover how growth alternatives may be evaluated; and to appreciate the value of spreadsheets as a tool for analyzing marketing strategies.

Exercises 1, 2, 3, and 5 which challenge students to manipulate data provided in the spreadsheets are most appropriate for students in advanced undergraduate or graduate courses in marketing strategy or new product planning. Exercise 4 which requires students to obtain their own secondary data seems most appropriate for students in marketing research.

Student involvement with the models and spreadsheets presented here should enhance their appreciation of microcomputer-based spreadsheets as a marketing tool and their understanding of how spreadsheet analysis can be applied to market segmentation analysis and forecasting.

REFERENCES


### Table 1

**MARKET-SIZE MODEL 1: AGE 22-34**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number of Women</th>
<th>Percent of Women</th>
<th>Birth Rates</th>
<th>Birth Numbers</th>
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<tbody>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>All Women 22-34</td>
<td>27,575,000</td>
<td></td>
<td></td>
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<td><strong>Primary market</strong></td>
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</tr>
<tr>
<td>Managerial and professional</td>
<td>4,373,234</td>
<td>15.86%</td>
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<td>2.54%</td>
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<td>Technical, sales, admin support</td>
<td>8,595,679</td>
<td>31.17%</td>
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<td>2.60%</td>
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<tr>
<td>Service occupations (10%)</td>
<td>301,943</td>
<td>1.09%</td>
<td>2.29%</td>
<td>3.71%</td>
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<td><strong>Totals</strong></td>
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<td><strong>Secondary market</strong></td>
<td>2,097,673</td>
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#### Part B

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<td>Primary market</td>
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<tr>
<td>Secondary market</td>
<td>1.38%</td>
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<td><strong>Totals</strong></td>
<td>10.11%</td>
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#### Part C

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<th>Per Capita Expenditures for Maternity Clothing</th>
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<tr>
<td>Primary market</td>
</tr>
<tr>
<td>Secondary market</td>
</tr>
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</table>
EXPERT WITNESSING BY MARKETING ACADEMICIANS: AN EXPERIMENTAL STUDY OF PROFESSORIAL PARTICIPATION AND ITS IMPLICATIONS

John M. Hess, University of Colorado, Boulder
Theresa M. Szszurek, University of Colorado, Boulder

Litigation is increasingly becoming a major factor and expense in contemporary society. Along with the general growth in the use of expert witnesses, there is also growth in use of academicians and, specifically, marketers as witnesses. By serving as expert witnesses in government hearings, arbitrations, civil cases, or criminal cases, increasing numbers of academic marketers play an active role in influencing cases, legal precedents, and public policy.

An expert witness is a specialist who utilizes academic, technical, and practical knowledge and research to provide information and testimony in criminal or civil cases, arbitrations, or government hearings. Expert witnesses come from all areas of academe, but the volume of activity varies greatly by field. Yet, a review of legal, marketing, and special functional literature show a substantial gap in our understanding of how marketers serving as expert witnesses affect public policy and business decisions.

Having acknowledged the increasingly important role of expert testimony and the unique expertise of academic marketers, this research paper focuses on the role of marketing professors as expert witnesses. The specific objectives are to explore the impacts of and motivations for expert witnessing activities by individual academic marketers and to examine and review some macro-marketing implications of such activities. We consider the impacts on individual witnesses, the marketing profession, the university, the legal system, and society as a whole.

METHODOLOGY

Original information was gathered using individual interviews with 20 expert witnesses and 20 lawyers from across the nation, focus group interviews of lawyers and judges teaching in the National Institute of Trial Advocacy, and a national survey of academic marketers. Academics from all specialties and disciplines at a major public state university were also surveyed, but this paper focuses only on marketers.

The population of interest was marketing academicians; the questionnaire was sent to a random, sequential sample of 300 academic members of the American Marketing Association. The response rate of 31.7 percent (95 respondents) indicates strong topical interest. Since response rate is likely to be higher among those who have served as an expert witness, this study may overestimate the proportion of professors involved in expert witnessing. The demographics of these respondents are: 69% male, 65% tenured, 68% with doctorate, and 70% in full or associate ranks. Respondents came from small to very large universities and from a wide range of marketing specialties.

The respondents were divided into two groups: Expert Witnesses (EW) for those who have served as expert witnesses in the past 5 years and Non-Expert Witnesses (NoEW) for those who have not. Analysis determined that the tenure and rank of these two groups differed significantly. As expected, EWs are more typically a full or associate tenured professor with a doctorate, while NoEWs are more likely assistant professors without tenure.

RESULTS

Some Trends. A greater number of experts are being used within a case; in important litigation, lawyers increasingly use multiple witnesses within a specialty. Increasing use of academicians was suggested as a second trend. Nearly one third of our respondents had participated in at least one case within the last five years; nine tenths would like to do such work. The third apparent trend relates to having the expert build the case rather than simply providing expert testimony.

Effects on The Individual Witness. Academicians involve themselves as experts for a variety of reasons. Money was the chief motivator, but professional growth, variety, and public service were also important; the mean scores were: Income 1.9, Variety 2.3, Professional Growth 2.5, and Public Service 3.7.

University Impacts. The university both affects and is affected by expert witnessing activities of professors. Marketing professors generally believe that the skills acquired in this role are generally positive even though the university does not strongly facilitate such activities. The majority of respondents thought their work would not jeopardize the professional objective of the university and judged the contribution to research leadership positively. Most EW faculty spend a relatively small amount of time on this type of activity: eighty percent averaged one day or less per month. Over three fourths (77%) of both groups agreed that this activity should be counted as consulting. As with consulting, association with a university may be a valuable source of referrals, Departmental or colleague referrals were also important.

Professional Aspects. Expert witnessing provides an opportunity for marketers to expose their theories. Never the less, there is difference of opinion about the professional contribution of this activity. Understandably, EWs considered expert service as more beneficial than NoEWs, but both were generally positive. More EW than NoEWs thought witnessing jeopardizes professional objective. This may indicate that loss of objectivity is more apparent to those who have been involved in the process.

Legal Implications. Experts may contribute to the operation of the legal system by helping with the case, and by interjecting facts, expert opinion, and objectivity to the legal process. Conversely, some think that experts are over used and counter-productive and that more testimony is given than needed. Most respondents, however, agreed that expert testimony was beneficial to the working of the law. In many instances studied, it seemed that marketers were brought into the case almost by chance, most lawyers did not know a priori what special skills marketing academicians could add to a case.

Social and Public Policy Contributions. Although public service was not listed as a primary motive for expert witness activities, the benefits of a more informed and efficient legal system can hardly be questioned. Two and one half centuries ago in his "Fable of the Bees", Bernard de Mandeville argued the "Private Vices, Publick Benefits" aspect of activities motivated by self-interest. Using bees as an analogy to humans, a person may undertake an activity due to self-interests, but in so doing makes a large contribution to society. We agree. Marketing, primarily for money and experience, but in so doing we contribute to the string of precedents on which our legal system is built and to society in general. Every case offers the possibility of influencing the body of legal knowledge and, hopefully, each witnessing assignment contributes to a just public policy decision.

References and/or article are available upon request.
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PUNITIVE DAMAGES IMPLICATIONS FOR MARKETING

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INTRODUCTION

Punitive damages have been traced back 2,000 by historians (Belli 1980). In product liability litigation, punitive damages were first granted in 1967 because of falsified laboratory test data and incorrect promotional information associated with drug products (Toole v. Richardson-Merrell 1967; Roginsky v. Richardson-Merrell 1967). In the past 20 years litigants have increasingly requested punitive awards; over 100 product liability lawsuits annually involve punitive damages.

CURRENT STATUS OF PUNITIVE DAMAGES

The basic purpose of punitive damages is to punish wrongdoers and to deter others from behaving the same way (Ausness 1986), although law enforcement and compensation for victims are sometimes noted as secondary goals (Kenefick 1987).

In recent years critics have suggested that punitive damages may not be appropriate in the contemporary product liability setting because:

1. Strict liability is a product quality concept, while punitive damages is a fault concept.

2. Punitive damages were originated in response to individual behavior, while product liability is based on group (corporate) decision-making.

3. Mass tort litigation (DES, agent orange, asbestos) could result in multiple penalties for the same offense.

Arguments for and against these positions have been developed. At this time, it is difficult to predict which reasoning will prevail.

UNACCEPTABLE MARKETING BEHAVIOR

Four kinds of marketing behavior have resulted in punitive damages assessments: post-sale failure to warn, conscious failure to warn, intentionally misleading advertising, and blatant salesperson misstatements.

Failure to Warn

This is the most common marketing cause of punitive damages. If the defendant can show that the marketer knew about the problem because of consumer complaints or prior litigation, failure to warn post-sale can lead to punitive damages (Lewy v. Remington Arms 1988).

Conscious failure to warn prior to selling a product can lead to exemplary awards, particularly if the company tries to conceal the extent of the dangers (Gold v. Johns-Manville 1982).

Misleading Advertising

Encouraging consumers through advertising to use a product in an unsafe manner can lead to punitive damages, particularly if warnings are insufficient (Leichtnam v American Motors 1981).

Salesperson Errors

Salespersons' statements can also be a factor in punitive damages awards, especially if salespeople do not do the dangers associated with a product (Wooderson v. Ortho Pharmaceutical 1984).

SUMMARY

Marketers must quickly respond when consumers are injured by products. Subsequent buyers should be warned, either via salesperson statements or through labels or packages inserts. All employees should develop an attitude related to preventing consumer injuries. Any kind of deceitful or intentionally harmful actions should not be tolerated by top management, which is responsible for corporate-wide ethical behavior.

REFERENCES


Belli, Melvin M. (1980), "Punitive Damages: Their History, Their Use and Their Worth in Present-Day Society, University of Missouri-Kansas City Law Review, 49 (Fall), 1-23.


Lewy v. Remington Arms Co. (1988), 836 F.2d 1104 (8th Cir.).

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INTEGRATING RECENT SUPREME COURT DECISIONS INTO THE MARKETING CURRICULUM

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ABSTRACT

Classroom analysis of an evolutionary line of marketing-oriented U. S. Supreme Court cases is recommended for consideration by marketing instructors. Earlier cases are presented for the purpose of allowing students: 1) to put more recent cases into context and 2) to understand the choices that the Court has made.

FOUR IMPORTANT CASES

Marketing-oriented Supreme Court cases can generate lively, realistic, and timely classroom discussions. The line of relatively recent cases presented in this paper can provide this type of experience by introducing the following topics: the meaning of competition in a marketing-management context, the types of control manufacturers can exert over the marketing activities of distributors and retailers, and the conditions under which distributors and retailers can be terminated. These discussion topics can be inserted into both beginning and advanced marketing courses. This paper illustrates an approach to using these cases.

An important reference point for class discussion is the admittedly somewhat dated case of United States v. Arnold, Schwinn & Co. (1967). Schwinn's marketing strategy has been summarized as follows: (1) Schwinn sells (less than half of its bicycles) to 22 wholesale cycle distributors. Each is instructed to sell (a) only within the territory specifically described and assigned to him on an exclusive basis and (b) only to franchised Schwinn retailers. (2) Schwinn also sells to retailers through consignment or agency arrangements with these same distributors with the same territorial and customer limitations. (3) Most...sales are made to retailers...[whereby] Schwinn ships directly to the retailer, invoices and extends credit to him, and pays a commission to the distributor taking the order. (4) ...retailers...are free to handle other brands but...must give] Schwinn bicycles...at least equal prominence with competing brands. The number of franchised dealers in any area was limited, and a retailer was franchised only as to a designated location. Each franchised dealer was to purchase only from or through the distributor authorized to serve his area and to sell only to consumers and not to unfranchised retailers.... (Arenda 1974, p. 543).

After presenting the above description to the class, students can be asked for their evaluations of Schwinn's marketing strategy. Discussion can be guided with questions concerning: (1) the degree of control Schwinn appeared to exercise over the trade and (2) what the students think are the advantages and disadvantages of such control. The students can then be informed that the Supreme Court declared the following types of behavior, apparently representing part but not all of Schwinn's strategy, to be illegal:

...any limitation upon the freedom of distributors to dispose of the Schwinn products, which they have bought from Schwinn, where and to whomever they choose. The principle is, of course, equally applicable to sales to retailers.... (Schwinn, p. 1259).

In other words, the Supreme Court ruled that when the manufacturer loses ownership of a product it also loses its ability to control certain marketing activities of the purchasing distributors and retailers. However, when the manufacturer uses consignment or agents, the manufacturer might be able to maintain control of marketing activities. Students can be asked whether they agree that a manufacturer's control should end with the passing of title. They can also be asked to generate the advantages and disadvantages of the Court's ruling. Advantages that can be discussed might include more opportunity for marketing creativity by distributors and retailers. Disadvantages might include a lack of consistency and/or quality across marketing outlets.

The class can next be introduced to Continental T.V., Inc. v. GTE Sylvania, Inc. (1977). The students can be asked to consider how the Supreme Court's following description of Sylvania's marketing strategy compares with Schwinn's strategy: Sylvania phased out its wholesale distributors and began to sell its televisions directly to a smaller and more select group of franchised retailers. An acknowledged purpose of the change was to decrease the number of competing Sylvania retailers in the hope of attracting the more aggressive and competent retailers thought necessary to the improvement of the company's market position. To this end, Sylvania limited the number of franchises granted for any given area and required each franchisee to sell his Sylvania products only from the location or locations at which he was franchised. (There were no restrictions in relation to selling competing products.) A franchise did not constitute an exclusive territory, and Sylvania retained sole discretion to increase the number of retailers in an area in light of the success or failure of existing retailers in developing their market. (Sylvania, p. 573.)

Discussion can be focused upon Sylvania's apparent attempt to control the retailers' marketing activities after title passed. The question then becomes whether this attempt by Sylvania would seem to be illegal under the guidelines issued in the Schwinn case.

The class can then be informed that the Court in Sylvania, in a decision that has great significance to marketing management, overturned its decision in Schwinn. In Sylvania, the Court emphasized the distinction between interbrand and intrabranch competition. For discussion purposes, students can be asked to give examples of each type of competition and ask which type, if either, should be favored by the law.

Interbrand competition is the competition among the manufacturers of the same generic...
product—television sets in this case—and is the primary concern of antitrust law. In contrast, intrabrand competition is the competition between the distributors—wholesale or retail—of the product of a particular manufacturer.

When interbrand competition exists...it provides a significant check on the exploitation of intrabrand market power because of the ability of consumers to substitute a different brand of the same product. (Sylvania, p. 581).

Having declared that interbrand competition is the primary goal of antitrust law, the Court next analyzed the effect on interbrand competition of nonprice, vertical restrictions of the type utilized by Sylvania. For discussion purposes, the class can be asked to generate a list of examples of nonprice, vertical restrictions that manufacturers might consider imposing upon other channel members. Examples might include storage requirements, types and amounts of goods required to be carried, and educational requirements for the purchaser's sales force. Some of the Court's analysis follows:

Vertical restrictions [e.g., Sylvania's location restrictions] promote interbrand competition by allowing the manufacturer to achieve certain efficiencies in the distribution of his products. For example, manufacturers entering new markets can use the restrictions in order to induce competent and aggressive retailers to make the kind of investment of capital and labor that is often required in the distribution of products unknown to the consumer. Established manufacturers can use them to induce retailers to engage in promotional activities or to provide service and repair facilities. And they promote efficient marketing arrangements among the members of their products. Because of market imperfections such as the so-called 'free rider' effect, these services might not be provided by retailers in a purely competitive situation. (Sylvania, p. 583).

Discussion might next focus upon free riders. Students can be informed that free riders might be retailers which let higher-priced competitors develop demand in a particular area, perhaps through expensive promotion, with the free rider then making the sale at a lower price (Pellegrini and Reddy 1986, pp. 32-33). The students can also be informed that not all commentators agree that free riders are always a problem. Established consumers, for example, who know about the product, would not necessarily benefit from prices which are high, in part, because of the provision of information by a full-service retailer (Comanor 1985).

A discussion of the distinction between a merchant wholesaler and an agent can be used to reinforce the Court's message that a manufacturer can probably (assuming a favorable influence on interbrand competition) control some of the nonprice activities of other channel members after title has passed. Probably typical definitions (Berkowitz, et al. 1986, pp. 357-58) of these institutions are: "Merchant wholesalers are independently owned firms that take title to the merchandise they handle." "[A]gents...do not take title to merchandise..." Students can be asked to discuss, from a manufacturer's viewpoint, the pre-Sylvania advantages and disadvantages of using a merchant wholesaler. Advantages might include less capital tied up in inventory. Disadvantages might include the inability to control the merchant wholesaler's marketing activities. The class might next reach the conclusion that an effect of the Court's diminishing the importance of title has been to make merchant wholesalers more attractive to manufacturers.

In order to keep the evolving classroom discussion in perspective, students should be reminded that the two cases discussed thus far have been primarily concerned with manufacturers' attempts to control the nonprice, marketing activities of a trade buyer. The Supreme Court has apparently tried to maintain a distinction between the vertical control of nonprice, marketing activities and the vertical control of pricing activities. An attempt to control the latter after title passed would probably be considered per se illegal (Sylvania, p. 581). As will be illustrated below, this distinction is sometimes difficult to perceive in real, marketing situations.

The next case that can be presented for discussion is Monsanto Company v. Spray-Rite Service Corporation (1984). In this case:

...Monsanto announced that it would appoint distributors for 1-year terms, and that it would renew distributorships according to several criteria. Among the criteria were: (i) whether the distributor's primary activity was soliciting sales to retail dealers; (ii) whether the distributor employed trained salesmen capable of educating its customers on the technical aspects of Monsanto's products; and (iii) whether the distributor could be expected 'to exploit fully' the market in its geographical area of primary responsibility. [Several distributors were assigned to each area and the distributors were allowed to sell outside of their assigned area.] (Monsanto, pp. 780-81).

The students can be asked to evaluate the above passage and to decide whether it seems that Monsanto's marketing strategy promoted interbrand competition and possibly eliminated free riders. It would seem that the answer to both questions could be "yes" because Monsanto appeared to be trying to establish full service distributors.

There was, however, more evidence in the Monsanto case. Evidence, the Supreme Court said, that allowed the jury to conclude that Monsanto had stepped over the line between the possibly legal control of nonprice activities and the illegal control of pricing activities (after title had passed). "There was testimony from a Monsanto district manager, for example, that Monsanto on at least two occasions [after the plaintiff was terminated] approached price-cutting distributors and advised that if they did not maintain the suggested resale price, they would not receive adequate supplies...." (Monsanto, p. 786). Monsanto lost the lawsuit.

The Court admits that the distinction between controlling nonprice and pricing activities is "difficult to apply in practice." (Monsanto, p. 784). This difficulty can arise because a manufacturer
can be legitimately interested in receiving information on the pricing activities of its distributors. High prices might be an indication that full-service activities are being implemented by the distributors; low prices might indicate the existence of a free rider. A contribution of the Court in the Monsanto case was its ruling on how to handle this difficult distinction. Basically, the Court said that it is probably permissible to terminate a distributor after receiving complaints about the terminated distributor's prices from competing distributors as long as the manufacturer's decision was independently made (i.e., not made pursuant to an agreement with the remaining distributors). (Monsanto, pp. 784-85).

At this point the students might be asked to summarize their thoughts on the Court's rulings in the four cases presented in this paper. Another possible question is: Have the guidelines with which marketing management must work been improved as a result of the rulings made in Sylvania, Monsanto, and Sharp?

CONCLUSION

This paper has attempted to illustrate the marketing flavor and the marketing-management ramifications of four cases of the United States Supreme Court. The Court's descriptions of companies' marketing strategies were usually quoted verbatim in order to preserve the underlying, marketing reality. The discussion-oriented approach presented in this paper has been, and is, employed by the author. The results have been encouraging as indicated by the students' interest in the topics and their ability to discuss them. It should be stressed to the students, however, that the objective is to give them an insight into evolving guidelines for marketing management, not to make them legal experts.

REFERENCES


