

THE PRODUCTION/SALES/MARKET CONTROVERSY:
IS A MARKET ORIENTATION REALLY BETTER?

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ABSTRACT

Most major textbooks in Marketing assume that there is a natural progression from production to sales to market orientation. The literature of business is filled with the assertion that a market orientation is superior to the other alternatives. However there appear to be many situations under which a market orientation is not superior.

INTRODUCTION

In the nearly 30 years since McKitterick (1957) introduced the notion of the "marketing concept," marketers have been adopting a "yes-but" attitude. How can anyone argue against customer orientation? This is akin to suggesting that flag and apple pie may not be perfection. And yet a large number of articles have appeared in the past 25 years which are critical of the marketing concept in one way or another. This paper will argue that the marketing concept, as a strictly interpreted conceptual philosophy, is unnecessarily restrictive, and that such an orientation may be inappropriate for many organizations.

Is a customer or market orientation always superior? Are there conditions under which a production focus would be justified? Even the most cursory examination of the less developed countries of the world shows that most of the successful companies are using a production or a sales orientation as a management philosophy. Even in the United States there are examples of successful businesses which exhibit production or selling oriented management styles. As teachers and researchers in the area of marketing, we should be concerned with such issues.

The purpose of any philosophy of marketing management is to guide decision-makers in their efforts to enhance organizational effectiveness. Whether a philosophy is appropriate or not depends upon the validity of its underlying assumptions about environmental conditions. That is, different conditions can call for different philosophies.

The manifestation of differences in philosophies occurs in the allocation of resources, in organizational structure, and in skills to be emphasized. For example, the philosophy of a strong customer orientation, which underlies the marketing concept, will cause companies to operate differently from organizations which subscribe to other philosophies, such as a production orientation. While the former firm may invest heavily in consumer research, the production oriented company may tend to spend time, effort, and funds striving for production efficiency. The sales oriented firm, on the other hand, may devote the majority of its marketing resources to promotion and sales incentives.

Some authors have suggested that there is a logical movement from a production orientation to a sales orientation to a marketing orientation (Kotler 1984). Is the marketing concept merely a direction which, at its extreme, can rarely be obtained? If so, does it truly provide a guideline for policy makers? What seems to be needed is a rethinking of the market verse the production and sales orientation as viable alternatives to serve as the basis of an operating philosophy for marketing organizations.

Production Versus Market Orientation

Often a market oriented philosophy is presented as a polar extreme to a production oriented one. While the production concept is often presented as being inferior to the marketing concept (Drucker 1973), there is no necessary implication of "better" or "worse." In fact there are many strong reasons as to why a company may successfully follow the dictates of a production orientation. For example, Bennett and Cooper (1979) suggest that the market orientation of the marketing concept "has helped to contribute to the death of true product innovation in North America" (p. 77). They further point out that "... (I)t can be shown that the marketing concept, backed by marketing research, effectively discourages the development of product innovation" (p. 78).

Hirschman (1983) notes that by the nature of the creative process, artists and ideologists are generally not customer oriented.

There seems to be a series of elements in the business environment which have a strong impact upon the selection of a market versus a production orientation. These influencing factors are summarized in FIGURE 1.

If an organization is in an environment which lends itself to a production orientation, then the adoption of the marketing concept may cause a competitive weakness. The marketing oriented firm in a production oriented environment may be tempted to spend resources in areas which are unnecessary.

For example, if consumer demand greatly exceeded supply, the company might be wise to concentrate upon producing more rather than engaging in extensive corporate image research.

Selling Versus Market Orientation

Underlying a selling orientation is the assumption that consumers may not be willing to buy enough of the organization's product offering without extensive sales stimulation efforts. Marketing and heavy promotional efforts are often viewed as opposites. "The marketing concept replaces and reverses the logic of the selling concept" (Kotler 1984, p. 31). Drucker (1973) adds "... selling and marketing are antithetical rather than synon-

ymous or even complementary" (p. 64).

A market orientation places responsibility upon management for actions which are consistent with the best interests of the customers. The underlying assumption is that consumers will patronize organizations which effectively provide products or services that are consistent with their interests.

Conceptually, at least at the extremes, the market and the selling orientation seem to be incompatible. One emphasizes long-run customer satisfaction, the other customer response. One advocates extensive consumer research so that products will "sell themselves," the other stresses heavy sales promotion. One is "soft sell," the other is "hard sell." One is market oriented, the other is company oriented.

This dichotomized thinking is further reflected in the underlying logic of the importance given to components of the environment. It would appear that the most relevant attribute of this environment consists of the stability of consumer's behavior. If consumer behavior changes rapidly and unexpectedly, then the appropriate philosophy for an organization may be the marketing concept, which orients the firm toward the detection and response to the changes in consumer wants and needs (FIGURE 2).

Thus, if the market environment is friendly and the consumer component is stable, then the competitive environment becomes determinant. Competitive pressures, stemming from the number of competitors seeking to improve their market share in the same segments, may be relatively high or relatively low. If this competitive pressure is high, a sales orientation is required, since non-aggressive promotional efforts may not be sufficient to attract customers away from the more aggressive competitors. If competitive pressures are low, then the company can avoid extensive promotional efforts and pursue an internal orientation such as the production orientation.

It seems clear that the more successful organizations are the ones which have adapted most appropriately to their environments. Unfortunately, neither a market nor a selling orientation alone are sufficient to guide organizations. The marketing concept tends to ignore the realities of competition while the selling concept may sacrifice long run profitability for short run sales.

Assumptions of the Marketing Concept

The Marketing Concept is based upon several key assumptions:

- ° The organization's target customers generally believe that the organization should act so as to enhance the long-run welfare of consumers.
- ° The target markets (or other publics) are aware of their economic, legal, and political powers, and are willing and able to activate such powers against organizations which do not behave as desired.
- ° The target markets act as though they believe

that they must rely upon sellers (as providers of products and services) to help them decide what purchases (or transactions) are the most appropriate. That is, most of the target audience tends to believe the majority of promotional claims. Further, they tend to rely upon these claims in making a purchase decision.

- ° The society and the competitive marketplace allow neither monopoly nor pure competition to exist over the long-run. That is, the vast majority of organizations exist in a world of competition.

To the extent that these assumptions hold, the marketing concept might be appropriate. However, there is no "rightness" or "wrongness" associated with any of the various positions. There may, however, be certain pressures which are "pulling" a firm in one direction or another. The pressure may be from society as a whole, from target customers, from other public groups, from various groups within the organization, or from pressures of the competitive environment.

Production, Sales, and Market Orientation as a Management Tool

The distinction among production, sales, and market as an orientation can be used as a diagnostic tool, a predictor of competitive action, and a guide to the formation of a marketing strategy.

As a diagnostic tool, the marketer takes a hard look at the business environment. A five-point (or any convenient length) scale can be used to show whether the environment is more susceptible to a production or a sales or a market orientation. The factors which are summarized in FIGURE 1 and 2 can provide a useful guideline.

This analysis should reveal the nature of the business environment. In addition, movements, pressures, and trends should be noted. It is, however, from this analysis that the pulls of societal forces can be identified.

The three orientations can also be used as a predictor of competitive actions. An analysis similar to the previous one can be undertaken for each major competition. Note that from its unique point of view, a firm may interpret the environment differently from a similar yet competitive company.

It is important to note any inconsistencies such as aggressiveness with one product and not with another, or in product promotion but not in corporate attitude, or with one aspect of the 4 P's but not with others. In addition, direction or anticipated direction should be noted. All organizations which compete either directly or indirectly should be positioned. The pressures from society and the various publics, which tend to pull the firm in any given direction, should also be noted.

The final aspect of this analysis is to serve as a guide to formulate a marketing strategy. Based upon the results shown, a company can determine its optimum marketing philosophy. This framework

FIGURE 1
Conditions Which Tend To Favor Production and Market Orientation

<u>MARKET CONDITIONS</u>			
P	few competitors selling unique, generic, or homogenous products	A. Nature of competition	many competitors selling differentiated products
R	basic needs (food, clothes, shelter)	B. Need to be filled	emotional or psychological needs as viewed by customer
O	demand exceeds supply	C. Supply-Demand relationship	supply exceeds demand
D	known or higher than production capabilities	D. Magnitude of demand	uncertain--but assume can know through market research
U			
C		<u>COMPETITIVE CONDITIONS</u>	
T	increase production and/or decrease costs	A. "How-best-to-serve" emphasis	customer needs key
I	increase production and/or lower costs	B. Key to profit	serve a need--focus on customers--integrated customer orientation
O	price and availability	C. Marketing emphasis	product image coordination of all marketing factors
N			
		<u>CONSUMER REACTION CONDITIONS</u>	
O	well defined	A. Customer "need" definition	the focus of market analysis and research
R	customers who want products will return	B. Repeat business	emphasis on building lasting customer relationships
I	price-oriented, will take what is offered	C. View of customers	intelligent, sophisticated, knowledgeable, seekers of information to aid in problem-solving
E			
N		<u>PRODUCT CONDITIONS</u>	
T	relatively simple--basic utilities	A. Complexity of products	many values, especially psychological
A	viewed as long	B. Product life cycle	indeterminant length
T	firm production research and development	C. New product ideas	research and development working with consumer research
I			
O			
N			

FIGURE 2
Conditions Which Tend To Favor Sales and Markets

<u>MARKET CONDITIONS</u>			
S	many competitors selling products perceived as similar or substitutes	A. Nature of competition	many competitors selling differentiated products
A	generally emotional or psychological	B. Need to be filled	emotional or psychological needs as viewed by customer
L	supply exceeds demand	C. Supply-Demand relationship	supply exceeds demand
E	may be increased through promotion	D. Magnitude of demand	uncertain--but assume can know through market research
S			
	make product seem as attractive as possible through promotion	<u>COMPETITIVE CONDITIONS</u>	
	sales volume	A. "How-best-to-serve" emphasis	customer needs key
O	sales and promotion	B. Key to profit	serve a need--focus on customers--integrated customer orientation
R		C. Marketing emphasis	product image coordination of all marketing factors
I			
E		<u>CONSUMER REACTION CONDITIONS</u>	
N	may be stimulated or redefined through promotion	A. Customer "need" definition	the focus of market analysis and research
T	one-time-sale emphasis	B. Repeat business	emphasis on building lasting customer relationships
A	may be manipulated through high pressure sales and promotional efforts	C. View of customers	intelligent, sophisticated, knowledgeable, seekers of information to aid in problem-solving
I			
O		<u>PRODUCT CONDITIONS</u>	
N	generally more complicated with "hidden" or non-apparent values	A. Complexity of products	many values, especially psychological
	relatively short	B. Product life cycle	indeterminant length
	emphasis upon what will sell	C. New product ideas	research and development working with consumer research

can also serve as the basis of customer research to gain input as to how customers feel about the firm's current philosophy vis-a-vis the competition as well as relative to market conditions.

Some Caveats

The production-sales-market dimensions provide the marketing strategist with a concrete framework upon which to base current and future judgments. The user of this paradigm should be aware that several potential limitations may exist in the implementation of this model.

The first potential danger is to view this analytical structure as the sole source of strategic information. The final marketing strategy must reflect corporate goals as well as the personal aspirations of the decision makers. That is, a company or a marketing manager may adopt a highly market oriented posture even though all competitors are relatively production centered. The production verses sales verses market concepts should be viewed as only one framework upon which analytical marketing decisions can be based.

The second potential limitation is that the production-sales-market orientation attempts to work with existing and well publicized marketing ideas. The orientations known as "Market," "Selling," and "Production" may have built-in connotations. Since these terms are so frequently used in the marketing literature, they may elicit certain biases.

The final limitation is that this concept is presented in a physical "product" setting. It is assumed that the concept will apply equally to "services" as well as to any promotable idea. This, however, is currently an untested assumption.

CONCLUSION

Most markets, as they become larger, exert pressure upon competitors to become increasingly market oriented. The production orientation appears to disappear as goods become more plentiful and markets move to a situation of supply exceeding demand.

At the same time the competitive environment may dictate an aggressive marketing posture. This competitive drive may give a countervailing force toward a hard sell orientation or production efficiency.

If a marketing manager is to take full advantage of the production verses sales verses market orientation, he (she) must:

1. Stop thinking that customer orientation as a philosophy is always best.
2. Take each competitive situation as unique.
3. Separate a general marketing philosophy from promotional aggressiveness.

What must emerge from all of these competitive and societal pressures is a composite which is not necessarily the marketing concept with all of the

forces of the organization focused toward the achievement of marketing goals, or a production orientation with its drive for efficiencies, or the selling organization trying to make immediate sales often at the expense of longer-term customer satisfactions. The proper orientation shows recognition of different marketing environments and may become the basis of a more realistic marketing philosophy.

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SELLING TO A DIFFERENT BRAIN DOMINANT CUSTOMER

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This paper analyzes a potential problem in applying global marketing techniques to Japan. One hundred brain-dominance questionnaires were distributed to 50 native-born Americans and 50 native-born Japanese. The results demonstrate that, for those surveyed, native-born Japanese tended to be less left-brain dominant than the American native-born.

Many Americans are concerned over the trade imbalance between the U.S. and Japan. Many Japanese products, are dominant in the market where once American companies owned major shares. (Konrad, 1984) Why is it that the Japanese can market their products successfully in the United States while American companies do not seem to be able to do the same in Japan? Several explanations have been offered for this phenomenon. These include trade barriers put up by Japan, policies of assistance to exporters offered by the Japanese government or Japanese government agencies, such as the Ministry of International Trade and Industry (MITI), a lower labor rate, the superiority of Japanese management or the quality of Japanese products.

None of these explanations are necessarily the case. American companies may well have superior products but not the know-how to sell them in the Japanese market.

Some think that the problem may be with advertising. (Advertising World, 1985) American advertisements are often seen as aggressive in Japan. For example, comparative advertising is infrequent in Japan. American advertisements may ask for the sale...now. Japanese advertisements are less likely to do so. Other forms of "hard sell" concepts in advertising which work effectively in the U.S. are often shunned by Japanese advertisers.

Japanese advertisements generally appeal to positive emotions in a very understated fashion. They seek to promote feelings of "tranquility and happiness" without going directly for the sale. In other words, successful Japanese advertising campaigns are usually based on "subtle-sell" rather than "hard sell". (Merrill, 1981)

Why the difference? It could be mere cultural preference, but some researchers give another reason. This has to do with the fact that there may be a difference in brain hemisphere dominance between the two cultures. According to

Dr. Tadanobu Tsunoda, the working of the Japanese brain is not identical to that of Americans. (McKean, 1985) Unlike Americans, who are often found to be dominant in their left brain hemisphere, the Japanese tend to be more dominant in their right brain.

As you might expect, the left brain is verbal, logical, quantitative and analytical (Miller, 1985) whereas the right brain is creative, holistic, and spatial. (Boulgarides, 1985)

Simple translations of ads into foreign language have been successful in Europe, Latin America, and parts of Asia. (Konrad) But translations alone almost never work well in Japan. (Advertising World) This research will explore differences in left and right brain dominance in Americans and native-born from Japan. Its existence, as theorized, will offer some confirmation that American ads for the Japanese market must be specially developed and that standardization is not possible for this market.

Methodology

A modified questionnaire developed for brain dominance study by Ivan Muse, a professor of education at Brigham Young University, was used to conduct the research. The original questionnaire had three sections with a total of 34 questions. However, the last two sections were excluded from this study because of potential language difficulties and ambiguities for Japanese respondents.

The revised questionnaire consisted of 20 questions regarding attitudes and behavior given a particular situation. For each question (except one), the respondents were asked to select only one answer.

Responses to each question were allocated 5, 3, or 1 points. Five points were given to answers that expressed left-brain preference while one point was assigned to those answers that showed preference for right-brain use.

Three points were given to those answers with no preference. The total sum was then calculated and interpreted to show brain-hemisphere preference for each respondent. (Muse, 1986) Because one question (14) required two answers, maximum point score per questionnaire was 105 points and minimum 21 points.

One hundred questionnaires were distributed. Fifty were given to native-born Americans and 50 to native-born Japanese living in the U.S. The questionnaires were color-coded to separate the two sample types. Of the 50 distributed to each group, 49 ($n = 49$) from the American sample and 31 ($n = 31$) from the Japanese sample were completed and included in the analysis.

The respondents were allowed as much time as they needed to complete the questionnaire. The mean time was approximately 15 minutes.

Results

The responses to many questions showed little differences between Japanese and Americans. For example, the answers to questions 4, 10, 15, 16, 17, 18, and 20 demonstrated left brain dominance in both groups and questions 6, 7, 11, 13 and 19 right brain dominance in both groups (Table 1). The answer to question 9 showed a clear preference for Japanese being left brain dominant and Americans right brain dominant rather than the reverse. However, questions 6, 7, 11, 13 and 19 supported Dr. Tsunoda's contention that Japanese are right brain dominant while Americans are left brain dominant. When Dr. Muse's methodology was followed (Table 2), the 49 Americans surveys resulted in 3402 points and the 31 Japanese surveys 1917 points. Adjusting these results for equal number of respondents from both groups, there is an approximately 10% difference in response. Using a chi-squared analysis, this difference is statistically significant at a level of .05. However, from Figure 2 it can be seen that neither American nor Japanese have a preference which can be determined from the results. Therefore while the Japanese respondents were less left brain dominant (more right brained dominant) than the Americans surveyed, they were not right brained in an absolute sense.

Limitations

There were a number of limitations to the research which must be considered. Due to the lack of time, the sample was collected on a convenience sampling technique basis in a limited geographical area and the sample consisted mostly of students. Therefore, the results may not represent all Americans and all Japanese accurately.

Question 14 asked the respondent to pick two answers. However, some of the respondents chose only one answer. An examination of questionnaires indicated that about equal percentage of Japanese respondents did this as Americans. Therefore, the decision was made not to exclude the results of this question from the analysis. While this could conceivably influence the results in parts, it could not affect the overall point score significantly.

Another limitation was that all of the Japanese respondents lived for at least sometime in the U.S. While brain dominance is unlikely to shift totally, influences from the Western culture could distort the results of the study. In fact this may be one reason for less of a right brain preference among Japanese than was anticipated.

Yet another limitation was the fact that the questionnaire had expressions which may not have been understood completely or accurately by some of the Japanese respondents. This might also affect results. For more accurate results, the questionnaire would have had to been translated into Japanese.

This abbreviated study does not confirm that Japanese are right brained dominant. It does however indicate that they tend to be less left brain dominant than Americans. It therefore suggests that American advertising translated into Japanese with no other changes would probably be less successful than the original ad in the U.S. However, because of the limitations inherent in the study, it should be replicated using a larger population sample, with a cross section of Americans geographically and demographically compared with a geographical cross section of Japanese in Japan. Further the survey questions should be translated into Japanese for this purpose. It is likely that such a study would demonstrate a greater preference for right brained dominance than would be indicated by this research.

QUESTIONS ILLUSTRATING VARIOUS BRAIN
DOMINANT RESULTS

QUES.	BOTH LEFT BRAIN DOMI- NANT	JAPANESE LEFT, AMERICAN RIGHT	AMERICAN LEFT, JAPANESE RIGHT	BOTH RIGHT BRAIN DOMI- NANT
1			X	
2			X	
3			X	
4	X			
5			X	
6				X
7				X
8			X	
9		X		
10	X			
11				X
12			X	
13				X
14			X	
15	X			
16	X			
17	X			
18	X			
19				X
20	X			

FIGURE 1

AMERICANS

(N = 49) Min Score 49 x 21 = 1029 Pts.
Max Score 49 x 105 = 5145 Pts.

Actual Score 3402

Adj. Score	3402	Adj. Max	5145
	-1029		-1029
	<u>2373</u>		<u>4116</u>

2373 / 4116 = 57.6% of Total

JAPANESE

(N = 31) Min Score 31 x 21 = 651 Pts.
 Max Score 31 x 105 = 3255 Pts.

Actual Score 1956

Adj. Score	1956	Adj. Max	3255
	- 617		- 651
	<u>1305</u>		<u>2604</u>

$$1305 / 2604 = 50.1\%$$

Japanese (50.1%)
Americans (57.6%)

x-----x-----xx-----x-----x-----x
0 25% 50% 75% 100%

Abso-	Slight	Unable	Slight	Abso-
lute	Right	to	Left	lute
Right	Brain	Deter-	Brain	Left
Brain	Pre-	mine	Pre-	Brain
Pre-	fer-		fer-	Pre-
fer-	ence		ence	fer-
ence				ence

TABLE 2

RESULTS FROM SURVEY

QUES.	AMERICANS			JAPANESE		
	#	%	PTS	#	%	PTS
1a	08	16%	40	02	06%	10
b	07	14	07	05	16	05
c	34		102	24	78	72
2a	26	53	130	12	39	60
b	23	47	23	19	61	19
3a	26	53	130	12	39	60
b	23	47	23	19	61	19
4a	18	37	18	11	35	11
b	31	63	155	20	65	100
5a	27	55	135	10	32	50
b	22	45	22	21	68	21
6a	25	51	25	18	58	18
b	24	49	120	13	42	65
7a	03	06	15	01	03	05
b	02	04	10	00	00	00
c	02	04	02	05	16	05
d	42	86	42	25	81	25
8a	29	59	145	12	39	60
b	05	10	05	06	19	06
c	15	31	45	13	42	39
9a	26	53	26	14	45	14
b	23	46	115	17	55	85
10a	29	59	145	20	65	100
b	20	41	20	11	35	11
11a	06	12	06	03	10	03
b	26	53	78	17	55	51
c	17	35	85	11	35	55
12a	01	02	03	01	03	03
b	06	12	18	03	10	09
c	34	70	170	13	42	65
d	08	16	08	14	45	14
13a	00	00	00	02	06	02
b	39	80	195	20	65	100
c	10	20	30	09	29	27
14a	30	61	150	09	29	45
b	10	20	10	14	45	14
c	16	33	16	12	39	12
d	14	29	42	06	19	18
e	09	18	45	08	26	40
f	02	04	02	04	13	04
15a	14	29	145	12	39	12
b	35	71	145	19	61	95
16a	28	57	140	21	68	105
b	21	43	21	10	32	10
17a	13	27	13	10	32	10
b	36	73	180	21	68	105
18a	41	84	205	23	74	115
b	08	16	08	08	26	08
19a	14	29	70	07	23	35
b	23	47	23	14	45	14
c	12	24	36	10	32	30
20a	21	43	21	15	48	15
b	28	57	140	16	52	80
			3402			1956
	A = 49			J = 31		

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ABSTRACT

TOTAL DESIGN METHOD FOR MAIL SURVEYS: OVERVIEW AND APPLICATIONS

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OVERVIEW

Given the frequent usage of mail surveys by marketing educators and the problem of low response rates in business surveys, the purpose of this paper is two-fold: (1) to discuss the Total Design Method (TDM), an approach intended to maximize the quantity and quality of responses in mail and telephone surveys, and (2) to illustrate the application and effects of the TDM in two marketing-related mail surveys of business populations.

The TDM was developed by Don Dillman, a rural sociologist at Washington State University, who was concerned about the increasing costs of surveys and the problems of low response rates and poor response quality in mail and telephone surveys. Dillman (1978) reports an average response rate of 74% for 48 surveys that used elements of the TDM.

THEORETICAL BASIS OF TDM

TDM is based on the theory of social exchange, which simply says that people make decisions based on a cost-benefit evaluation. The TDM administrative plan builds on the notion that recipients of survey questionnaires engage in some form of cost-benefit analysis in deciding whether to respond.

Three inputs to this cost-benefit analysis are costs, rewards, and trust. The researcher's challenge is to minimize the respondents' costs and maximize their rewards, while establishing trust that the rewards will be received.

TDM ADMINISTRATIVE PLAN

The intent of the TDM procedure is to optimize the three researcher-controlled variables of content development, questionnaire construction, and survey implementation to improve response rates and quality. This paper focuses on selected aspects of the latter two variables, paying particular attention to procedures that are somewhat controversial.

Questionnaire Construction

Since the mail questionnaire comes under the respondent's complete control, Dillman emphasizes the need for careful construction. The paper contains a summary of Dillman's recommendations related to questionnaire format and printing, formulating pages, and designing the questionnaire cover. Several of his recommendations are discussed in more detail.

Survey Implementation

Dillman emphasizes that poor response rates can occur for reasons other than a questionnaire's appearance or content. Among these problems are a respondent discarding the questionnaire as "junk" mail or only partially completing it.

A table in the paper summarizes Dillman's recommendations regarding the basic appeal, cover letter, identifying the questionnaire, other contents of the questionnaire packet, the transmittal envelope, mailing procedures, and follow-up mailings.

Dillman reports that the first follow-up (involving a post card) generates about as many returns as the initial mailing. Furthermore, the third follow-up (involving certified mail) increases the response rate about 13 percentage points.

APPLICATION OF TDM IN MARKETING SURVEYS

No TDM surveys discussed in Dillman's book were directly related to marketing or business in general. As a step toward answering the question of whether the TDM can be effective in marketing-related surveys, the paper describes two surveys of business populations that employed the TDM in large part.

The first survey (Walker 1986) was applied in nature while the second (Conant 1986) was academic in orientation. These two researchers applied many TDM elements; a table in the paper reports deviations from the TDM. Conant and Walker achieved response rates of 37% and 65%, respectively. Considering the surveys' samples and complexity, both response rates were comparatively high.

CONCLUSION

The TDM holds substantial promise for helping to overcome the persistent and serious problem of low response rates in mail surveys. Just as a questionnaire recipient basically decides whether to respond following an implicit or explicit cost-benefit analysis, a marketing educator can--and should--conduct a cost-benefit analysis in deciding whether it would be worthwhile to use the TDM in a mail survey.

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PUBLIC POLICY AND JUDICIAL REASONS FOR HOLDING SERVICES MARKETERS STRICTLY LIABLE

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INTRODUCTION

Services sectors of many economies are growing at unprecedented rates, indicating the increased importance of services marketing. Concurrently, the U.S. service sector is facing much greater levels of liability exposure for harmful services (Time 1986; U.S. News & World Report 1986), leading to demands for liability reform.

Perhaps the most ominous trend in services law is the growing possibility that marketers of services could be held strictly liable when their output harms consumers. Services providers are generally held to a negligence standard, but a few courts have found ways to rationalize the imposition of strict liability when product-service combinations have injured people. Marketers should be aware of these legal developments so they can plan their services offerings accordingly.

PUBLIC POLICY BASES FOR STRICT LIABILITY

Eight public policy reasons have been developed to justify the use strict liability for faulty goods. These reasons, from Lechuga v. Montgomery (1978), could also be applicable to services marketers:

1. expertise of manufacturer regarding its goods,
2. distribution of risk across customer base,
3. deterrence of the manufacture of faulty goods,
4. responsibility of manufacturer to bear costs of injuries due to its products,
5. responsibility of distributor to bear costs of injuries due to products it carries,
6. limited consumer knowledge relative to seller,
7. consumer reliance on marketing practices, and
8. complexity of manufacturing process today relative to many years ago;

Services marketers seem to be very similar to manufacturers with regard to 1-7. Services providers are generally presumed to be experts concerning their offerings (#1). In addition, they are more knowledgeable about their work than their customers (#6).

Services sellers can allocate the costs of customers' injuries, both damage claims and insurance premiums, to their customers (#2) through price increases. Marketers of services also appear to be in the best position to deter the selling of faulty services (#3).

Manufacturers (#4) and distributors (#5) are supposed to compensate injured consumers because of a societal notion of responsibility. If this concept holds, it also seems to apply to service marketers. And users of services seem to rely upon the claims of services marketers (#7).

The final reason for strict liability, product complexity (#8), may not apply to services. Users

of services often have clear knowledge of the service because they are often co-producers.

THE JUDICIAL VIEW OF SERVICES

U.S. courts have heard hybrid cases, dealing with both products and service, for 72 years (Merrill v. Hedson 1914). The important case of Newmark v. Gimbels (1969) marked the beginning of the current trend to hold service defendants strictly liable.

The various principles operationalized by courts in product-service cases can be stated as follows:

1. the essence of the transaction being examined,
2. the benefits offered to the consumer,
3. professional versus commercial defendants,
4. the vulnerability of the plaintiff,
5. the consequences of the defendant's actions,
6. the importance of the defendant's activities to consumers, and
7. the position of the defendant in the distribution chain.

The transaction is treated as a service if its essence involves the rendering of a service (#1). Otherwise, the transaction is considered to be the sale of a product (Bonebrake v. Cox 1974).

Courts have been confused when trying to determine what benefits (#2) consumers are receiving in services-based transactions. Commercial defendants are more likely to be held strictly liable than professional defendants, who are considered to be practicing inexact sciences (#3).

If the consumer of a service is very dependent upon the provider (#4) or if the service can be quite harmful (#5), the services marketer is more likely to be held strictly liable. A defendant providing a vital service (#6) or occupying a prominent position in the distribution channel (#7) is also more likely to be held to a strict liability standard.

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STRATEGIC PRODUCT WITHDRAWALS:
AN EXAMINATION OF PRODUCT RECALL REQUIREMENTS

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INTRODUCTION

Product recalls seem to occur with familiar regularity in the United States. Some recalls can be traced to the terrorist acts of persons tampering with products in stores (U.S. News & World Report 1986; Advertising Age 1986). Recalls are also due to companies' production and design errors (Automotive News 1986; Viscusi 1985).

Regardless of the cause of recalls, they can be quite expensive to conduct, especially if the firm has not planned in advance for such a contingency. Marketers should develop programs for the immediate withdrawal of their products should such a move become necessary.

A LEGAL PERSPECTIVE ON RECALLS

Recalls have occurred since about 1900, although these product withdrawals received little publicity and were strictly voluntary on the part of the companies involved (Levenson 1979). Over the next 85 years, recalls have become more commonplace and a number of federal agencies have emerged to monitor product withdrawals.

The Food and Drug Administration (FDA) was established in 1906 and was additionally empowered with the passage of the Food, Drug, and Cosmetic Act in 1938. The FDA can seize faulty products or obtain court injunctions to prevent goods from being distributed. Since the FDA's court requests are almost always granted, FDA recall experience should be studied by firms which could come under their scrutiny.

The National Highway Traffic Safety Administration (NHTSA) was organized in 1966 with its own recall powers. Instead of having to get court approval like the FDS, the NHTSA can order a recall based on its own review of a situation. Since the NHTSA can force a recall, companies usually recall their products "voluntarily" when so urged by the NHTSA. The effectiveness of NHTSA-sponsored recalls has been debated (Tobin 1982); moreover, auto manufacturers may encounter product liability exposure because of the recall process when previously uninformed consumers find out about product defects (Reaves 1983).

The Environmental Protection Agency (EPA) can also mandate recalls by auto manufacturers based on its administrative authority. Thus, the EPA is similar to the NHTSA in that it does not have to go through the courts to recall products.

The Consumer Product Safety Commission (CPSC) is dependent upon marketers to report dangerous products. The CPSC has experienced varied rates of success for product recalls (Tobin 1982). In addition, CPSC recalls, like NHTSC actions, can

lead to product liability litigation for involved companies.

The Federal Trade Commission (FTC) is the most recent federal agency with recall powers (Krulwich 1984). The FTC's recall history is brief and may expand substantially. FTC activities should thus be studied carefully by marketers.

RECALL STRATEGY

Marketers must be highly concerned with product quality to minimize product recalls. By offering reputable goods the company will avoid most recall situations. The firm must also be prepared in advance to initiate a product withdrawal. Recalls carried out spontaneously will be costly and unreliable compared to planned recall programs.

The firm must therefore assign recall planning responsibilities to a team of executives. As a part of this plan, a program for tracing products currently in the marketplace must be developed. And a communications strategy for contacting consumers must also be devised.

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ABSTRACT

WHAT IS THE FACE OF ADVERTISING IN CHINA?

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The advertising scene in China has experienced a revolution of its own over the last ten years. There has been a proliferation of outdoor signs, print ads and even television commercials in the People's Republic of China (Holton, 1985; Stevenson, 1985; Bonner, 1986; and Seligman, 1986). However, very little research has been conducted on the nature of Chinese advertising.

OBJECTIVES OF RESEARCH

This exploratory study analyzes a sample of Chinese advertising to confirm whether the following truths which have developed about Chinese advertising are valid:

1. Chinese advertising both domestically and internationally is uncreative and amateurish (Reaves, 1985, p. 76). Most ads consist of poorly painted pictures of heavy machinery. Most lack pictures of people.
2. Advertising should emphasize product specifications and performance, not subjective factors. References to sex and humor should be avoided (Seligman, 1986; Reaves, 1985, p. 74).
3. Advertising should use graphs and drawings which show the product off to its best advantage (Seligman, 1986).
4. Emphasis in the advertising should be placed on the benefits the product will confer on the consumer (Seligman, 1986).

METHODOLOGY

A sample of 921 ads were examined from the Chinese editions of the PEOPLE'S DAILY from 1980, the first year ads started to appear, to 1986. Of the 921 ads, 60.2 percent were classified as announcements and did not undergo any further analysis. The PEOPLE'S DAILY, with a circulation of five million and an estimated readership of 50 million is China's largest circulation daily newspaper.

For the years, 1980, 1981, 1983, and 1985, all the ads which appeared during the first week of January, April, July and September were analyzed. 1980 was substituted for 1979 since 1980 was the first year a significant number of ads appeared in the newspaper. September was substituted for October to determine the impact of a holiday season on advertising. Examination of ads found no significant difference in the number of ads in September versus the other months. For the remaining years, ads appearing in the first week of September, 1982; January, 1984; and April, 1986 were examined.

The ads were content analyzed by a three member

panel of Chinese speaking members, two of whom were native speakers.

FINDINGS

The ads were evenly distributed among the four months included in the sample and among the seven days of the week.

The majority (83.4%) of ads were placed by Chinese producers. Among domestic producers, those located in Beijing dominated with 16.6% of the total ads, followed by concerns in Jiangsu (9.5%) and Zhejiang (6.8%). Among foreign advertisers, Japan dominated with 7.0% of the ads, followed by Italy (2.7%) and the United States (2.1%).

The ads were relegated to the last two pages or pages seven and eight of every issue and started from the bottom of the page up. The larger, product oriented ads were generally found on page eight. The announcements were concentrated on page seven.

As commonly believed most of the ads were indeed quite basic with respect to copy and layout and focused on heavy machinery. Of the 367 non-announcement type ads, 71.6% advertised industrial type products. Another 24.5% were for products like light trucks that had both consumer and industrial applications. Only 3.9% of ads were for products that could be classified as strictly consumer goods. The most heavily advertised categories were: special industrial machinery, 19; non-electrical machines, 19; motors and generators, 15; and office machines, 12.

Most of the ads were small and crowded, supporting the commonly accepted notions that ads (1) are not very creative and (2) should emphasize product specifications.

Fifty-five percent of the ads analyzed contained a line drawing of the product; 18.8% a photograph; 1.0% both a drawing and a photograph; and 24.4% neither a photograph nor a drawing. Most of the ads (65.1%) simply showed the product alone.

Despite their small size, many (75.0%) of the ads contained more than one photo or line drawing. This contributed further to the clutter within the ads.

Only 6.8% of the ads showed the product in use. An even smaller proportion (3.2%) showed people.

In sum, the advertising in Chinese newspapers adheres to a very rigid, basic style.

ABSTRACT

MAKING USE OF "DUAL" MESSAGES IN THIRD WORLD MARKETING

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Third-world business practices often pose unique dilemmas for U.S. marketers. This paper explores the need for those who deal with certain "third-world" (Arab, Asian, African) nations to explore a potentially "hidden" dimension of their relationships with foreign counterparts, one that may prove especially important during the initial stage of market entry. The problem may be most acute among non-Western peoples still in transition from communal to capitalist values, for in these areas, aspects of their commerce may be based on earlier traditions of which we may be unaware.

In consequence, businessmen within these cultures may follow a "dual" logic that differs from our own, yet must be grasped to penetrate their markets. In commercial dealings, consequently, it may sometimes seem as if they operate on two dimensions. One reflects their individuality; the other, their communal heritage. We cope easily with individual behavior. Communal concepts, however, may have no U.S. analogues, thus could form a second level of the local marketing message to which we might not properly respond.

Consider, for example, the moment of initial contact among Japanese businessmen. Even greetings have dual messages that relate to business. We know, for instance, that Japanese make contact with a bow. At one level—obvious to foreigners—it simply signals recognition of another individual. At a second—less obvious—it signals social, commercial, and (nowadays) corporate status. When groups assemble within corporate settings, "browsers use peripheral vision" (Miller 1962), observing the depth and number others give to determine relative status. As each perceives his "proper" standing, he modifies his speech—superiors adopting certain nuances, subordinates others—thus reflecting their awareness that both aspects of the greeting have been understood.

Missing the second aspect, however, may indirectly damage U.S. marketers, and thus affect their hope of U.S. market entry. We often hesitate to bow. Unaware that it has dual meanings for our colleagues, we mistakenly equate it with personal subservience, rather than communal (and corporate) status. On being taught both meanings, however, we may prove willing to adjust, even symbolically, by bowing on appropriate occasions.

Even symbolism, of course, may please our foreign counterparts. No Japanese expects U.S. executives to be so cognizant of local status as to bow appropriately. Notwithstanding, they may approve of U.S. colleagues whose symbolic but sincere participation implies awareness and respect for local ways. Such approval may be a critical first step to market entry. To earn it, however, we must first become aware that even business greetings may hold dual messages.

Consider an alternate business/social situation, the invitation to a foreign colleague's home. In Eastern Africa, such invitations may also have dual meaning. At one level, your local host may simply wish to make you welcome, introducing you to influential (male) members of his social network. Often, the foreign guest

is seated at the center of the room, thus both immobilized and honored, since everyone must come to him. Gradually, the local notables arrive, to sit in gradually expanding circles around the foreigner and grow acquainted with him in their turns.

The second aspect of the invitation, however, may only grow apparent as the visit ends. Each guest (including foreigners) incurs unspoken obligations, some of which may have no U.S. analogue. Having accepted hospitality, for instance, they are expected to provide it—not only to their host, however (as in America), but to all other members of his social circle who may drop by. Of course, if unaware of these unspoken expectations, we may embarrass our commercial colleague, offend the men he hoped would become useful contacts, and jeopardize a means of local market entry. Conversely, if we are told that local invitations have dual meanings, we may prove able to adjust in ways that satisfy both foreign colleagues and our corporations.

But who interprets "dual messages" for U.S. marketers in third-world markets? Perhaps the most effective answer is reliance on ourselves, for many people know the answers—if we ask the questions. Three steps should therefore be considered before seeking third-world market entry. The first is simply to decide that hidden levels can exist in third-world marketing situations, and therefore must be actively investigated to be understood. The second—before leaving the U.S.—should be consultation with those area experts—academic and commercial, U.S. and foreign born, with knowledge of the peoples with whom you intend to deal. The third—on arrival abroad—is to seek foreign mentors, who will not only answer queries but act as expert guides, leading you with ever more finesse into the intricacies of local commerce.

LEARNING FROM EXPERIENTIAL TEACHING TECHNIQUES IN MARKETING
COURSES AS PERCEIVED BY STUDENTS

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ABSTRACT

This paper examines experiential teaching techniques as by perceived students. Student evaluations of learning in four experientially enhanced marketing classes are compared with five classes in the same subject, taught by the same instructor earlier. It was found that experiential teaching increased student perception of learning in several important dimensions.

There are four basic teaching techniques (Hoffman, 1980):

1. Lecture
2. Discussion
3. Experiential
4. A combination of the first three.

The lecture method is probably the oldest in use. The professor speaks, the student listens and takes notes. Primary learning comes from what the student hears and/or sees and studying his or her notes outside of the classroom. With the discussion method, the professor attempts to elicit specific responses from the student. It is the students' own in-class responses and group discussion which may follow through which most of the learning occurs. Note that in the discussion method there is a much higher level of student involvement. Finally, we have experiential techniques. Of the three methods, this method requires the highest level of student involvement. The student learns primarily from his own experiences rather than something he hears from the professor, that the professor has encouraged him to say, or from a discussion in the classroom. Examples of experiential teaching in the marketing classroom include role playing, simulation games, and projects.

Most marketing professors, in fact most university professors, probably use some variation of lecture and discussion, with a reduced amount of time, if any, devoted to experiential techniques. Yet there is considerable evidence that lecture and discussion may be less effective than experiential techniques, especially for marketing students. Several marketing educators have described success with experiential techniques (Cohen, 1986; Deegan, 1984; Goretsky, 1984; Madden, 1983; Sensback and Adler, 1986). Learning by marketing students may occur more effectively with experiential techniques due to the fact that learning occurs more effectively where there has been an attempt to simulate the conditions and skill needs that are encountered in the ultimate learning situation (Madden). This conclusion is supported by research which categorizes

different styles of learning preferred by students in different disciplines.

Four different styles of learning have been identified through the use of a self-administered, self-scored instrument that allows learners to be classified by their predominant or preferred learning styles (Korb and Fry, 1975):

accomodator
converger
diverger
assimulator

Research demonstrated significant differences in these styles (Polnick 1971).

An accomodator's greatest strength is in doing things, carrying out plans and experiments. An accomodator has an amazing ability to adapt readily to whatever immediate circumstances are encountered. Marketing students tend to be accomodators. A converger tends to be unemotional. A converger prefers to deal with things rather than people and tends to have a narrow technical focus. Engineering students would fall into this group. A diverger excels in situations that call for generation of ideas and a background of broad cultural interests. There are many history students in this category. Finally, we have the assimulator. This style of learner has considerable ability in generating theoretical models. The assimulator is less concerned with the practical, and more concerned with the abstract. As you might expect, this category includes economists.

Students have been found to choose fields of interest that are consistent with their learning styles (Fry and Kolb). If there is a mismatch between the field's learning norms and the individual's learning style, the student will frequently leave the field rather than change styles (Polnick).

Where did the styles come from? Most individuals develop learning styles that emphasize certain abilities over others. In a classification system of abilities which includes concrete experience, re-

flective observation, abstract conceptualization and active experimentation, marketing students tend to prefer teaching techniques associated with concrete experience and active experimentation (Polnick), in other words experiential.

Like many marketing professors, the author has utilized all four teaching techniques in the classroom.

In an undergraduate marketing capstone course, experiential teaching techniques were increased by more than 400% as a percentage of total class time over the time allocated previously. A comparison was made between four experientially enhanced courses and five courses of the same subject taught earlier. The increase in experiential teaching consisted of the addition of marketing simulation games, formal presentations, and role playing by students. To examine the learning from experiential teaching techniques as perceived by students, the answers to four questions were analyzed from post course student questionnaires before and after the introduction of increased experiential teaching. The analysis included the mean score achieved on a five-part scale as well as percentile rank compared with other marketing courses. (See Table 1)

The four questions examined were:

1. Course was intellectually challenging and stimulating.
2. Learned something considered to be valuable.
3. Increased interest in subject as a consequence of course.
4. Learned and understood subject materials.

For all four questions, mean scores and percentile ranking increased after experiential teaching techniques were increased. A statistical analysis was performed comparing total points awarded before and after the experiential technique increase. The increased scores in questions 1, 2 and 3 were found to be statistically significant at a level of .05, question 4 was not.

Therefore, as perceived the students, increased experiential teaching was more intellectually challenging and stimulating, resulted more in learning something considered to be valuable, and resulted in increased interest in the subject as a consequence of the course. If as perceived by the students, they only tended to understand the subject materials better, they also understood them no worse.

Of course, perception of learning by the students is not the whole answer. A crucial question is whether the material was actually learned and understood

better when experiential methods were used. Because different methods of evaluating the students were used prior to introduction versus after the introduction of increased experiential learning, an accurate analysis of real learning comparison could not be accomplished in this study. This must await future research. But it does seem clear that increased experiential learning is preferred by marketing students. This is probably due to the fact that this style more closely matches accomodators--the learning style most preferred by marketing students and more closely simulating the conditions and skill needs that are encountered in the ultimate performance situation.

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Table 1

Prior to Introduction of Increased Experiential Teaching

Course No.	No. of Students	% Completing Questionnaire	Question 1 Mean/Percentile	Question 2 Mean/Percentile	Question 3 Mean/Percentile	Question 4 Mean/Percentile
1	26	82%	3.79/46	4.07/56	3.95/67	4.37/92
2	30	77%	3.86/50	4.00/49	3.79/59	4.13/75
3	17	51%	3.93/50	3.75/26	3.81/44	4.17/76
4	31	78%	4.15/60	4.38/62	4.12/64	4.15/73
5	37	95%	4.20/56	4.42/61	4.15/61	4.20/72
	<u>141</u>					

After Introduction of Increased Experiential Teaching

1	35	82%	4.58/87	4.76/89	4.56/90	4.47/94
2	24	80%	4.53/83	4.69/85	4.40/82	4.50/93
3	27	73%	4.61/89	4.76/92	4.47/86	4.47/92
4	31	97%	4.53/83	4.73/88	4.50/87	4.42/91
	<u>117</u>					

Chi-square	4.8	4.6	4.0	1.0
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Questions:

1. Course was intellectually challenging and stimulating.
2. Learned something considered to be valuable.
3. Increased interest in subject as a consequence of course.
4. Learned and understood subject materials.

EMERGING PATTERNS OF COUNTERTRADE AS A COMPETITIVE REQUIREMENT IN WORLD TRADE

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ABSTRACT

It is projected that countertrade will involve 50% of all international trade by the year 2000. Presently, over half the trading nations participate in countertrade which accounts for approximately 35% of current international trade. Its causes, alternatives, advantages and disadvantages, and pedagogical implications are discussed and recommendations for defusing its growth are presented and evaluated.

INTRODUCTION

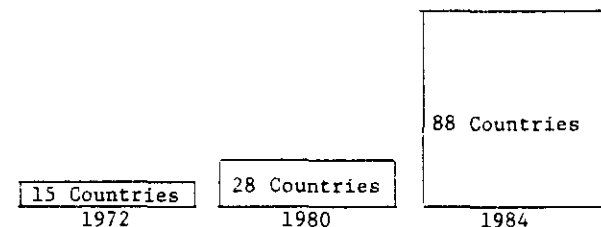
In 1972, only 15 nations were involved in countertrade (CT). Eight years later the number jumped to 28, with Europe representing the majority, followed by South America and a few Pacific Rim nations. By 1986, more than 90 countries requested some form of countertrade arrangement before agreeing to buy U.S. exports (see Table 1). Major additions were from Latin America, the Continent of Africa, the Middle East, and Pacific Rim Countries.

TABLE 1

COUNTERTRADE

Countertrade: A contractual agreement that commits the seller to take payments in goods and services.

Computers and growing monetary instability have boosted barter (countertrade) to about 30% of the world's \$2.2 trillion annual business!



Number of countries requiring barter as part of trade arrangement.

These figures from James Walsh, Senior International Economist at the U.S. Department of Commerce, International Trade Administration, Washington, D.C.

Over half of the trading nations of the world rely on CT as a way of maintaining or initiating the flow of goods across their borders. Every year the U.S. Government "offsets" amount to billions of dollars in the sale of weapons systems to other developed countries. CT and offset arrangements for the obligatory exchange of goods and services are truly reshaping the pattern of international trade.

Many countries, especially Latin America, are deeply involved in CT out of necessity, not choice. As

debt repayment problems have grown and persisted, the importation of foreign goods has declined drastically. Countries simply lack the cash to purchase goods from abroad. Few, if any, U.S. exporters enjoy selling products or services, no matter how unique or necessary, to these hard-pressed countries when the latter are not willing to release their limited foreign reserve funds without requesting some offsetting obligation from the U.S. supplier.

Countertrade is not seen as a specific term, but as a generic one, and it includes any international sale in which any seller, in addition to safe delivery, must agree to engage in an additional activity which economically enhances the status of the buying country:

Countertrade Includes:

- 1) Barter - a one-time exchange; no cash payment.
- 2) Counterpurchase - exporter agrees to purchase or market a percentage of export value in the form of imported goods.
- 3) Compensation - purchase of a product produced from exported technology, facility, etc.
- 4) Offset - military or government-to-government; includes licensing, co-production, subcontracting and counter-purchase.

Countertrade Excludes:

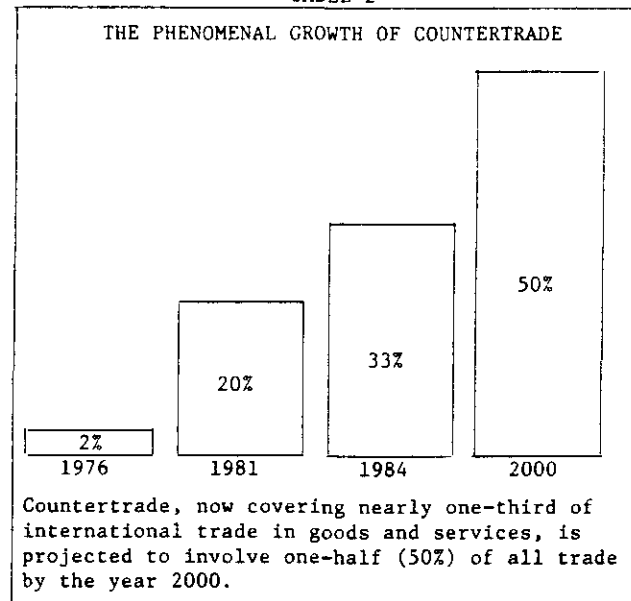
- 1) Bi-lateral Treaty Trading - no funds; balanced accounting of imported goods between nations.
- 2) Commodity Interchange - ores, metals, petroleum products, etc.

Excluded also from the aforementioned definitions are those goods exchanged under government-to-government bilateral trade treaties and items commonly exchanged between oil and other commodity companies for their own convenience, or to reduce unnecessary transportation, etc.

CAUSES OF COUNTERTRADE

The growing disparity between national resources and the productive ability of various areas of the world are the cause of CT. Many countries are virtually broke. The unlimited credit previously provided to the Third World Countries and Eastern Europe in the 1970's is no longer available. As a result, many nations seek CT as the only way to maintain international trade in the 1980's and beyond. Table 2 depicts the phenomenal growth of countertrade. Immense international debts, increasing trade imbalances and depleted reserve funds occur when the free exchange of goods and services is severely hampered by the lack of natural resources, outdated and non-competitive production facilities, little or no marketing skills and inadequate economic structures. Endemic political and social instabilities exacerbate the di-

TABLE 2



lemma. Until the deeply imbedded causes of economic inequality between nations has been eliminated, CT will persist. The obligatory exchange of goods is the only recourse many countries have with which to cope in a world of haves and have-nots. CT may also offer the only way for a country to obtain the technology it so desperately needs to upgrade its manufacturing capability. Relationships are formed wherein a western nation provides the technology and the manufacturing equipment, or the factory, and then agrees to buy back the resultant product under a linked agreement.

It is estimated that the indebtedness of developing countries currently totals an equivalent of \$850 billion and, at its present rate of growth, will break the trillion-dollar barrier within the next four years. Developing nations find it difficult to make interest payments and have been forced to reschedule debt, seeking additional credit from commercial banks of the industrial world which are more and more reluctant to extend extra credit lines to debtor countries. As a result, many debtor nations have turned to the International Monetary Fund for assistance. In order to be eligible for IMF aid, a debtor country must agree to strict guidelines which are intended to improve the international balance of payments and reduce trade deficits. These restrictions have a tendency to lead, instead, to a sharp reduction of exports and shortages of hard currency, thus creating high inflation and high unemployment.

Domestic pressures on these debtor governments make them less and less willing to sacrifice their own currency to pay interest on debts incurred by previous leaders. Countertrade offers an escape from this precarious scenario.

NEW ALTERNATIVES

To halt the continuing deterioration of the balance of U.S. trade, exporters must accept the CT obligations in international sales. We, as a nation, must develop a satisfactory response to the question: "What will you accept in exchange besides

cash?" Competitors in other countries have made this commitment to enhance their own balance of trade. Further, duplicating the effective CT support systems that already exist in other industrialized lands is needed along with mutual cooperation among all U.S. exporters, plus judicious and restrained assistance from Washington.

Many countries, including France, Austria, Italy, Germany and Sweden, have established national CT support systems offering an array of assistance to their exporters. Only a few large U.S. multinationals, such as Sears, GM and GE, have been able to develop support systems through subsidiaries or a CT department. The U.S. is losing export sales and suffering reduced market opportunities and reduced profits to foreign competitors who receive government assistance and support. Little of this help is available from the U.S. government.

Indeed, CT is in direct conflict with the U.S. policy of supporting multilateral trade through active membership in the General Agreement in Tariffs and Trade (GATT) and the Organization for Economic Cooperation and Development (OECD). GATT has 91 contracting countries and its codes apply to behavior of governments, not individual business entities or military trade. Opinions differ in the relationship of the various provisions of GATT to countertrade. The general view, however, is that CT, per se, does not constitute a violation, but that, depending upon the circumstances of a particular case, CT imposed by government law or regulation can be inconsistent with GATT and tend to defeat the primary goal which is to maintain an open, multilateral world trading system. OECD member-country governments are not encouraged to engage in CT, either officially or unofficially. OECD recognizes the economic problems of widespread CT, but member countries have not been able to agree on how to effectively deal with this growing practice. The issue of CT will be addressed this fall when GATT will embark on a new round of multilateral trade negotiations aimed at improving and expanding its rules in an effort to strengthen and further liberalize the international trading system. Thus, each company depends on its own resources for handling compensatory obligations.

The debt problems of developing nations could be alleviated through countertrade loans which differ from conventional loans in that they are not repaid in hard currency, but in the form of goods or a traded commodity. The interest on the loan would be paid in hard currency. An added protective clause could require that the nation or company cannot pledge more than 60% or 70% of its projected exports to countertrade loans, allowing for a corresponding cushion. The loan repayment would establish that the principal be repaid (indexed to the variation in price) with the country's product or commodity. The index clause as a hedge against inflation and future price fluctuations will not affect the ability to pay off the loan as the principal is reduced by selling the commodity on any futures market. Both bank and investor are protected and the interest rate can be substantially lower.

A number of options are available, but depend on industry's willingness to unite to solve a mutual problem. An organization like France's SODICOMEX,

a newly-established French countertrade exchange, could offer American companies the same support and counseling it provides for over 200 French exporters competing abroad.

Another option is a countertrade cooperative consisting of major U.S. companies helping one another discharge their obligatory compensations through individual efforts, or, more effectively, through membership in a CT association/clearing house.

Most U.S. corporations share with the U.S. government a strong concern for this growing restraint on free, multilateral trade and the effect it is having on our trade deficit. Both industry and government need to carefully identify the real issues at stake in CT. Over-reaction and unilateral legislation by Washington alone may prove to be a constraint rather than a benefit to U.S. exporters who compete with sellers in other countries not so constrained by their own governments. Long-range consequences must be measured against short-range benefits along with the impact of transferred technologies. There is, therefore, a strong need for industry and government to develop a workable policy to assure the competitiveness of U.S. firms in a world of growing countertrade.

PLUSES AND MINUSES

Some of the major benefits reported by U.S. exporters are: increased export sales; locating new and lower-cost materials/parts; and developing new, long-term supply sources for critical materials. Other advantages include the freeing of blocked funds and maintaining employment levels. On the negative side, at least one billion dollars in foreign sales has been lost through CT by U.S. companies over the last five years. However, in most cases, the lost revenues were attributed either to their unwillingness to accept the principle of CT or to their inability to find acceptable countertrade goods. Many CT proposals are just non-competitive, going to foreign competitors, not to other U.S. firms. The major reasons include the strong support offered by other governments, regardless of GATT and OECD and their CT associations. A greater agility of foreign sellers to absorb or dispose of the required CT goods was another reason reported.

U.S. firms that accept CT obligations have found that it will allow them to retain their present market shares or, in some cases, even enjoy additional business in new markets. The most heavily requested demands for countertrade are a country's exports with joint-venture/co-production agreements, transfer of technology, buyback of products produced from machinery purchased from the U.S. supplier, goods-for-goods barter, and equity investment in buyer's country. These growing requests come from over 65 countries, with most originating in 15 Latin American nations or in the Pacific Rim/Asian Countries.

MEASURES TO DEFUSE COUNTERTRADE GROWTH

A few domestic recommendations are: the establishment of a national Clearing House/Countertrade Resource Center/Association; the development of a

centralized data bank, and the furnishing of government assistance to U.S. firms to fully equip them to compete in CT proposals. On the international side would be the creation of a restraining international code of conduct followed by standardized countertrade terms, acceptable contracts and procedures, agreement on the international limit for the percentage buyback allowed, and the establishment of arbitration procedures.

SUMMARY AND PEDAGOGICAL IMPLICATIONS

Countertrade is now an accepted way of conducting business with over half the trading nations of the world and stems from the inability of countries to offer hard currency to sellers in exchange for their goods and services. The reasons for this paucity of hard cash are many and often beyond the control of the many nations involved, especially the Less-Developed Countries (LDC's). Therefore, it becomes necessary to seek out trading partners who are willing to meet obligations with other than hard money.

In using CT effectively for national purposes, a government may wish to employ the services of a state-trading agency or establish same. This strategy is increasingly being used by major U.S. firms in order to complete successfully in a countertrade environment. Any attempt to control or restrain the growth of CT must be achieved through multilateral agreements (GATT), not unilateral legislation. To do otherwise will sharply limit the competitiveness of U.S. exports.

Countertrade will continue to spread, particularly into more LDC's, adding to the need to develop new marketing strategies. Any anti-countertrade or protectionist legislation affecting the ability of U.S. companies to compete overseas must be drafted with great care and in close cooperation with industry.

Finally, U.S. firms need a forum where they can freely examine mutual CT problems...a forum that increases access and availability to ever-changing information on the economic, political and regulatory restrictions on countertrade...one which will help create a support system equal to that in foreign competitor countries. Otherwise, countertrade will continue to affect our balance of trade unfavorably.

If students are to understand the emerging patterns of how our international trade will be conducted and the impact it will have upon marketing managers in planning strategies, then the concept of countertrade and the growing popularity of barter within our country must be addressed in our marketing courses.

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USING CORPORATE ROLE MODELS TO TEACH MARKET SEGMENTATION:
A SLIDE SHOW IN THE MARKETING CLASSROOM

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ABSTRACT

Companies are increasingly using psychographic indicators to help pinpoint specific target markets. The slide show and exercises outlined in this article use VALS categories to help students understand market segmentation and to evaluate the images companies develop through the use of role models.

INTRODUCTION

In 1957, Eleanor Roosevelt sold Gold Luck margarine on national television. In the 1960's, Joe Namath rocked the world by shaving off his Fu Manchu moustache in a commercial for Schick's electric razor. More recently, the appearance of Dallas star Larry Hagman in a bedsheet commercial brought about a torrent of enthusiastic calls that broke down the customer service telephone at Cannon Mills.

In a sometimes frantic effort, companies vie with each other to find role models that will both capture the fleeting attention of the American consumer and embody qualities of their corporate images. Every company hopes to find a spokesperson who will transmit qualities as enduring as those of the Marlboro cowboy or the Jolly Green Giant. At the same time, companies gamble that their spokespersons will attract specific targeted consumers.

As advertising becomes ever more sophisticated, companies are increasingly using psychographic as well as demographic indicators to help pinpoint specific target markets. For example, after studying the Values and Lifestyles (VALS) typology developed by SRI International, Dr. Pepper determined that its product should be aimed at inner-directed consumers.

To heighten students' awareness of such sophisticated marketing strategies and to illustrate the application of psychographic segmentation, a slide show can be used in conjunction with in-class exercises. This approach enables students to study corporate images that they have previously taken for granted and to evaluate the effectiveness of those images.

The slide show and exercises also help students perceive how companies use psychographic segmentation to target particular consumers. Since the VALS categories provide a simple, up-to-date, and comprehensive typology, they are a useful model for these exercises.

The following exercises may be used together or separately; if used together, they will take up at least 90 minutes of class time. Instructors may use these exercises while discussing market segmentation or, later, in classes on promotional strategies.

BENEFITS TO STUDENTS

The two exercises outlined here are both educational and exciting for students.

1. Students learn the basics of psychographic segmentation.
2. They learn the VALS system in depth and assess its utility and drawbacks.
3. They sense the subtle tonal qualities that marketers want consumers to associate with companies and products.
4. They assess the strengths and weaknesses of a number of advertisements.
5. They perceive which market segments are most heavily targeted by marketers.
6. They learn how marketers use aspirational and associative elements to target precise groups; they may also perceive flaws in some companies' choices of role models.
7. They analyze themselves as consumers and discuss what marketing approaches might work for them.

CLASS PREPARATION

To prepare for this class, instructors should collect at least fifteen advertisements that use real or fictional characters to represent products. Choosing these advertisements from a range of publications--Newsweek, Seventeen, Sports Illustrated, People--ensures that a variety of consumer types will be targeted.

At the same time, instructors should collect at least twelve pictures of well-known people who are not representing a product (at least in that photograph). Both sets of pictures should be made into slides.

When preparing a lecture for this class, instructors should compile examples of people who have become closely and successfully identified with their products--like Lee Iacocca with Chrysler and Dennis Weaver with Great Western Savings. Also, since students always enjoy hearing about marketing mistakes, instructors might want to discuss errors such as Marlboro's early advertisements using women models to target female consumers.

Instructors should also describe the connections

between VALS categories and specific advertising campaigns. For instance, the U.S. Army's "Be All You Can Be" slogan can be cited as an example of a strategy aimed at a particular group (the VALS' I-am-me category).

Handing out sheets with the VALS typology helps students to remember the categories and shortens the necessary lecture time on the subject.

PEDAGOGICAL APPROACH: EXERCISE 1

This exercise teaches students the attributes of the nine VALS categories and introduces them to many of the decisions marketers face as they match psychographic profiles with aspirational corporate symbols.

1. The instructor lectures on psychographic segmentation and discusses the nine VALS categories.
2. The instructor provides students with a handout (see Figure 1) listing the VALS categories and the fifteen companies/products illustrated in the first part of the slide show.

Figure 1. VALS CATEGORIES/CORPORATE IMAGES

	1	2	3	4	5	6	7	8	9
1. Citibank									
2. IBM									
3. ABC Radio									
4. Wang									
5. Blairniff									
6. Marlboro									
7. Save the Children									
8. Metropolitan Life									
9. Jordache									
10. Teleasia									
11. Virginia Slims									
12. Scoundrel									
13. Levi's									
14. Konika									
15. K-Mart									
1 = Survivors	4 = Emulators	7 = Experiential							
2 = Sustainers	5 = Achievers	8 = Societally Conscious							
3 = Belongers	6 = I-Am-Me	9 = Integrated							

3. The instructor breaks the class into groups of three or four students each and then shows slides of the fifteen advertisements. Between each slide, the instructor pauses while the groups decide which VALS categories are being targeted.
4. The instructor and the class discuss which categories were chosen for each advertisement. (The instructor may find it helpful to show the slides again during discussion of each ad.) While isolating qualities in the ads that led them to their decisions, group members identify elements such as color, copy, and visual arrangements as well as the personal qualities of each spokesperson.

5. The instructor then involves students in a discussion regarding the effectiveness of the spokespersons chosen by each company. Questions such as "Is Jaclyn Smith an appropriate image for K-Mart?" and "Can you think of a better image for Metropolitan Life than Snoopy?" lead to lively discussions that touch on a number of issues vital to marketers.

By the end of the discussion, students should be able to rate the respective advertisements with regard to their effectiveness in (1) attracting precise target markets and (2) reflecting appropriate corporate values or culture.

PEDAGOGICAL APPROACH: EXERCISE 2

The second exercise demands even more creative thinking from the students. Now, working individually rather than in groups, they must fit a famous figure to a product. To do this, they must consider both consumers and corporate images.

1. Pass out a list of well-known people and a list of products. There should be roughly two more names than there are products (see Figure 2).

Figure 2. PEOPLE AND PRODUCTS: MIX AND MATCH

1. Sylvester Stallone	A. Space home computer
2. Phil Donahue	B. Sassoon hair products
3. Bob Dylan	C. Time-Life history series
4. Nikita Khrushchev	D. mid-price Toyota sedan
5. Beryl Strop	E. Procter and Gamble feminine hygiene products
6. Michael J. Fox	F. Braum's kitchen towels
7. Sting	G. Chanel No. 5 perfume
8. Gerald Stachson	H. Food the Money program
9. Green James	I. expensive Eddie Bauer sports outfit for men
10. Elanoror	J. Liz Claiborne wool suit
11. Dr. Ruth	
12. Ringo Starr	

Directions: In the space next to the name of each famous figure, write the letter of the product that person would best represent. Be prepared to defend your decisions.

Which figures did you decide NOT to choose? Why? Can you think of a product for which these two figures would be effective representatives? Explain.

2. Show a slide depicting each of the famous people listed on the sheet and ask the students to match the person with one appropriate product. Students should also answer the questions at the bottom of the sheet: these may help students identify qualities that companies do not want to be associated with.
3. The instructor may collect these sheets, review the data, and initiate a discussion of the following class meeting based on the students' decisions and comments. Or the instructor may choose simply to get overall responses through informal class discussion. Debates will often ensue as students describe advertising campaigns they had imagined with their chosen famous person as a focus.

4. As the discussion progresses, the instructor should begin to isolate various emerging themes through specific questions. "Why did nobody choose Dr. Ruth for the Toyota ad?" "Why isn't Gerald Stockman a popular choice for marketing kitchen towels?" "Why did so few of you choose Ringo for one of your products?"

The answers to these questions will help students to identify qualities that marketers consider when formulating both advertising campaigns and corporate images.

5. Instructors may choose to have students develop their ideas further in a homework assignment. For example, students could be asked to design an advertisement or commercial based on one of the people/product combinations they chose.

Or students could write a brief paper based on the exercise and the ensuing discussion. Papers could focus on issues such as the relationship between corporate imagery and target markets or the role of aspirational or associative groups in a marketer's decision-making.

A final homework assignment could ask students to determine their own places in the VALS categories and evaluate advertisements that most closely target that segment. This assignment leads to questions concerning the validity of the VALS categories and helps students see both the strengths and the limitations of psychographic segmentation itself.

CONCLUSION

While generating enthusiasm and debate in the classroom, these two exercises deepen students' understanding of the complex strategies involved with choosing corporate images that match a company's targeted consumer. In addition, they bring to life the nature of a marketer's choices and decision-making during the entire promotional process.

STUDENT TESTING:
INSIGHTS FROM LEARNING AND TESTING THEORY

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ABSTRACT

Research found a very low correlation between student scores on multiple-choice and essay portions of tests. The author reviews literature in learning and testing and describes the experiment used to research this topic. Analysis of the findings suggest that instructors should be aware of testing methods and of their importance in assuring that tests actually measure what they are intended to measure.

INTRODUCTION

Success in marketing education could be defined as having students who understand both marketing principles and real world marketing practice. If marketing students are to be a "good product," they need to understand the basic principles and concepts of the discipline, their significance and relevance, their implications and applications.

Learning theory recognizes an ordered hierarchy of levels of learning. The higher levels involve putting together the principles of a discipline to form a structure or system, evaluate and solve problems. Lower levels involve relation, association, and memorization. Competency in today's highly competitive job market necessitates that, for the best jobs, our students need the higher levels of skill in mastering marketing.

This paper reviews education theory in the areas of learning and evaluation and suggests that, perhaps, we should be more aware of the relationship between the chosen means of student evaluation (testing) and the type of learning that various means of testing measure most effectively. It looks at learning theory and develops suggestions to possibly assist in giving our students better tests of what they have learned. It concludes by suggesting that we, as marketing educators, must acknowledge the importance of testing our students to assure that they understand the basic concepts of the marketing discipline.

CAUSE FOR CONCERN

The concern is periodically voiced that marketing education should be made more relevant to the world of business. The argument suggests that marketing education too often stresses memorization of concepts and shortchanges understanding principles and problem solving. This theme appears periodically in both popular press and academic journals. As expressed in *Business Week* (1979, p. 190): "A growing concern inside universities and the business community (is) that B-School instruction should be tailored more to fit the experiences of the real world." The 1976 president of the American Marketing Association, John Keane (1976), expressed the concern as fol-

lows: "Optimum marketing education depends upon understanding both principles and real-world practice" (p. 1). Arthur Done finds that "Businessmen (employers) are looking for graduates which evidence some development of managerial skills rather than subject-matter mastery (Done 1974)." The conclusion of Berding and Hopkins (1974) is that "Students must be able to apply their knowledge and techniques to practical situations" (p. 19).

The author's experience with business recruiters seeking to fill marketing positions suggests that understanding the basics of the marketing discipline and having the ability to communicate and utilize them effectively in new situations are two quite important abilities. Perhaps a statement by David Hardin (1972), 1972 president of the American Marketing Association, summarized these concerns well: "What the marketing field needs is a much better way of putting business pragmatism and academic professionalism together" (p. 1).

WHAT CONSTITUTES LEARNING?

Learning theory and the objective requirements for learning have been extensively discussed by Bloom (1965) and Gagnes (1970). Relevant for the concerns of this paper are the learning domains these authors discuss. They develop several levels of mental learning abilities and describe corresponding levels of performance that are evidenced at each level. These are presented in Table I.

Gagnes appears to concentrate on describing lower levels of learning. He begins his description of learning domains with the most basic reflex and stimulus-response types of learning, progressing to a level which involves linking a series of stimulus-response activities in series. It is not until he gets to his sixth level, concept learning, that he describes a level appropriate for upper-level marketing education. This seems to correspond to the lowest level Bloom describes, knowledge or recall.

Where Gagnes drew finer shades of differentiation in lower levels of learning, Bloom appears to draw finer shades in higher levels. Bloom's typology is interpreted as adding three levels (comprehension, application, and analysis) before the two scales again correspond. The highest two levels of each author are approximate equivalents.

If we look at the combined list as presented in Table I, we see that the upper half are appropriate objectives in our teaching. Jerome Reed (1979) summarizes the work of Bloom and Gagnes for purposes of marketing education, finding that their higher levels of attainment are appropriate for university course objectives. Combining insights from these two lists, Reed describes three levels of learning that would be appropriate lev-

els of attainment for a university course. His summary is presented in Table II.

TABLE I

LEVELS OF LEARNING
(HIGHEST TO LOWEST)

BLOOM

EVALUATION
Judgements and standards

SYNTHESIS
Putting together of elements to form a structure or a system

ANALYSIS
Breaking down into elements

APPLICATION
Use in concrete situations

COMPREHENSION
Relating and association

KNOWLEDGE
Recall and properties

GAGNES

PROBLEM SOLVING
Combining old principles into new ones

PRINCIPLE LEARNING
Chaining of two or more concepts or relationships

NOTE: While an attempt has been made to correlate the work of these two authors, the levels of learning do not necessarily correspond in side-by-side comparison as in this table

CONCEPT LEARNING
Memorizing names

MULTIPLE-DISCRIMINATION
Choosing among a class of possibilities

VERBAL ASSOCIATION
Verbal chaining

CHAINING
Linking a series of stimulus-response events

STIMULUS-RESPONSE
Voluntary response to a signal

SIGNAL LEARNING
Involuntary reflex response

SOURCE: Bloom (1965)

SOURCE: Gagnes (1970)

The learning hierarchies of Bloom and Gagnes and their adaptation to marketing education by Reed can aid us in defining our role in the marketing education system and in reflecting on how well our student evaluation tools measure the performance level of our students. We can use this insight to aid us in forming objectives for our testing and in designing methods to attain these objectives.

TEST CONSTRUCTION

McKeachie (1978, p. 154) introduces the topic of testing by stating that as students become more experienced and enter the later years of the edu-

TABLE II

ACCEPTABLE LEVELS OF LEARNING IN A
UNIVERSITY MARKETING COURSE
(HIGHEST TO LOWEST)

PROBLEM SOLVING

The ability to make an integrated whole of the material learned and then apply this to solve new and unique problems

INTEGRATING THE IDEAS

The ability to integrate the ideas, to chain them, to synthesize them, to make principles, to see the course content in a holistic manner

UNDERSTANDING OF THE SPECIFIC IDEAS

The ability to understand the specific ideas and concepts and how these are used

SOURCE: Reed (1979)

cation process, they should be "wean(ed) ... from studying for tests to become lifelong learners." He suggests that this may necessitate examinations that require "broader integration and more detailed analysis." This is consistent with the higher levels of learning as summarized by Reed.

We are all familiar with the problems of testing and, while it is sometimes assumed that essay tests are more appropriate for evaluating higher levels of learning, we are aware of the testing paradox: the inverse relationship between ease of test preparation and difficulty of test grading. Subjective tests can be made up quickly but require a long time to evaluate; objective tests, particularly quality ones, require lengthy preparation but can be evaluated quite quickly. At times we may feel that class size takes priority over educational goals, directing the method of testing to be used: large classes may receive easy-to-grade objective exams while small classes may receive more essay based tests.

McKeachie discusses appropriate testing techniques for college teachers and suggests that, for evaluating higher levels of learning, the quality of test question is more important than the type. He discusses briefly each of the major types of exams, pointing out some of the strengths and weaknesses of each type.

AN EXPERIMENT WITH SUBJECTIVE
AND OBJECTIVE QUESTIONS ON A TEST

The Experiment

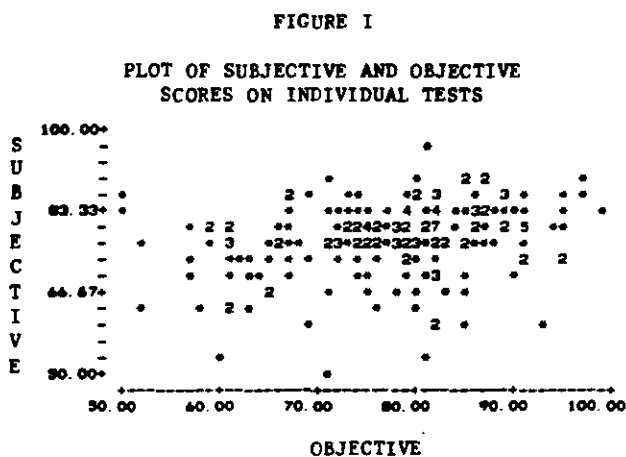
At the beginning of his career in marketing education the author observed that some students appeared to prefer subjective tests while others preferred objective tests. His testing procedures evolved to include both types of questions on tests. The subjective questions made up approximately half of each test and were designed to evaluate higher levels of learning. All required understanding of concepts and principals. Many required integrating and applying ideas and prob-

lem solving. The other half of exams generally consisted of objective questions from the instructor's manual accompanying the course text. Questions selected called for understanding in as far as possible, although a number relied heavily on recall. They were perceived as being relatively difficult and representative of material covered in class.

It was hypothesized that, despite student preferences as to test type, those who would do well on subjective tests would also do well on objective tests. In order to test this hypothesis, data were collected from ten sections of upper division marketing courses over a period of two years. 202 students in ten marketing classes were given tests with both subjective questions (essay and short answer) and objective questions (multiple-choice and true-false). Grades were totaled separately for each half of each exam. Class means were calculated for both subjective and objective portions of individual tests and were standardized to a common mean in order to control for potential differences in difficulty in the two portions of each test. Correlation analysis was used as an appropriate test of the strength of the relationship between the scores on the two types of tests and to test the hypothesis.

The Findings

Figure I presents a plot of the scores of these 202 students on both subjective and objective portions of tests. Considerable dispersion or scatter is evident in the plot. The correlation was .310, indicating an unexpectedly weak relationship. Individual sections of classes in the experiment had correlations ranging from .064 to .669 (see Figure II).



106 students performed better on the subjective portions of tests, with scores averaging 8.28 percentage points above their corresponding objective portion scores. 33 (16.3%) had essay scores exceeding their multiple choice scores by 10 points or more. Of these, 12 did so by 15 to 19.99 points and 7 by 20 points or more.

The 97 students who performed better on the objective portions of the exams averaged 9.05 percentage points above their corresponding subjective

portion score. 39 (19.2%) had multiple choice scores exceeding their essay scores by 10 points or more. Of these, 9 did so by 15 to 19.99 points and 9 by 20 points or more.

Exams of 36 students who took two exams were compared to see if they consistently did better on one type of exam. 11 did consistently better on essay, 9 were consistently better on multiple choice, and 16 were inconsistent. Of those who performed consistently better on essay tests, three did so by an average of over 10 points, and one by over 20 points. Of those who performed consistently better on multiple choice tests, three did so by 20 points or more (average 25.8); the others averaged 5.0.

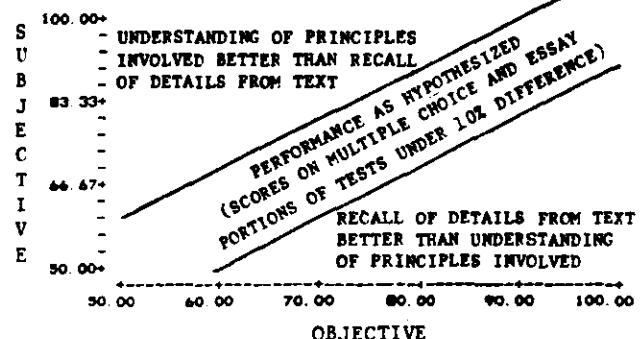
FIGURE II
RANGE OF CORRELATIONS IN EXPERIMENT

.064	.445
.083	.511
.104	.605
.113	.656
.161	.669

Conclusions

Referring to Figure III, a summary of Figure I, students in a band from the lower left quadrant to the upper right quadrant performed as hypothesized, approximately as well on one portion of a test as on the other. Those outside of this band toward the upper left quadrant performed significantly better on essay portions of tests. It is suggested that they probably understood the material but had poor recall of details from the text. Those outside this band toward the lower right did significantly better on multiple choice portions of tests. It is suggested that they probably recalled the details of the text but didn't clearly or thoroughly understand the concepts and principles involved or, perhaps, lacked the ability to communicate them. The ability to communicate in written form may be a contributing factor in these score differences and future studies of this phenomenon should control for this factor.

FIGURE III
SUMMARY OF SUBJECTIVE AND OBJECTIVE
SCORES ON INDIVIDUAL TESTS



SUMMARY

If our task as marketing educators is to prepare our students with the marketing skills they will need for the job market, is it possible we could do a better job through better testing? Several sources and this study suggest that we might.

The sources cited in this paper indicate that perhaps one place to start is to look at learning theory and, from it, gain an appreciation of the different types of learning and how these various levels relate to the requirements of marketing positions. With an understanding of the types of skills we need to help our students attain, we are much better positioned to assist them in attaining these skills.

We obviously want to avoid putting our product (students) in the marketplace with a lower level of learning than they are capable of. None of the authors cited in this paper found concept learning (memorizing names and properties) to be adequate for the needs of the business world. Synthesis and problem solving should be our objectives.

Based on the essay portions of the exams, this study found a significant number of students who, in the opinion of the author, did not have a thorough understanding of the subject matter. Almost 20% of the students did significantly better on multiple choice portions of tests. This, plus the low correlation between the essay and multiple choice, suggests looking more closely at the composition of tests. Close observation leads the author to believe that these students were scoring on recall rather than understanding.

We want to avoid stressing quantity of information covered to the detriment of quality of information understood and retained. Without doubt, some of the proposed testing methods fit individuals and situations better than others and there is room for individuality in accomplishing the task. One key to determining our success is designing exams that call for higher levels of learning for higher grades regardless of type of question utilized. The essential part of helping students attain the highest levels of knowledge involves testing for higher levels of learning. The quality of the individual test question is more important than the type of question. Avoiding testing for recall of specific facts would discourage memorization, and questions that necessitate predicting an outcome rather than labeling a phenomenon would be appropriate. Quality tests, designed to evaluate higher levels of learning can be developed using both subjective and objective types of questions. Likewise, both can also be poor.

Measurement and evaluation of comprehension are an essential part of helping students attain the highest levels of learning. Combining appropriate methods of increasing the relevance of marketing concepts with evaluation instruments that reward higher levels of learning instead of memorization would certainly be a step in the right direction.

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AN EDUCATION PARTNERSHIP: APPLYING MARKETING CONCEPTS

Paul Renshaw, Ph.D.

ABSTRACT

A brief description of an experiential learning technique to correlate marketing course concepts with present business practices. The article answers the questions of what is it, why use it, who does what, and does it work. Included are a list of each participant's roles and responsibilities and an example of course requirements for out-of-class student activities.

WHAT IS IT?

An Education Partnership is a commitment by a business firm to actively assist in the education of college students. The business firm agrees to participate in the education process by providing opportunities for a student or team of students to utilize the firm in much the same way that a laboratory is used for the sciences. The firm provides for the observation of its operations: provides personnel to respond to students' questions and to discuss their observations, analyses and recommendations; and reads and acknowledges the students' final report of their observations and analyses in relation to classroom concepts and generalizations.

WHY USE IT?

Schools of business marketing faculty have and continue to utilize a variety of approaches to infuse current business practices with the marketing concepts of the classroom. Impetus for their efforts has come from a number of sources, not the least of which have been numerous articles and speeches admonishing business school faculty for not placing increased emphasis on current application of academic content.

Marketing educators have responded to those requests and have implemented a number of concept application techniques. On-campus approaches include case analyses, readings, reports, simulations, and outside speakers. Off-campus approaches to concept application include case problem development, Small Business Institute cases, full-time and part-time internships, cooperative training programs, field trips, and specific process observations.

The Education Partnership program was developed to provide students a quarter or semester long integrated series of specific observations and analyses relating marketing concepts to business practices. The program was developed as an alternative to other possible approaches so as to:

1. utilize business community resources in their environment;
2. provide students a first-hand knowledge of a variety of current operational applications of course concepts; and

3. maintain the academic integrity and control of the off-campus experience.

Business Community Resources

By and large, the available educational resources of a business community, whether of a large metropolitan area or of a small city, are underutilized as a supplement to the on-campus education process. The technique utilized those available resources in their own environments on an extended basis without the financial requirements common with internships and cooperative on-the-job programs. The concept of the business community being offered the opportunity to assist in the process of educating students for business has great appeal to business people.

First-hand Knowledge Through Application of Course Concepts

The application of concepts by students in a structured manner for analysis and problem solving has long been an instructional methodology for marketing education. The more true-to-life the applications are, the more educationally stimulating and productive are the activities. The approach provides for concurrent development of concept knowledge and business environment applications, rather than assume that concept application will be made at some later date.

Academic Integrity

The faculty's coordinating and control functions for the integration of on- and off-campus activities provide for the academic integrity of the technique. The degree of academic correlation and rigor of the technique, as with any methodology, resides with the faculty. The depth and extent of the students' business laboratory experiences and the relation of those experiences to course content and emphasis are determined by and controlled by the marketing faculty.

WHO DOES WHAT?

Each of the three parties involved; the faculty, the business firm, and the students, has specific roles and responsibilities in the Education Partnership (Exhibit 1).

Faculty

The faculty is the catalyst for the partnership as well as providing the direction and control for the academic integrity of the program. A number of planning and organizational steps are required before the businesses are contracted to obtain their commitment to participate in the partnership.

Having used internships, cooperative on-the-job training, SBI-type projects, short-term observations and analysis as well as simulations, case analyses, on-campus laboratories, and so forth, my experience has been that the Education Partnership approach requires no more faculty energy than any of the other approaches. In fact, the faculty "time cost" was well within the usual time commitment expected for course preparation, up-dating, grading, etc. A caveat is that faculty occupational knowledge is most beneficial.

An initial step is the faculty's decision to seek the assistance of the business community for specific educational purposes and outcomes. This step determines what in general is to be undertaken in a business environment laboratory as well as why business firms are to be utilized. Subsequent steps include specifying in written form the roles and responsibilities of each partner and the learning activities of the students, both on- and off-campus. Exhibit 2 is an example of activities used for a Retail Management course.

The specified roles, responsibilities, and learning activities also serve as progress reference points during the course and as outcome evaluation criteria. The faculty should use the lists not only for securing verbal or written commitment by management to participate in or sanction the activities of the partnership and as course information for students, but also to inform other publics of the program. The broader the distribution of information about the program, the more supportive are business and university personnel and the easier it becomes to secure participation for subsequent courses.

Assurance of the academic relevance of the off-campus activities requires faculty direction and control. For example, I have found that the selection of the firms to participate in the partnership during a term for a course was best determined by the faculty so as to obtain a variety of organizational structures, sizes, operational procedures, etc. that I felt were necessary to achieve the intended educational goals for the course. Such variety facilitates in-class directed discussions and team presentations of the similarities and the differences of business practices in relation to the course concepts. In addition, coordinating in-class and out-of-class learning calls for guiding the business laboratory learning for the timely completion of assigned observations. The use of scheduled readings, discussion topics, and presentations in conjunction with periodic on-site visits and

conferences with the firm's personnel and with the students, as well as written progress reports and periodic activity evaluations promotes academic integrity and educational relevance of the Education Partnership.

In addition to providing a learning delivery system, the partnership provides professional opportunities for the faculty through case writing possibilities, research, presentations, and consulting work, to name a few added benefits.

Business Firm

The business firm serves as a laboratory for observation, information gathering, and analysis of business practices. The commitment of top management to assist in the education process should include not only their participation but also participation of other personnel in the firm. A variety of involved personnel spreads the time commitment to the program as well as provides students both breadth and depth of exposure to operations and information sources. While there is a time commitment for the firm, there are no financial obligations other than the possible loss of productive time while assisting the student team to obtain information and when discussing the team's analyses and recommendations.

The business' review of the student report, and the acknowledging signature, promotes and adds to their sense of participation in the education process. While their role does not include grading the report, I have yet to receive a report that did not contain one to two pages of assessment comments regarding the correctness of contents and the feasibility of the students' recommendations.

Student

The student has a number of responsibilities in the Education Partnership. The student's role has similarities to the role of a consultant. The observations and information gathering activities are preceded by the accumulation of academic knowledge in order to know what to look for, what questions to ask to obtain specific information, and as a basis for analysis of the accumulated information. In order to accomplish the overall task within the time constraints of an academic term, the scheduling of activities and time management are essential. While a highly motivated student can meet the course requirements, student teams are more efficient in information gathering and analysis. When organized into teams, the dimension of team goal setting, responsibility delegation and team consensus are added to the learning experience. The student's responsibilities also call for opportunity and constraint analyses as part of the problem solving task. And, like a consultant, a report of findings, assessment of alternative courses of action, and recommendations and implementation strategies is given to the management of the firm for their consideration.

DOES IT WORK?

Follow-up evaluations of the Education Partnership, both solicited and unsolicited, by businesses, students and university personnel have been very positive from my experience. Businesses appreciate the opportunity to aid in the education process, especially of individuals interested in their line of work and who may be potential employees. They viewed the individual reports in much the same light as consultant's reports, as objective analyses of their firm. An added benefit at institutions where I have used the Education Partnership has been a more positive image of the total business program and its student population.

Evaluation ratings by participating firms resulted in assessment on a 4 point scale, 1 being poor and 4 being very good, that the overall experience with the students was assessed at a 3.5. The perceived value of the student team's final report to the firm received the lowest rating at 3.25. The highest rating of 3.68 was given for the students' interest and enthusiasm during the project. Informal assessment of participating firms' opinion of the Education Partnership was also made from the number of firms seeking information about or future participation in the partnership due to their contacts with personnel in firms that participated in the partnership.

Student assessment and support of the program has been much more positive than I initially anticipated. The anticipated levels of involvement and achievement were, in the main, exceeded due to student motivation and commitment to the partnership concept. The overall evaluations of the in-class and out-of-class activities and requirements rated a 3.83 on a 4 point scale with 1 being no value and 4 being very worthwhile. The on-site observation and analysis activities were rated at 3.97 and the ability of the required report to bring together text information and businesses' operational practices was given a rating of 3.73.

While the students assessed the program as quite rigorous and time demanding, their comments and recommendations to other students were reflected in increased enrollments and in subsequent course enrollees' positive comments and enthusiasm. At the end of each term the students' course evaluation form included their recommendations for size of teams, assignment to teams and to firms, and team task assignments. Team size recommendations were 66.7% for three person teams and 33.3% for two person teams with no one recommending individual involvement. Assignment into teams showed 63.3% favored self-selection, 20% favored instructor assignment, and 16.7% favored a combination of instructor and student determination of team membership. Team assignment to a firm by the instructor was the recommendation by over 95% of the students. A possible reason for such a high response was the instructor's use of the results of an interest survey at the beginning of the course and

early knowledge of participating firms. The other major organizational consideration was the responsibility for making task assignments within a team. Students preferred to handle that role by a margin of 77.3% to 22.7% for instructor assigned tasks.

In addition, a variety of university personnel and other businesses expressed their opinion on the Education Partnership technique's positive public relations benefits to the marketing department, the School of Business, and the institution.

From a personal perspective as a marketing educator and a former business person, I have utilized a broad range of education techniques, and while I continue to use them as they seem most appropriate for a situation, I am a staunch advocate of the Education Partnership for off-campus directed application of academic learning.

TRY IT! YOU MAY LIKE IT!

EXHIBITS

Exhibit 1.

The Education Partnership

Purpose: To form an Education Partnership of the business community and the marketing program so as to provide current operational applications to academic learning. The involvement of the business community will provide marketing students with practical knowledge to augment their collegiate program.

Firm's Obligation:

- To provide opportunities for a student team, 2 to 3 students, to observe and analyze the firm's operations.
- To provide opportunities for the firm's personnel to discuss the student team's analyses when appropriate.
- To review the student team's term report before submission to the faculty for assessment.
- To be in-class resource participants.

IT IS NOT--to provide student employment or an internship.

Students's Obligation:

- To observe and analyze the host firm's practices and procedures in relation to textbook theory.
- To discuss observations and analyses with the host firm's personnel for accuracy.
- To discuss nonconfidential matters in class sessions. All such discussions are to be factual, analytical and constructive learning inputs.

- To prepare a detailed analysis of the host firm's practices and procedures in relation to course theories.
- To be professional in appearance and manner when in contact with the host firm.

Faculty Obligation:

- To obtain commitments of business firms to participate as host learning laboratories.
- To be the contact person in all matters relating to the organization and operation of the program.
- To provide a list of observation and analysis activities to host firms and students.
- To be responsible for academic aspects of the program.

Exhibit 2.

An abbreviated example of term project and report observations and analyses for a course in Retail Management (designed to coordinate with Duncan, Hollander and Savitt, Modern Retail Management, 10th ed., Richard D. Irwin, Inc., 1983.)

TERM PROJECT: Following areas are the minimum requirement.

Section I

- A. Background description of the retail area, prior economic and historical impacts, and trade area demographics.
- B. Describe current economic conditions and their impact on the firm.
- C. Describe the direct indirect competition to the firm by others by their type of firm, merchandising, location, pricing, promotion, etc.
- D. Specify the firm's marketing philosophy and objectives.

Section II

- A. Describe the firm's store ambiance.
- B. Diagram the firm's existing layout on graph paper; using sufficient detail to show departments/divisions furniture, fixtures, traffic patterns, work areas, storage, etc.
 1. Superimpose on the diagram in red ink/pencil your recommendations for change.
 2. Describe the anticipated advantages for each of your recommended changes.

Section III

- A. Diagram, or include a copy of, the firm's formal store organizational chart. Outline position responsibilities.
- B. Describe the firm's existing human resource management processes and specify the area(s) that might be improved and your recommendations for improvement.
- C. Analyze one first level job and write job task analyses, job description, and job specification for that job.

Have your host review the description and specification for compliance with current labor legislation and contract provisions.

- D. Propose employee evaluation systems for two first level jobs, one sales position and the other a sales support position. Have you host review your proposals for compliance with current labor legislation and contract provisions.

(CONTACT AUTHOR FOR THE COMPLETE TERM PROJECT ASSIGNMENT)

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LESSONS LEARNED IN AN INTERCOLLEGIATE MARKETING COMPETITION

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ABSTRACT

This paper describes an intercollegiate marketing competition, sponsored by General Motors, in which the authors participated. The organization, process, and problems encountered are presented along with suggestions for future competitive efforts.

Background of the Competition

The GM Intercollegiate Marketing Competition was initiated in 1976 to encourage creative student thought about the principles of marketing and advertising and to provide realistic experience to students of those disciplines.

In January, 1986, our university was invited by General Motors Corporation to participate in the General Motors Intercollegiate Marketing Program. Student teams from eight leading universities, operating under a \$6 million budget ceiling, were challenged to develop, based on current market and socio-economic conditions, a six-month marketing and advertising campaign to market, sell and to "build excitement" for the 1986 Pontiac Sunbird.

Project Outline

Student entries were to be presented in treatise form (not to exceed 50 pages) accompanied by an executive summary. In addition, each team would make a one-hour presentation to a General Motors judging team during Spring campus visits.

The participants for the 1986 competition were:

Baruch College - The City University of New York
University of Massachusetts
Duke University
Florida State University
Fordham University
Howard University
University of Oregon
California State University, Los Angeles

The following is a representation of the tasks to be performed in the course of the project:

Part I. Research

- o The target market for the project had to be outlined and justified.

- o The design of research had to be described. A description of its use to test the identification and explanation of target market attitudes and behavior was also necessary.

- o Marketing and advertising objectives and the marketing mix were to be outlined.

- o The media selected had to be described and justified in terms of the advertising/marketing objectives.

- o Budgetary compliance had to be demonstrated.

Part II. Creative Exercise and Execution

- o It was important to state and support creative strategy and rationale, including a statement about theme consistency throughout the campaign.

- o Creative suggestions had to be submitted including:
At least one print layout,
An ad for the school's student newspaper,
At least one TV storyboard,
At least one radio script.

- o Additional submissions may include such items as:
Outdoor billboard layout,
Dealer and other merchandising materials.

The extent to which art was finished was left to the discretion of individual teams. Judging was to be based upon plans and execution of ideas -- not proficiency in art.

Part III. On-Campus Presentation

- o An up-to-one-hour presentation of the team's findings in Parts I and II had to be presented in a logical and persuasive manner to the on-campus judging panel.

- o Material presented then had to be defended during a Q & A session with on-campus judging panel.

Scoresheets, which were to be used by the judges during both the on-campus and treatise evaluation, were distributed to all participants. Student teams were urged to organize their oral and written presentations with reference to these scoresheets.

Even though the authors made sure that this requirement was totally fulfilled by the various student groups, it turned out (sadly) that the on-campus judges did not even have scoresheets with them during the on-campus presentation and were completely unfamiliar with the scoring weights of the various judging criteria.

Project Calendar

Official Program Initiation -- January, 1986

GM On-Campus Visits -- April 14-25, 1986

Treatise and Executive Report Due -- April 23, 1986

The Organization

The organization guidelines, given by General Motors, were as follows:

1) The program may be administered through a regularly scheduled class, a special projects class, a marketing or advertising club or as an extracurricular activity.

2) The ideal team size is about 25 students.

3) It is permissible to have a number of teams within the college or university compete against one another. Only one entry from each school may be submitted to General Motors.

4) Although the teams may be composed of undergraduate or graduate students, or a combination of both, in the past, teams composed solely of undergraduates have been at a disadvantage in the final judging. (This final admonition from GM can be partially confirmed by the authors.)

The Process

The choice was to build a single team organized as an extracurricular activity. The university where the authors teach, operates on a quarter system, so in January, at the beginning of the Winter quarter, a team of marketing students was recruited. In February, participation from graphic arts and broadcasting students was solicited. This task was accomplished through the use of flyers and class

presentations. The team consisted entirely of undergraduate students. This is customary at our university where the majority of masters students are working professionals who attend classes only in the evening and whose extracurricular activities are very limited.

One of the authors, a full-time graduate student was detailed to be the coordinator of the team. It was decided that the team be structured as an ad hoc "advertising firm."

The intent of this organization was to perform market research, formulate conclusions based on the research, develop an advertising campaign based on those conclusions and then to produce that advertising campaign for presentation to the judging team from General Motors.

The Communications Group was staffed by marketing students. Their task was to keep the entire team informed of each group's activities, progress, intentions, update the program bulletin board centrally located in the business school and to keep and distribute the minutes of the team meetings which were conducted every Saturday for the duration of the project.

The Treatise Group was also staffed by marketing students. Its purpose was to design, conduct and analyze market research and to write the treatise for the project.

The Presentation Group was comprised of marketing, graphic arts and broadcasting students. This group was to design and present the presentation of the research and advertising campaign produced for the competition.

The Audio-Visual & Graphic Arts Group was staffed with graphic arts and broadcasting students. Their assignment was the production of the advertising campaign components: magazine, newspaper and billboard layouts, a 60-second radio commercial and a 30-second video commercial.

Group leaders were chosen for each group and they reported directly to the program coordinator who acted as liaison between the team and the faculty advisor.

Competition Activities

January. During the first month of the competition the coordinator worked in conjunction with a member of the economics faculty and the treatise group to design and conduct the primary market research. A class of statistics students then input the raw data for

computer analysis. Initiated as a time-saving step, the decision to integrate the input of data into the curriculum for this statistics class actually caused much delay and some loss of data. Participation had been offered on a volunteer basis, as a substitute for another class project, in hopes of garnering student enthusiasm and thereby, quality work. However, student adherence to instruction was very spotty.

The limitations of the undergraduate team became apparent during this period. There were no members of the group with sufficient knowledge of statistics to contribute to the analysis effort. All analysis was performed by the authors.

Results of the analysis and their possible significance were disseminated and discussed at the Saturday team meeting.

Secondary research was conducted during this same time period by all marketing students on the team as well as by selected marketing classes not directly involved in the competition. This research consisted mostly of on-campus library work though some research was carried out in-person at the dealer level. Again, the undergraduate team encountered great difficulty in discerning items which were appropriate for the topic at hand and those which were of little value.

February. Conclusions based upon the research data started being formulated. At this point the coordinator approached professors in the broadcasting and graphic arts departments to enlist their students for participation in the competition. In cooperation with a graphic arts professor, the authors, supervised an independent study section of undergraduate art students whose assignment would be to design and produce the newspaper, magazine, dealership pamphlet and billboard layouts for the oral presentation in April. It was agreed that the coordinator would address an advanced graphics class and try to recruit as many students as were interested. Twelve graphic arts students joined the team. Three later dropped and the remaining nine completed all assigned work.

The artwork was the most outstanding feature of the presentation and the conduct of the art students was professional and dedicated.

Six undergraduate broadcasting students were chosen to participate in an independent study section to design, cast and produce a 30-second video

commercial and a 60-second radio commercial for presentation to the GM judges in April.

The broadcasting students were thoroughly professional and showed great resourcefulness and imagination in the completion of their contribution to the competition effort.

March. In this month the treatise group began work on the treatise. Fifty-percent of the team grade in the competition was to be based on the quality of the treatise. General Motors had provided an outline for this 50-page document.

Successive attempts at compiling the research based on this outline failed. The undergraduate marketing team lacked the skills needed to transform separate pieces of research, secondary and primary, into a unified written interpretation. With the exception of the media plan, it became evident that the authors would need to write the treatise if it were to be completed by the program deadline.

Planning of the presentation was also begun during this time. Half of the competition points available were based on the quality of the presentation. It indeed transpired that our presentation received the highest rating. During Saturday meetings the presentation team members were urged to envision the arrival of the GM judging team; then the aim was to make the influence of the team felt for the duration of the judges' visit. Evidence of preparation and pre-planning were to be pervasive.

April. As stated, all sections of the project were completed in a timely fashion. The hour-long presentation in April was a multi-media event attended by approximately 100 faculty, students and administrators. The judging team was impressed by the amount of preparation evidenced and the quality of the art and video work presented.

The treatise and accompanying executive summary were shipped in time for the April 23rd deadline.

Major Problems

Several problems existed with the portion of the team composed of marketing students.

1) The method used to recruit students in the business school was the issuance of a blanket invitation to participate. It was anticipated that this would yield a participating population whose individual abilities were normally distributed. As it turned out, the distribution was more skewed to the right.

2) The independent study format of the project was too unrestricted for many students. They lacked self-direction and may have performed better in a more structured atmosphere.

3) Constructive criticism was not graciously received by the marketing students (as compared to art and broadcasting students). Much time was spent during group discussions with defensive posturing and hurt feelings.

4) Approximately half of the business students were members of the marketing fraternity which has been plagued by much infighting and power struggle. These clashes were carried over into the Saturday morning meetings causing them to be less productive than they might have been.

Other Problems

The only problem encountered with the broadcasting students was a direct result of not involving them at an earlier stage of the competition. The time pressure under which they were forced to operate caused anxiety which could have been avoided if the broadcasting students had started their involvement sooner.

General Motors was derelict on two counts: 1) in not providing background information which they had pledged during the introductory phase of the competition; and, 2) in delivering the automobile for research purposes one month after the promised delivery date. This caused delays in primary research. The Pontiac district manager was supposed to be our main company liaison. In fact, he never returned telephone calls and only once provided promised materials.

Recommendations

The authors believe that most of the problems involving the business students could have been avoided if recruitment methods had been different. The following are recommendations for future marketing competition efforts.

1) Publicity and student screening for team membership should begin as soon as a commitment to the competition has been made. In our case this means that student screening would have started at the beginning of December instead of the beginning of January.

Instructors should approach their best students to discuss the project requirements and recruit those students who show interest. Selectivity is absolutely necessary.

2) All interested students would then meet with the faculty advisor for the project and class meetings scheduled, previous to the actual start of the competition.

3) Graduate students should be actively recruited since it is assumed that their capabilities in the field of research would be superior to those of undergraduates.

4) Although 25 was recommended as the ideal team size by General Motors, we believe a larger team size would precipitate a more finished product. Five qualified graduate students, 10 undergraduates (as the team's "arms and legs"), 10 qualified art students and seven broadcasting students would have been optimal, in our opinion.

5) Although cooperation from the schools of fine arts and communication was generously and enthusiastically given, it should have been sought at an earlier stage and at a higher level. When the decision to undertake an interdepartmental project is being made, the chairs of the different departments involved should convene and discuss the level and structure of departmental involvement.

6) The interdepartmental approach is strongly recommended. Although proficiency in art and broadcasting was not supposed to be part of the judging criteria, the judges admitted to being very moved by the quality of the advertising executions presented. They made comments which suggested that, owing to the high caliber of artist execution, their regard for our presentation was greatly enhanced.

7) A team teaching approach, drawing upon the expertise of various marketing faculty members in such areas as research and advertising, might enhance the project end-product and reduce the stress experienced by a single faculty advisor and a single team coordinator.

Experience gained in this event was ranked by every participant as very valuable. Art and broadcasting students augmented their portfolios not only with very commercial work but with certificates of involvement from General Motors. Marketing students (who also received certificates) gained not only realistic experience in marketing but an interesting life experience as well.

ENTREPRENEURSHIP: BUSINESS PROPOSALS AND
"EXPERT" JUDGES - INTEGRATION AND APPLICATION OF KNOWLEDGE

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OVERVIEW

Corporate executives, Small Business Development Center consultants, local entrepreneurs, and financial experts were introduced as judges of student business proposals in an entrepreneurship class. The inclusion of "outside" experts served to provide a more realistic assessment of the business proposal while underscoring the importance of communication, organization and self-discipline to the student. In addition, students began to understand that the application and integration of knowledge from various disciplines was crucial to the success of their proposal.

INTRODUCTION

Integration and application of knowledge to specific marketing problems are vital and most desirable objectives that various educators would like to see students achieve. Although good objective examinations may assess knowledge acquired, few adequately measure the application of knowledge and even fewer address the integration of various disciplines. As a capstone course, Entrepreneurship offers considerable opportunity to redress these shortcomings and provides the student with an opportunity to display creativity and ingenuity while integrating knowledge acquired from various disciplines. The major vehicle which brings about this opportunity is the business proposal. The course requires that the student develop, justify, and defend the business proposal to both peers and outside experts.

METHODS

Two different textbooks were required in this course, one emphasized a classical text approach and the other a hands-on approach. In addition, an unusually heavy load of reading was required during the first 8 weeks of class. Fully 70% of the text material was covered before mid-term with a simultaneous emphasis on developing both a screening guide and the first draft of the business proposal. Three essay exams were developed to assess the student's knowledge of the text material. The screening guide was due at the end of the fourth week and the rough draft of the business proposal was due at the end of the eighth week (before spring break). These early deadlines provided some room for false starts and prodded the student into searching for information at the onset that may have taken some lead time to acquire. The business proposals were judged during the last four (4) weeks of class by a panel composed of three "outside" experts...the type of experts one would normally have assess the business proposal. They included:

- 1) consultants from the Small Business Development Center at the university,

- 2) a banker experienced in the evaluation of business proposals, and
- 3) a local entrepreneur, or possible investor in new ventures completed the team of judges.

Each judge completed two evaluation forms that were later given to the student after the interviewing process. The students were expected to field questions pertaining to their business proposal as one would in a "real" situation. The judges were free to ask any questions and then give a brief synopsis of their evaluation orally. This allowed the student to receive immediate feedback. In addition, it provided an opportunity for the spectators (other students in class) to match wits with the "experts" and improve their decision making skills by assessing their classmate's projects.

DISCUSSION

Students profited perhaps the most in observing that all members of the panel, regardless of their background/expertise often had converging opinions on vague or erroneous assumptions, overly optimistic forecasts, and the overall feasibility of the business proposals. The "expert" panel of judges provided a realistic assessment that was at times simultaneously encouraging (i.e. good idea) and brutal (i.e. financial plan needs a great deal more work or assumptions are "too rosy"). This type of honest evaluation allowed the student to see both what was good in the plan as well as deficiencies that must be overcome in order to attract venture capital. Perhaps one of the most positive outcomes was the opportunity of the community members (bankers, investors, and local entrepreneurs) to participate and share their font of knowledge with the university students. In addition, the generous support of the consultants in the SBDC provided a much needed anchor on each team. The diverse viewpoints of the panel, on some occasions, enabled students to see the importance of understanding and writing for your target audience. Though marketing academicians may belabor the point of the needs of the target market through a variety of classes, it is a lively exchange of perspectives that often triggers insight in students. This approach to teaching entrepreneurship, while demanding the integration of knowledge from diverse disciplines also provides a "final test" preparation for senior or graduating students.

Author's Note:

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A NEW PRINCIPLES OF MARKETING DELIVERY SYSTEM

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ABSTRACT

This is a descriptive report on the pilot offering of a new design for an introductory marketing course which attempts to address (1) the growth within the discipline which has expanded the content to be covered in such courses, (2) the increased risk and complexity of marketing decision making which is requiring a more experientially-based pedagogy, and (3) the increased demand for business options that has made it difficult to hold the line on class size.

BACKGROUND

In recent times, the dynamics in the field of marketing have become particularly significant. In addition to the information explosion occurring in all business disciplines, marketing educators must cope with the widening scope of marketing applications as well as the increasingly pivotal role marketing plays in the strategic planning process in organizations. The rapid growth in the use of marketing concepts in not-for-profit and service organizations is now accompanied by an increasing emphasis on international marketing issues. Also, deregulation of several key industries, an increasing focus on entrepreneurship, and a myriad of new technological applications have thrust marketing into the forefront of business activity.

If these changes were not enough to cause marketing educators problems, they are taking place at a time when there is pressure for the implementation of a more experientially based pedagogy. Simultaneously, schools of business are being challenged by rising enrollments and administrative pressures to keep within existing budgets. As a result, marketing educators are being asked to teach more material to more students using a more interactive pedagogy while staying within the confines of standard budget limits and the traditional three-semester-unit course in basic marketing.

In an attempt to address this complex problem, the marketing faculty at California State University, Fresno (CSUF), undertook the task of redesigning its Principles of Marketing course. This course was selected because it is the only marketing course in the CSUF business core required of all business students. The result was a four-semester-unit class which could be offered with large enrollments, could be team taught, and included a lab component to meet the need for more experiential learning.

The following paper identifies the needs which support the politically sensitive issue of increasing the number of required units in the

business core, outlines problems which led to the new course design, covers the educational concerns addressed by this design, and describes the pilot effort complete with feedback from students and faculty.

THE CHANGING ENVIRONMENT

All business disciplines can point to an information explosion which has expanded the material to be covered in the classroom. However, few face a problem of the magnitude that exists in the marketing discipline. For proof, one only has to look at the titles of texts available today compared to those available ten or more years ago. Older texts used operative words such as "principles", "fundamentals", or "concepts". More recent texts demonstrate the need to go beyond the teaching of concepts by adding words such as "applications", "strategies", "decisions", and "practices". An examination of these more current texts indicates that marketing educators are faced with an expansion of knowledge as well as an expansion of marketing applications.

Growth of the marketing discipline has been accompanied by a new prestige in many businesses and organizations. More and more traditional business firms are adopting a marketing orientation in the corporate planning efforts. As a result, the scope and jurisdiction for marketing decision making has been expanded from the narrow operational concerns of a functional department to the strategic planning issues affecting the entire firm. Marketing managers must cope not only with the effective operation of marketing activities, they must assist in the strategic planning of the entire organization as well as manage the integration of marketing activities into these strategies. Business Week, Fortune, and Harvard Business Review have all carried articles in the past year to inform their readers of the new role of marketing. This modern focus creates a need for a greater integration of business disciplines within the marketing classroom. Future marketing managers will be called on to understand how business disciplines are interrelated and will be expected to know how to deal with those interrelationships in a decision making and strategic planning arena.

In conjunction with the expanded role of marketing within the organization, new orientations have led to further applications of marketing. The most important of these orientations include:

1. International (Global) Orientation. More firms are dealing in international markets and facing increased competition from foreign companies in both domestic and international markets.

2. Not-for-Profit Orientation. Few areas have seen a greater growth of marketing in recent years. One value of this orientation is the appeal marketing has for students majoring in such non-business areas as recreation, fine arts, political science, and health sciences.

3. Service Orientation. As the economy becomes more service oriented, special attention must be paid to the unique nature of service marketing.

4. Entrepreneurial Orientation. The "rebirth" of entrepreneurship on university campuses requires schools of business to address one of the major problems facing the practicing entrepreneur; marketing.

5. Free Enterprise Orientation. Deregulation of transportation, financial services, and communications has thrust previously non-marketing oriented firms into a highly competitive environment.

All of the above translates into the first of three major trends to confront the marketing educator. The content that must be taught in the marketing classroom has grown exponentially.

In addition to these expanded applications, a second trend marketing educators face is the fragmentation of consumer markets. Together, these two trends make the marketing decision process itself more difficult and subject to greater risk. To function in this more demanding environment, graduates will be called on to show their oral and written communication skills, their analytical and problem-solving skills, plus their interpersonal skills.

The current perception is that many business graduates do not possess these needed skills. For example, recent diagnostic tests of students in Quantitative Analysis I courses in the CSU and UC systems showed a mean score of 20.4 out of 45 at the intermediate algebra level. In addition, due to a perceived lack of writing ability, CSU, Fresno adopted a policy requiring writing competency as part of the evaluation for every upper division business course.

Therefore, the issue facing marketing educators is how to adopt a more experientially-based pedagogy in order to produce graduates capable of demonstrating application as well as possession of knowledge. Exposure to more experiential techniques is encouraged by Standard V of the American Assembly of Collegiate Schools of Business (AACSB). The Assembly also encourages the introduction of computer technology, which is becoming increasingly available to marketing educators.

A third trend in recent years has been an increased demand for most business options. Many schools find it is becoming more difficult to hold the line on class size, given the constraints on resources. A frequently mentioned solution is to fill a lecture hall. While this makes economic sense, it also results in less student-faculty contact. Although that environment may suit presentation of concepts, principles, and terminology; it simply is not conducive to development of individual decision making and problem solving skills.

The basic marketing course, at most universities, is required of all business students. Thus, the course serves as a source of recruitment for majors and as the sole exposure other students may have to the field of marketing. This highlights an important concern for marketing educators; how to meet budgetary constraints and still have a comprehensive course that develops enthusiasm for the discipline of marketing.

It is evident, when one combines the environmental changes outlined above, the net result is a troublesome set of circumstances for marketing educators. Figure 1 summarizes the problems the marketing faculty at California State University, Fresno saw evolving from this set of circumstances. The new course design was based upon these identified problems. Figure 1 also previews the design solutions that were adopted.

Figure 1

REDESIGNING THE PRINCIPLES OF MARKETING COURSE	
Design Problems	Design Solutions
Cover more material in a basic marketing course	Covert traditional three (3) unit lecture course into a four (4) unit course
Expose students to more experiential teaching techniques	Include an applications laboratory for cases, simulations, and problem-solving activities
Integrate concepts from other business courses	Require the use of interdisciplinary concepts in the lab assignments
Expose students to the use of technology	Incorporate the use of technology in the lab activities
Retain good student/faculty interactions	Insist on faculty conducting the limited enrollment (20) labs
Work within confines of budget restrictions	Use large-class format (120) for lecture sessions.
	Use team teaching to make best use of faculty time/talent

THE DESIGN

The first design issue was to find a means to expand the content of the basic or introductory marketing course. The choice selected was to expand the traditional three-credit-unit course into a four-credit-unit course; one component of which would be an experiential lab. Students would attend three weekly lecture sessions, each of which are fifty minutes long. In addition, they would attend a two-period lab for a total of five class periods each week. This format made it possible for an instructor to cover more material per week.

The school's traditional, three-credit-unit course had typical enrollments of about 40 students. To increase the number of students served, lecture sessions were scheduled into a classroom which would accommodate as many as 120. However, to maintain student-faculty contact, labs were limited to a maximum enrollment of 20. The net result was greater student-faculty contact since labs were the personal responsibility of the faculty. Graduate assistant coverage, so common for quantitative or computer labs, was specifically rejected as inappropriate. Since each class of 120 students called for six labs, further efficiencies were achieved by employing a team-teaching approach. With two faculty, each person was responsible for half the lectures and three labs. The work load for each assignment, at CSUF, is 3 work load units for the lecture and 3.9 work load units for three labs.

The non-teaching team member took care of administrative details leaving the lecturing team member free to concentrate on the presentation of content. This division of labor also permits each person to capitalize on the academic strengths each has. Students are given a variety of presentation styles. And, the collaboration and synergism between two colleagues tends to result in a higher quality performance. Of course, this is also a function of the fact that more time can be devoted to preparation since there are fewer lectures for each to present.

THE LABS

The nature of the lab component in this introductory marketing course was different than most of the labs offered in the CSUF business school. Many of the labs found in statistics, finance, and accounting are adjuncts. In other words, professors teaching the course need not be present in a lab where students are using equipment to solve problems assigned as homework. They commonly have "open" attendance policies and are a way of insuring that students complete their application assignments. These labs are commonly staffed with student or graduate assistants who simply aid students who have problems completing their assigned homework.

In contrast, the marketing applications labs being discussed here were designed as an integral part of the course to address the following educational needs:

1. To involve students more directly in their own learning process.
2. To integrate the business concepts learned in other classes.
3. To promote an appreciation of the importance and relevance of the lecture material by demonstrating the relationship between classroom theory and business practice.
4. To develop skills which can be used in the more advanced business courses.
5. To provide greater opportunity for the development of both written and oral communication skills.
6. To develop the students' analytical and problem solving skills.

In order to address these needs, specific learning objectives were identified and specific learning experiences were selected as outlined in Figure 2. The learning activities selected were lecture, business simulation, case, individual and small-group presentation, written report, outside reading assignment, weekly quiz, and the use of team assignments. It was the design of the course, as shown in Figure 1, which permitted the application of the pedagogy summarized in Figure 2. Traditional lecture-discussion or straight lecture could not be used to attain the educational objectives described in Figure 2.

Lectures were used in the traditional manner to reinforce the students' reading and to enhance their learning by providing current examples illustrating the application of marketing principles. Because the large lecture, which lacks extensive interaction, tends to lull students into a false sense of security, a series of weekly quizzes were

given to encourage students to keep up with their reading.

Figure 2

LEARNING OBJECTIVES, ACTIVITIES, AND REACTIONS		
LEARNING OBJECTIVES	LEARNING ACTIVITIES	STUDENTS' SCORES*
Learn to identify problems and establish a process for determining possible solutions	Cases (primary) Simulation (secondary)	8.1
Learn to integrate finance and accounting data into marketing decision making	Simulation (primary) Cases (secondary)	7.1
Reinforce text readings	Quizzes (primary) Outside readings (secondary)	8.1
Expose students to marketing literature and library resources	Outside readings (primary) Library lab (secondary)	7.0
Improve oral communication skills	Oral presentations	7.4
Improve written communication skills	Case reports (primary) Readings reports (secondary)	7.4
Develop an appreciation for the importance of co-operation	Team assignments (primary)	7.4
Develop a spirit of competition	Simulation (primary) Teams (secondary)	7.7

*Indicates student assigned score based on extent to which they felt the activity contributed to the accomplishment of the stated objective on a scale of 1-10 (10=High to 1=Low)

A semester-long, computer simulation was selected as a team assignment aimed at teaching the use of cost, financial, and marketing research data in making marketing decisions in a dynamic environment. Teams were required to develop a strategic plan for the simulation and produce financial statements and ratios from the decision results they received. This emphasis on integrating the knowledge gained in other courses was one of the key values of this experience. In addition to improving analytical skills and decision making techniques, the team concept represented an attempt to develop a spirit of competition as well as an appreciation for having to work toward a common goal with people who may have little else in common. To stress the importance of this co-operation, a portion of each student's grade was based on a peer evaluation of their contribution to the team effort. The simulation culminated in an "activity log" which contained all the firm's decisions, rationales, predictions, justifications, records, and a report to the next management team indicating what the relaying team had learned.

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While case analysis is used extensively in many upper division marketing classes, its use in

introductory courses is often limited. Students in these marketing application labs were required to complete an analysis of six cases, some of which were individual while others were team efforts. Video cases were also included to provide extensive background into marketing problems faced by "real world" firms. These cases provided students with an opportunity to develop their problem solving and opportunity analysis skills, practice oral and written communication, and experience group involvement and interaction.

Students were also required to prepare two written reports on the application of marketing principles in today's business world. These applications were drawn from readings in current periodicals and professional journals. Oral presentations provided the entire class with additional examples and an opportunity for students to further develop their communication skills.

Other activities included one lab session devoted to an introduction to the use of library facilities, specifically for marketing research. A portion of another session was devoted to exploring career opportunities in marketing and some tips on effective career preparation. Finally, portions of several labs were used to review exams so that students could obtain maximum benefit from the examination process. It should be noted that an attempt to integrate computer technology ran into problems because of a lack of current computer facilities. The building of a new business school designed specifically to accommodate labs in the near future will alleviate this problem.

Individually, these activities have all been used in other classes. ABSEL has encouraged the use of and developed many experiential exercises for many years. However, it is the combined lecture/lab format, its faculty staffing, and its mix of learning involvements in an introductory class that make this a unique attempt to provide a truly basic integrative and experiential learning experience. It provides a more realistic coverage of the marketing discipline for all business students and a richer beginning experience for the marketing major.

THE REACTIONS

The pilot effort produced reactions from three groups; administrators, participating faculty members, and the students themselves. These reactions indicate the perceived value of this effort and provide some input for improving its design and delivery. A post survey was conducted to solicit the students' reactions to this experience. Specifically, they were asked to rate each class activity on a scale of 10 and comment on the extent to which they felt its stated objectives were accomplished. Summarized results from that survey are presented in Figure 2.

As the scores indicate, the overall reaction was positive. In fact, over 50% of the students gave each activity a score of eight or above. Written comments associated with these activities indicated that the usual problems were experienced with the team oriented tasks. However, there was definitely a feeling of competition and cooperation which resulted in a generally positive overall

experience. The activities which required extensive individual effort were not perceived as positively. These activities included individual presentations, reports, library research, and the preparation of financial information for the simulation. The two activities which appeared to best achieve their objectives were the quizzes and the cases. Students had a love-hate relationship with the quizzes but did realize that their ability to gain from the lectures was enhanced by this forced preparation. The cases generated substantial support with respect to teaching and illustrating problem solving and opportunity recognition. Students who began the semester in a daze, completed the course feeling confident they were now prepared for more advanced work.

Finally, the students were asked to rank the five major learning activities in terms of how well they contributed to the student's learning. The students ranked the lecture first, the cases second, the quizzes third, the simulation game fourth, and the outside readings last. Unfortunately, most students tend to view only the familiar methods as positive. They also tend to view what they have learned in terms of the short run. The principles of marketing were primarily learned in the lecture. However, the value of what they learned in terms of library research, cooperation, decision making, competition, and integration will not be realized until later on in their college and business careers.

There were three circumstantial factors which may have an impact on these student perceptions. First this pilot effort was implemented with very little lead time. As a result, most of the students were assigned to this class rather than choosing to participate. This was compounded by the fact that this was the only four-unit introduction to marketing class offered during the pilot semester. All other business students were able to satisfy their marketing requirement by enrolling in a three unit class. Second, the G.P.A.s for students in this class ranged from a high of 4.0 to a low of 1.0. The average was 2.5, which is below the mean for the school. The third factor was a large number of foreign students with language difficulties. They typically try to avoid classes such as this.

Reaction on the part of participating faculty was very positive. The gains from team teaching discussed previously were all realized. Increased student contact within the labs resulted in a better understanding of student needs and permitted more individualized attention. Lecture materials were expanded and sufficient time was available for more extensive treatment of new marketing applications. Such positive results, however, come at a price. It was obvious from the outset that substantial set up and lead time is required to prepare the course. While lecture time was reduced, it was more than offset by the additional contact hours required to handle three, two-hour labs per week. Also, lab exercises and activities require more time to design, implement, and evaluate than do lectures. Team teaching also requires some additional time for consultation and for coordination of effort. However, offsetting this additional time commitment was the feeling of being involved in something worthwhile and important.

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AN APPROACH TO DISCUSSING PRODUCT LIABILITY IN A BEGINNING MARKETING COURSE

Craig A. Kelley, California State University, Sacramento

ABSTRACT

It is generally acknowledged that the legal environment influences marketing decisions. However, a discussion of product liability may be overlooked in a beginning marketing course. This paper reviews the various legal theories of product liability and relates their application to the marketing mix.

INTRODUCTION

The legal environment of marketing can have profound effects on marketing activities. For this reason, marketing students should become aware of the legal doctrines that are relevant to marketing activities. Since only about 8% of university marketing departments offer a course in the legal aspects of marketing in their curriculum (Kelley and Brown 1986; Murphy and Lacznia 1980), the beginning marketing course would be one place to provide this discussion.

Product liability is an area of law that can have a major impact on marketing strategies and consumer choice. Yet many of the marketing textbooks positioned toward a beginning marketing course do not mention the legal remedies possible in product liability actions (Kelley and Brown 1986). The billions of dollars in liability claims filed against A. H. Robins (Dalkon Shield IUD) and the Manville Corp (asbestos), and the exodus of competition from the manufacture of diphtheria, tetanus, and pertussis (DPT) vaccine support its inclusion in a discussion of the legal environment (Fortune 1986).

Several reviews of specific product liability implications of marketing decisions already exist in the marketing literature. For example, Morgan (1982) discussed the liability concerns of the promotion, product and distribution decisions of a single firm. The product liability implications of personal selling (Morgan and Boedecker 1980) and advertising (Morgan 1979) also have been examined. Intra-industry liability has been addressed by Sheffett (1983) and Roedecker and Morgan (1986). However, a synthesis of all of the product liability areas does not exist in the literature. Furthermore, the educational perspective has not been explicitly presented. The purpose of the present paper is to correct these shortcomings by integrating the various product liability theories and discussing their application to the marketing mix.

IMPORTANCE OF PRODUCT LIABILITY

Although the legal doctrines of product liability are not new, many businesses have only recently acknowledged the magnitude of the impact that these doctrines have on their marketing decisions

(McInturff 1981). Marketers have responded to this heightened level of liability awareness by redesigning or dropping product lines, raising prices, educating consumers, and lobbying for state and federal liability reform legislation. Sometimes the response has been successful as in the case where industry-wide training standards and improvements in product design reduced injuries resulting from exploding truck wheel rims by 80% (Fortune 1986). In other cases, the response has hurt American business. For example, the decision to drop a product line has left foreign competition as the sole provider of some products.

Business students, and specifically marketing students, need to be made aware of product liability developments and how a firm might deal with these developments, if they are going to learn to incorporate liability risk into decision-making. This awareness begins with an understanding of the basic theories of product liability.

PRODUCT LIABILITY THEORIES

Product liability cases usually involve physical injuries to consumers, but may involve property damages. Negligence, strict liability, breach of warranty, and misrepresentation are individual firm liability theories that may be applied in cases where the cause of an injury can be traced to the actions of only one firm at a given channel level. Intra-industry theories -- alternative liability, concert of action, enterprise liability and market share liability -- may be applied in cases where the cause of an injury is traced to two or more possible firms at the same level in a channel of distribution. Constraints on paper length preclude a comprehensive legal discussion of each of these theories together with a detailed review of case law as offered in the articles referred to earlier. However, a synopsis of each liability theory is highlighted below.

Individual Firm Theories

Individual liability theories are rooted in contract and tort law. Breach of warranty is a contractual theory that could involve an express or implied warranty. Express warranties are specific statements, either oral or written, made concerning the qualities of a product. An implied warranty of merchantability (i.e., that the product will perform the functions for which the product is normally used) is part of any sales transaction according to the Uniform Commercial Code. A breach of warranty occurs when the warrantor does not satisfy the duties required under the warranty.

Tort law is the other area involved in product liability cases. Generally, there are three burdens of proof placed on the plaintiff when a tort

is involved. The plaintiff must show: (1) there was a defect; (2) the defect was attributable to the defendant; and (3) the defect was the proximate cause of the injury (Noel and Phillips 1981). One additional condition was necessary for a legal action to take place prior to and immediately after the turn of the 20th century. This was the rule of privity. Privity existed between only those parties who had direct contact with each other. Since many products moved from manufacturer to retailer to consumer, there was no way for the consumer to sue the manufacturer because no privity existed between the consumer and manufacturer. Hence, there were comparatively few product liability actions brought against manufacturers. This changed in MacPherson v. Buick (1916) when the decision was made to reject the rule of privity and allow "a remote manufacturer" to be held negligent. It was then possible to bring a tort action against anyone in the distribution channel.

Negligence is a breach of duty to exercise reasonable care in the design, labeling, packaging, distribution and promotion of a product when it is within the control of the marketer. In essence, a marketer can be negligent in developing all aspects of the marketing mix except price. For example, salespeople can be negligent in not fully disclosing the characteristics of a product and advertisements can be negligent by creating unfulfilled product design responsibilities.

Strict Liability is liability for injuries caused by defective products placed on the market. Product defects can occur in the design and quality of the product (e.g., safety shields) or in marketing communications (e.g., labels, warning messages, and advertisements). Since negligence on the part of the marketer is not involved, the issue in a strict liability action is the adequacy of the design, label, warning, or advertisement.

Strict liability does not imply absolute liability. The plaintiff is still responsible for the burden of proof discussed previously. However, product design cases may differ somewhat in that once the plaintiff has shown that the design was the proximate cause of the injury; the defendant may have to prove that the benefits of the product's design outweighed the risks of the design (Barker v. Lull Engineering Co., Inc. 1978).

Misrepresentation is liability for injuries caused by reliance on false statements concerning the nature or quality of a product. Misrepresentation is a tort arising from salesperson or advertising claims that are more than product puffery. To date, a finding of misrepresentation has only held when a large number of buyers are involved. However, misrepresentation is still developing as a separate theory and marketers must keep abreast of any changes in its application.

Intra-industry Liability Theories

The individual theories of product liability discussed in the previous section require the plaintiff to identify the defendant whose defective product caused the injury. What if the plaintiff is unable to make a positive identification because the products of all manufacturers in an

industry are the same (e.g., generic products)? Furthermore, what if the identification problem is made more difficult by an extended period of time between the consumption of a product and the discovery of an injury? These questions are addressed by the intra-industry tort theories. Marketers need to consider these theories when making marketing decisions since there is a trend toward more joint efforts in industry-wide testing, design and promotion of products.

Concert of Action is joint liability where two or more participants in an activity may be held jointly and severally liable for an injury resulting from the activity, even though each did not directly cause the injury (Bays 1981). In product liability cases, concerted action may be found when manufacturers collaborate in: (1) testing or marketing products; (2) lobbying; or (3) creating industry standards or warnings (Mallor 1981). An advertisement sponsored by a state dairy council would be an example of a concerted action.

Alternative Liability differs from concert of action in that only one defendant caused the plaintiff's injury. It is applied in cases where the individual actions of two or more defendants cannot be separated and the theory shifts the burden of proof to the defendants to show that they did not cause the injury (Summers v. Tice 1948). In product liability cases, alternative liability may be found when only two or three defendants are negligent in their marketing activities. This theory has not been extended beyond a few defendants presumably to avoid penalizing firms where there was only a remote chance they could have caused the injury.

Enterprise Liability is essentially an extension of alternative liability. It would be applied in cases where the plaintiff proves that there is a "high probability" that one of a few defendants were negligent in marketing the product which caused the injury (e.g., in Hall v. Du Pont de Nemours & Co., Inc. 1972, there were six manufacturers). Again, the burden of proof under enterprise liability is shifted to the defendants to show that their product did not cause the injury.

Market Share Liability may be applied in cases that involve many defendants whose individual product offerings cannot be identified. Under this theory, each defendant would be liable for a proportion of damages awarded equal to his market share unless he could prove that he did not produce the defective product that caused the injury (Sindell v. Abbott Laboratories et al. 1980). The Sindell case was one of thousands that alleged Diethylstilbestrol (DES) caused cancer. DES was a prescription generic drug that prevented miscarriages but was found to cause cervical cancer in female offspring of mothers who took the drug while they were pregnant. The identification issue was confounded by the fact that there were over 200 potential defendants (some of which had gone out of business) and the length of time between consumption of the product and the discovery of the injury (10 to 12 years).

It is too early to tell whether the Sindell decision will be applied by all of the states since many unanswered questions of the decision have yet

Distribution

Since the Macpherson v. Buick decision all channel members may face some liability under the individual firm theories. It is less clear whether the intra-industry theories would apply vertically within a channel as well as horizontally. However, it is important to note that a product liability action may seek redress under a combination of individual firm and intra-industry liability theories.

Price

A case that has involved the liability of a price decision could not be found. It could be that many liability theories are still developing and have focused on more tangible aspects of the marketing mix. However, students may be asked to speculate on the liability of price decisions to complete the liability concerns of the marketing mix discussion.

CONCLUSION

Product liability is an important area of the legal environment. However, this topic is not covered in many marketing textbooks positioned toward a beginning marketing course. Through personal experience, the approach presented above has resulted in a lively discussion of the product liability implications of marketing decisions. In all cases, the individual instructor could do some additional reading of articles dealing with separate liability theories. The discussion may be capped by brainstorming about future product liability developments and a final question; what remedies are fair to marketers and consumers? discussion.

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DISCUSSING ANTITRUST IN A BEGINNING MARKETING
COURSE: A SUGGESTED APPROACH

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ABSTRACT

The Federal antitrust acts are usually discussed in a beginning marketing course. However, most marketing textbooks positioned toward a basic marketing course usually do not discuss these acts in enough depth for the student to understand what marketing activities are effected by the acts. This paper summarizes the antitrust acts and evolution of judicial standards in selected areas of antitrust. The paper also highlights antitrust application to marketing decisions and suggests questions to stimulate class discussion.

INTRODUCTION

The Federal antitrust acts can have profound effects on marketing decisions. Some recent examples of this influence include the opposition of the Federal Trade Commission to the acquisition of 7up by Pepsi Co. and Dr Pepper by Coca Cola. Yet many marketing departments do not provide their students with the opportunity to discuss the depth and breadth of the antitrust implications of marketing in a separate course of the legal environment of marketing (Kelley and Brown 1986; Murphy and Lacznia 1980). The beginning marketing course is one place that this discussion could be incorporated.

Most of the beginning marketing textbooks positioned toward a beginning marketing course introduce the antitrust acts, but only occasionally address the details of how the acts apply to marketing decisions. Although instructors of basic marketing courses may supplement the textbook material with one or more of the several articles that have been published on selected aspects of antitrust (e.g., Cady 1982; Garfield 1983; Ostrom, Kelley and Jackson 1986; Scammon and Sheffet 1986; Sheffet and Scammon 1985; Werner 1985), the amount of information contained in these articles may overwhelm someone without a background in the legal environment of marketing.

The purpose of the present paper is to correct these shortcomings by: (1) reviewing the antitrust acts; (2) highlighting the evolution of the judicial standards in selected areas of antitrust; and (3) suggesting a way of discussing antitrust in a beginning marketing course. The paper is not intended to be pedagogical. Rather, the paper provides additional information that may supplement an instructor's discussion of antitrust.

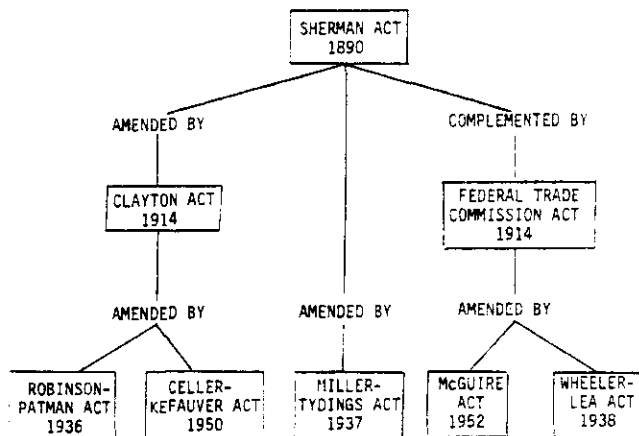
AN OVERVIEW OF THE ANTITRUST ACTS

All of the Federal antitrust acts are concerned with market power and restraint of trade. Figure 1 illustrates how the antitrust acts are related.

Selected sections of the Sherman, Clayton and Federal Trade Commission (FTC) Acts form the basis of most of the antitrust litigation. Section 1 of the Sherman Act states that monopolies and conspiracies are illegal where the result is to lessen competition. Section 2 of the Sherman Act addresses attempts to monopolize by an individual firm or a combination of firms.

FIGURE 1

RELATIONSHIP OF ANTITRUST LEGISLATION



The Sherman Act has been amended by the Miller-Tydings and Clayton Acts. The Miller-Tydings Act exempted interstate fair trade laws from federal antitrust enforcement. The Act was later repealed by the Consumers Goods Pricing Act (1975). Section 3 of the Clayton Act expressly prohibits tying arrangements. Section 2 of the Clayton Act (i.e., the Robinson-Patman Act) forbids price discrimination among buyers of goods of "like, grade and quality." Comparatively few actions have been brought under the Robinson-Patman Act in recent years as the Act was written primarily for the conditions which existed in depression-era agricultural markets. Section 7 of the Clayton Act (i.e., the Celler-Kefauver Act) prohibits stock and asset mergers where the result was to lessen competition.

The Sherman Act is complemented by the FTC Act. The FTC Act seeks to correct all unfair business practices that substantially reduce competition. The Act is usually applied in cases where there is not an exact fit between the Sherman or Clayton Act and the alleged anticompetitive business practice being reviewed.

The McGuire Act and Wheeler-Lea Acts amended the FTC Act. The McGuire Act dealt with nonsigner provisions of interstate fair trade pricing programs. This Act also was repealed by the Consumer Goods Pricing Act (1975). The Wheeler-Lea Act strengthened the FTC Act by making unfair methods of competition and deceptive business practices unlawful.

JUDICIAL STANDARDS IN SELECTED AREAS OF ANTITRUST

A comprehensive review of all of the areas of antitrust (e.g., patents, mergers, etc.) would require a paper of considerable length. Therefore, this paper will discuss only the areas that have direct implications for the marketer: the monopoly problem; horizontal restraints; and vertical restraints. This section provides a brief trace of major court decisions that have resulted in the present judicial standards in each area.

The Monopoly Problem

The monopoly problem includes established monopolies and attempts to monopolize. Cases that have dealt with the existence of monopoly power are more prevalent than attempt to monopolize cases. The evolution of a judicial standard in monopoly cases began with Standard Oil Co of NJ (1911) and American Tobacco Co. (1911). In both cases, the Federal government argued unsuccessfully that Section 1 of the Sherman Act literally meant all restraints of trade were illegal. However, the Supreme Court (hereafter referred to as the court) decided that the Act only meant unreasonable restraints. This rule of reason standard was clarified in U. S. Steel Co. (1920) when the court held that mere size was not enough to prove a monopoly existed, a firm had to take overt action to achieve monopoly power.

Later, the judicial standard was changed to one that emphasized market structure and apparent market power as evidence of a monopoly position (Alcoa 1945). The Alcoa decision was important in that monopolies were presumed illegal and the burden was shifted to the defendant to show it had not abused its position or that its position was the result of "superior skill, foresight and industry." The interpretation of this decision clearly indicates that more than monopoly power alone was necessary to violate Section 1 of the Sherman Act. The behavior of the monopolist had to be instrumental in keeping its monopoly position. The Alcoa standard was reaffirmed in United Shoe (1954) where the decision stated that a causal link had to exist between conduct (by itself not illegal) and the continuance of monopoly power.

In judging monopoly cases the court must determine whether a firm possesses monopoly power and

whether the power is significant. Monopoly power depends on the price elasticity of the product where elasticity is a function of the availability of substitutes. In Cellophane (1956), the court addressed the power issue by focusing on the question of in what product market should power be measured (flexible wrap versus cellophane). In Grinnell (1966), the court focused on the geographic market (national versus local) as the measure of market power. However, the court in the Grinnell decision apparently realized that product and geographic markets are inter-related since the standard that emerged from the Grinnell decision is monopoly power in a relevant market (composed of the product and geographic markets) plus some purposeful act to maintain the power which is not the result of a superior product or business acumen. Cases since 1966 have been judged relative to this standard.

Horizontal Restraints

Section 1 of the Sherman Act also addresses conspiracies to restrain trade. The most litigated horizontal restraint involves price fixing. The two essential points needed to prove competitors agreed to fix prices are (1) that there was an agreement and (2) that the agreement resulted in anticompetitive conduct.

In Interstate Circuit (1939), the court ruled that actions "beyond parallel action" were needed to show that there was an agreement. The action in this case was a letter of correspondence among motion picture distributors which suggested film rental prices be fixed. The decision that more than conscious parallelism was needed to infer an agreement was reinforced in Theatre Enterprises (1954).

Turning to the question of whether the agreement resulted in anticompetitive conduct, the court has always viewed price fixing with suspicion. In Trans-Missouri (1897) the court declared price fixing was per se illegal. This has remained the judicial standard, although some defendants have tried to use the argument that the fixed price was reasonable (e.g., Addyston Pipe 1898; Trenton Potteries 1927). A stronger per se standard resulted from the Socony Vacuum (1940) decision when the court ruled that the defendants did not have to possess the power to effect price. The per se illegality of the action could be inferred from the mere agreement to fix prices.

Concerted refusals to deal (i.e., boycotts) is another heavily litigated horizontal restraint. Boycotts also are covered by Section 1 of the Sherman Act and are per se illegal. The main issue in a boycott case is whether the boycott is in the industry's self-interest or is it designed to protect consumers. In Eastern States Retail Lumber Dealer's Association (1921) an illegal conspiracy was inferred from the agreement of the Association to exclude certain wholesalers from the retail market. However, the court stopped short of declaring all boycotts to be illegal. The decision indicated that only boycotts without justification should be illegal.

The per se standard was established in Fashion Originator's Guild of America (1941) when the court determined that the purpose of the Guild was

to eliminate competition by serving an extra governmental agency with the power to police and punish. The argument of the court was that the Guild's power could hinder the "freedom of traders," and therefore, should not be allowed.

Interpretation of the per se rule was softened somewhat in subsequent boycott cases. A movement toward allowing reasonable rules that are ancillary to the operation of a group or association can be found in the language of Associated Press (1945). In Klor's Inc. (1959), the court found that a boycott would violate Section 1 of the Sherman Act if there are less restrictive alternatives available that would achieve the same objective.

Vertical Restraints

Vertical restraints differ from horizontal restraints in that the former only involves the decisions of one organization (usually the manufacturer). However, vertical restraints have attracted a fair amount of antitrust scrutiny. Section 3 of the Clayton Act, Section 2 of the Sherman Act, and the FTC Act are applicable in cases involving vertical restraints.

Maximum and minimum resale price maintenance (RPM) programs have been ruled per se illegal. This is despite recent economic arguments that suggest the rule of reason would be a better standard. Possible reasons for implementing a minimum RPM program include the need to: (1) subsidize services offered by distributors; (2) police freeriders; and (3) recruit dealers for a failing firm. However, the potential reduction in intrabrand competition (i.e., competition between distributors of the same manufacturer's brands) which results in higher prices and the restriction of the freedom of traders argument are two reasons that the court continues to use in judging RPM programs.

Early on the court decided that individual manufacturers should not control the prices charged by independent middlemen and retailers. In Dr. Miles (1911), the court ruled that any restraint is invalid where the purpose is to destroy competition by fixing prices. In Albrecht (1968), maximum RPM programs fell under the per se rule even though a maximum price should stimulate intrabrand competition by keeping prices low.

The fact that the court has not looked at the economic arguments of RPM was most recently demonstrated in the Monsanto (1984) decision. Monsanto was found guilty of conspiring with its distributors to fix the price of its herbicides. The court acknowledged the right of the manufacturer to unilaterally suggest a resale price, but said it would be a violation if: (1) a distributor was terminated at the request of a competing distributor; and (2) the termination was designed to eliminate intrabrand competition.

The judicial standard in cases involving territorial restraints and exclusive distributorships is the rule of reason based on economic analysis (GTE Sylvania 1977). The rule of reason was originally set down in White Motor (1963), but was changed radically in the Schwinn (1967) decision to a per se illegal rule. The per se rule

was based on the argument that once title had passed from the manufacturer to someone else in the distribution channel, the manufacturer could not exercise any control over any of the conditions for its resale. The GTE Sylvania decision stressed the need to look at the economic effects of the restraints, such as the effect on inter-brand versus intrabrand competition.

Refusal to deal is another distribution decision that also has antitrust implications. In Colgate (1919), the refusal to deal with certain distributors was alleged to be a mechanism to enforce a RPM program. However, the court decided that a refusal to deal was presumed legal if the decision was unilateral. If there was an expressed agreement between the manufacturer and its distributors which restricts competition, then the refusal to deal would not be allowed (Park, Davis and Co 1960).

A final area of vertical restraints where there has been a significant amount of litigation involves the use of tying arrangements (i.e., tying the sale of one product to the sale of another product). Under the Clayton Act, tying arrangements involving goods are per se illegal. Tying arrangements that involve services are covered by Section 1 of the Sherman Act. In these cases, the standard is the rule of reason.

The argument that the seller is able to foreclose competitors from the tied good market if he has monopoly power in the tying good market is the basis for holding tying arrangements illegal (International Business Machines 1936; International Salt Co. 1947). However, this argument is faulty from the standpoint that it is not possible to get a second monopoly profit in the tied good market because consumers view tying arrangements as the purchase of only one product, not two.

In Jerrold Electronics (1960), the plaintiff was required to show that a tie existed and that the seller had economic power in the tying good market. Jerrold argued successfully that due to the technical nature of commercial television antennas, the requirement that the buyer also purchase a service contract was necessary to maintain customer goodwill. The court avoided the goodwill defense by declaring the sale of the antenna and service contract one product instead of two. Hence, there was no tying arrangement. In U. S. Steel Corp (1977) the court decided that U. S. Steel tied two products (prefabricated houses and credit), but it did not violate the law because it did not have economic power in the credit market (tied product). The end result of these cases was that the per se rule has not changed, but the issue of two products and proof of power has been added. In a practical sense, the judicial standard now stands as a "narrow" rule of reason.

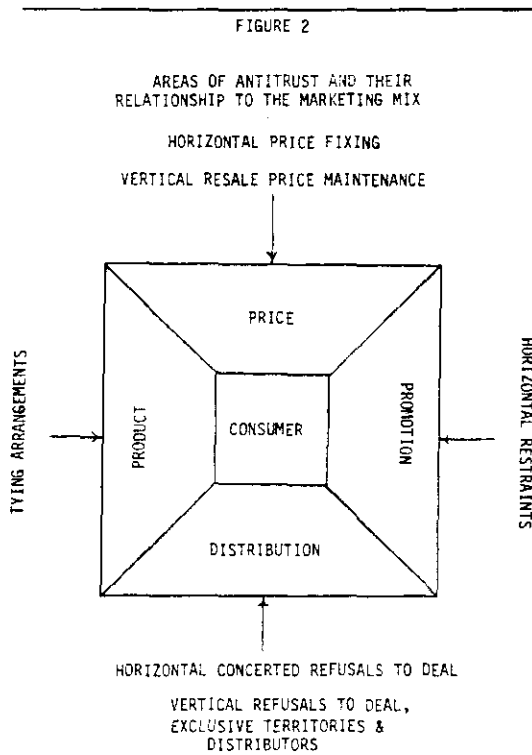
APPROACHING ANTITRUST IN A BEGINNING MARKETING COURSE

Typically, marketing textbooks cover antitrust in the chapter on the macroenvironment of marketing. This chapter usually appears early in the book. It is suggested that the antitrust acts be

presented after pricing and distribution have been covered. The reason is that a basic understanding of these mix variables is helpful in achieving a fuller understanding of the impact of the antitrust acts on marketing decisions. Hence, a resequencing of chapters may be necessary.

The monopoly problem is best presented as part of developing a marketing strategy since the issues correspond to a strategic level of decision-making. Many class discussion questions are suggested by the monopoly judicial standard. Starting with Alcoa, what does skill, foresight and industry mean? How much market share constitutes market power? What kinds of competitive behavior should be fostered and what kinds of behavior should be deterred? What kinds of remedies should be implemented if a firm has monopoly power? How practical is divestment as a remedy?

Figure 2 illustrates the potential antitrust problems of the marketing mix. As the figure illustrates, every element of the marketing mix has potential antitrust problems. For example, in the area of promotion, recent prohibitions of profession to advertising have been eliminated through the antitrust acts (e.g., the result of the Bates v. Arizona (1977) decision was to allow attorneys more freedom to advertise). However, the selected areas of antitrust discussed in this paper have greater application to product, pricing and distribution decision. The antitrust treatment in these areas of the marketing mix, together with suggested discussion questions are highlighted below.



Product

A tying arrangement is an example of a product decision that could have antitrust implications.

The major issue that should be discussed is whether a tying arrangement constitutes one product or two. Supplement questions include: (1) what are the economic harms and benefits of a tying arrangement; and (2) what if the tied good is patented?

Price

Horizontal price fixing and maximum and minimum RPM programs are examples of pricing decisions that are per se illegal under the antitrust acts. In discussing horizontal price fixing, students may be asked what the remedy should be if an industry fixes prices. Is a monetary fine sufficient to deter price fixing or should people be held criminally responsible for price decisions?

Discussion of RPM may be approached by listing the benefits and harms of such a pricing program. Also, should RPM programs be judged on the rule of reason? If so, what is reasonable when it comes to setting a price that is not directly based on market conditions?

Distribution

Horizontal and vertical refusals to deal and vertical restraint decisions related to granting exclusive territories and/or distributorships also fall within the scope of the antitrust acts. In discussing boycotts, a question may be asked concerning how a freerider problem could be handled legally. Also, the students may be asked to speculate why reasonable and ancillary trade group rules may mitigate the potential of the group to abuse its power.

Several questions also become apparent when vertical restraints on distributors are discussed. For example, are unilateral decisions to terminate distributors really effective if no agreement (implicit or explicit) exists between the manufacturer and other distributors? What methods can a manufacturer use to police exclusive territories? Finally, what happens to the other elements of the marketing mix if vertical restrains on distributors are not allowed?

SUMMARY

Due to paper length constraints only an overview of the antitrust aspects of marketing could be presented. The marketing educator should add to, and update, the information provided in this article as s/he deems necessary. The essential point is that business students in general, and specifically marketing students, be exposed in more depth to the antitrust implications of marketing decisions. The basic course in marketing is the most logical place to provide this discussion.

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ABSTRACT

There are two related thrusts of this paper. First, is the suggestion that the inclusion of a large scale survey in the marketing research course has substantial pedagogical and practical benefits. The second idea, which builds upon the first, is that instructors of marketing research should form consortia to share data derived from surveys collected by consenting students. Each of these concepts is discussed and then a plan for their implementation is proposed.

RESTRUCTURING THE MARKETING RESEARCH COURSE

Virtually every instructor of marketing research complains about the difficulty of covering all the important subjects in a one quarter or one semester course. In order to provide students with hands-on experience in the research process most have used some version of the live-case or team project approach discussed by several authors (Browne 1979; Dandurand 1986; de los Santos and Jensen 1985; Dommeyer 1986; McCain and Lincoln 1982). But if we do a thorough job of teaching the steps that comprise the research process, then there is little time for students to do a complete research project. We often settle for small groups of students each developing a research design with perhaps a pilot data collection effort. Especially at schools using the ten week quarter, the students are rarely involved in a significant data collection effort.

When the live-case approach is used a problem which often surfaces during the later parts of the project is that students develop unrealistic research designs because they have never been exposed to the realities of data collection (Dommeyer 1986). How often have our students, after conducting several interviews, commented, "I wish I had some interviewing experience before I developed this questionnaire."

In response to these problems I propose a basic modification to the market research course:

At the beginning of the course students should participate in a structured large scale data collection and coding effort.

Benefits of the Modification

There are at least two major benefits to this approach. First is the experience and practical knowledge that come from being involved in a real rather than contrived data collection effort. No amount of lecturing can convey the problems involved in implementing a random sampling design in a shopping mall environment or teach student interviewers how to handle rejection in a personal interview situation. The time pressures, logistics and other problems associated with coordinating many interviewers simply cannot be simulated in a meaningful way.

The second benefit comes from doing the practicum in data collection before the other research steps. We currently teach the marketing research subjects in the order in which they are performed in practice. For helping students learn the substantial body of knowledge encompassed by marketing research this is probably a reasonable structure and is the sequence used in virtually all texts on the subject. However, for the experiential aspects of the course there are substantial benefits if we require students to be part of a team which conducts interviews and codes data early in the course.

This data collection experience will give added meaning to the other aspects of the course. Students who have dealt face-to-face or at least over the phone with dozens of recalcitrant respondents will be knowledgeable about respondents reactions to the length of the questionnaires and to sensitive questions. Students who have struggled with coding a batch of questionnaires will be especially concerned with decisions about whether questions are to be closed or open-ended. Having already been involved in real data collection, students will have much more insight, involvement, and motivation as they learn about defining the problem, establishing objectives, and designing the questionnaire.

Instructors who adopt this concept will still want to have students involved in experiential activities after they complete the data gathering and coding. Depending on the time available, students should be assigned individual or team projects which get them involved with the early steps in the research process including problem definition, research design, and ques-

tionnaire development. In a graduate level course or a one semester undergraduate marketing research course there may be enough time remaining to also have students conduct the data gathering, analysis, and report preparation tasks. However, as I suggested earlier, many of us who teach marketing research already cram too much into the course.

Other Time Saving Techniques

To ameliorate this time crunch problem I suggest an approach used by several television shows which provide instruction on how to prepare complicated gourmet meals. I call this the "Julia Child-Galloping Gourmet" approach. Julia mixes her ingredients, places them in an oven and in an instant a cooked version is ready to be garnished and served. We do not have to wait for the oven to do its work because a fully cooked version is waiting in the wings. The time consuming wait for the oven to do its work is eliminated. In a similar vein, aren't there some time saving sleights of hand we could use to compress the time taken in some parts of the marketing research process?

Several steps in the research process are very time consuming and could easily be shortened. The "cleaning" or editing of the coded data is often a substantial bottleneck in the process. The advent of user friendly Computer Assisted Telephone Interviewing (CATI) software offers a partial solution. For pre-coded questions these CATI systems eliminate the data editing step by generating a machine readable data file from each interview (Dandurand 1986). Although the time required to teach students how to use this tool may offset some of its time saving benefits, CATI is becoming a standard element in the data gathering industry and is therefore one in which our students should receive hands-on experience.

My other candidates for time condensing are the multiple revisions and pilot tests of the survey instrument. Certainly students need to understand the importance of pilot testing every questionnaire. But do they need to devote several weeks to this process? A refined survey instrument could be available as the class began.

But where would this ready made questionnaire come from so this data collection effort could start as soon as the students have been trained in interviewing techniques. Of course one option is for the instructor to prepare a viable survey instrument

based on his/her own research agenda. This has been done, but the practice of using students in our courses to collect our research data is often frowned upon by university administration.

In the following section of this paper, I present another option which may allow us to overcome some of the institutional problems associated with this practice. My proposal is that the responsibility for developing the questionnaire should be relegated to a marketing research consortia.

ESTABLISHING MARKETING RESEARCH CONSORTIA

Although there are many possible variations, the basic consortium concept is simple. Two, three, or more faculty from different institutions agree to have the students in their marketing research course collect data using the same questionnaire and research design. They then share the data which has been coded and put on floppy disks. These replicated data sets would then form the basis for jointly authored papers.

While marketing faculty often collaborate in the writing of research papers, we rarely coordinate our data collection efforts so that we have comparable results from different geographic areas. The potential benefits of replication are substantial (Mackay 1979; Ostheimer 1977). There would be larger data sets which could lead to more confidence in our results. We also would be able to compare results from different cities and regions. Perhaps most important would be the opportunity for extended interaction with another researcher on a subject of mutual interest.

Developing the Consortia Secretariate

My suggestion for a successful consortium plan would start with the establishment of a coordinating mechanism in the form of a secretariate whose objectives would be to stimulate the formation of marketing consortia and assist consortia in their research tasks. This secretariate would be established at an academic institution which is willing to provide some released time and support for a faculty member to manage the consortium concept for a two to three year period. An advisory board consisting of faculty and practicing marketing research professionals would also be created.

In its initial stage this

secretariate would focus on providing matching or brokerage services to interested faculty. Announcements about the service would be placed in targeted media such as the Marketing News and several marketing journals. The secretariate would also provide advice on how to operate the consortia. Once a consortium was established and its members had decided on a topic they would perform the following tasks:

1. Prepare a research design and survey instrument. Member faculty would meet to agree on a common plan for conducting the research. This effort would start early enough to insure that a pilot test could be performed with the questionnaire before the data collection phase.

2. Collect data in several geographic settings. Students in the marketing research course or some other student group at each consortium institution would administer the questionnaires to respondents.

3. Code and clean data and put on floppy disks. Students would code the data they collected. The faculty would be responsible for "cleaning" the survey data and putting it on floppy disks.

4. Share the data and develop research papers. Collaborative efforts would evolve from the previous activities. Papers which compared the results of surveys from several geographical areas would be the most likely output of this task.

Flexibility in the way each consortium operates would be essential. In several different situations the secretariate would facilitate the formation of consortia by matching faculty with similar research interests. Some consortia would start with a faculty member with a complete research design who would like to replicate the study in several areas. Another situation requiring a matching function would be a faculty member who teaches the marketing research course and is trying to develop a new research area.

The consortium concept may not be especially fruitful for faculty from the larger research institutions or those who already have established networks among their colleagues. However, it may be particularly appealing at universities which require a reasonably heavy teaching load but

still expect journal publications of their faculty.

A Broadened Agenda

After the secretariate has successfully implemented a few consortia a higher level of coordination could be considered. In this more advanced phase larger consortium teams could be formed to collect data on subjects suggested by the advisory board. To implement this broadened agenda for the secretariate the following tasks would precede the one which were described earlier:

1. Select topics for the year. The advisory board would be responsible for selecting three or more important topics. This would be similar to the annual list of research priorities which is developed by the Marketing Science Institute (Day 1979). Suggestions for hypotheses would also be made by the advisory board.

2. Develop surveys and code books. Working groups of three faculty would meet once a year to produce a questionnaire and code book for each selected topic. These working sessions could be coordinated with a marketing conference such as the annual WMEA meetings.

The above represent some of the more important considerations in the consortia concept. Lack of space does not allow full discussion of additional issues such as the complications involved in funded projects; the potential role of market research firms; and legal issues. These will be included in a proposal for the institutionalization of the market research consortia concept.

CONCLUSION

This paper presented two related proposals for incorporating useful research projects into the curriculum of marketing research courses in such a way as to benefit both students and instructors. First, it was proposed that students be involved early in the course by participating in a large scale data gathering effort which could be connected to the professors research interests. The benefits are numerous. The students would experience the excitement and frustrations of interviewing real respondents and tabulating real data, rather than data from a simulated or abbreviated research project. The students experience in interviewing would help

them design research projects and questionnaires in subsequent parts of the course. The students would also benefit from the professors heightened motivation to teach them to be excellent interviewers gather his data. The professor is provided with a data base for his research.

The second proposal was for the development of consortia to gather identical data in several geographic locations. This would extend the data base in quantity and quality; more cases would provide more statistical significance, and geographical similarities and differences would make the data richer. And finally, the joint projects of the consortia would provide an intellectually stimulating environment for faculty to generate research designs and develop research papers.

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ABSTRACT

Electronic innovation is changing the way market research is conducted. It is now practical to combine supermarket "scanner" data, TV viewing patterns, package good purchase histories, and household demographics into a single data base. These data can be used to study the detailed effects upon consumer purchases caused by television advertising variables such as copy, weight, and flighting, and also to investigate other variables important in consumer purchasing decisions.

Three providers of this "single source" data are BehaviorScan, Erim, and ScanAmerica. These services are reviewed and compared with particular attention given to BehaviorScan. Then the use of data from BehaviorScan in marketing education is considered.

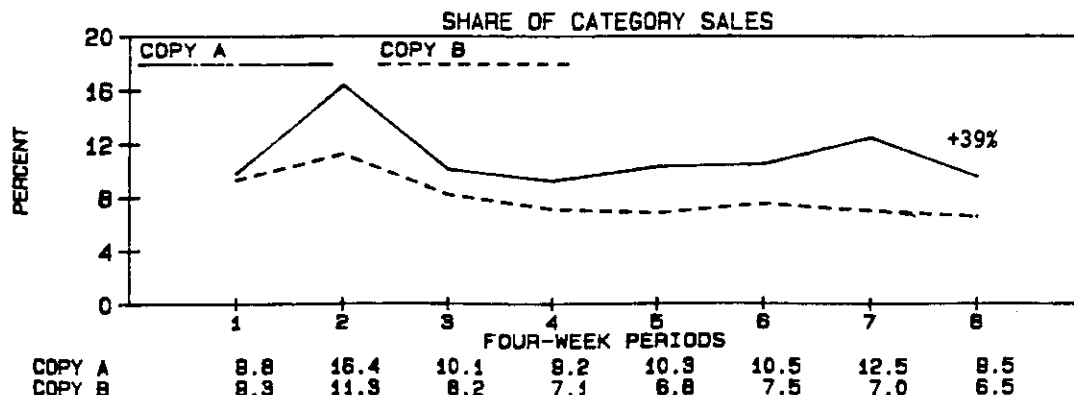
BehaviorScan gathers data from ten small cities, such as Visalia, CA, dispersed across the US. Each test city is served primarily by cable TV. The television sets of panel households, about 3,000 per city, are "individually addressable" so that test commercials can be directed to different "experimental" and "control"

groups for testing different products and promotions. Unique test groups for each marketing experiment are formed on the basis of demographic characteristics and purchasing histories. Purchases for both panel members and community residents are captured by supermarket and drugstore scanners. The net result is that BehaviorScan provides a method for conducting powerful marketing experiments.

BehaviorScan data suitable for classroom use are now becoming available. This is important because accurate reports of easy-to-understand, designed marketing experiments have been difficult to locate previously. Illustrative results from one of seven reported BehaviorScan experiments are presented below.

The reported experimental procedures and results can be used either to illustrate substantive marketing and advertising generalizations or to illustrate methodological principles.

Instructors and students no longer need to depend excessively upon hypothetical examples or a few well-known reports such as Ackoff's Budweiser studies. The information revolution has changed marketing research and also has provided an opportunity for advances in marketing education.



Source: "Measuring Advertising Effectiveness with BehaviorScan: Capabilities and Case Examples," 21 pp. and "New Product Testing with BehaviorScan Capabilities and Case Examples," 22 pp. Available from: Information Resources Incorporated, 150 North Clinton Street, Chicago, IL, 60606; phone 312 726-1221.

SERVICES QUALITY IN TEACHING:
AN EXPLORATORY APPLICATION OF THE DISCONFIRMATION MODEL

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ABSTRACT

Recent research in services marketing theory, regarding services quality, proposes a model of overall quality based on both perceptions of service attributes and the expectations of those attributes. A test of this hypothesis in the college teaching industry, contrasting the hypothesized model with the more usually used model based on perceptions alone, does not substantiate the hypothesis. However, mitigating factors may be responsible rather than weakness of the basic theory.

INTRODUCTION

Teaching effectiveness, or quality, is one of the most important aspects of faculty development and promotion in higher education institutions (Braskamp, Brandenburg and Ory 1984). While various means of evaluating teaching quality are used, the most popular continue to be those performed by students (McCallum 1984). The education literature has a substantial heritage of discussions of the use of student ratings of faculty (Cohen 1981), where concerns generally center on the composition of the particular instrument being used (Lammers and Kirchner 1985).

Interest in the field of services marketing is much more recent, with the preponderance of the literature being less than a decade old. Even more recently, interest in services quality has led to the introduction of a hypothesis with important ramifications for teaching quality evaluation. This hypothesis, generally referred to as the disconfirmation model (Gronroos 1984, Parasuraman, Zeithaml and Berry 1985), states that overall perceived service quality is a function of the level of the perceived individual service characteristics, mitigated by the expected level (prior to the receipt of the service) of those characteristics.

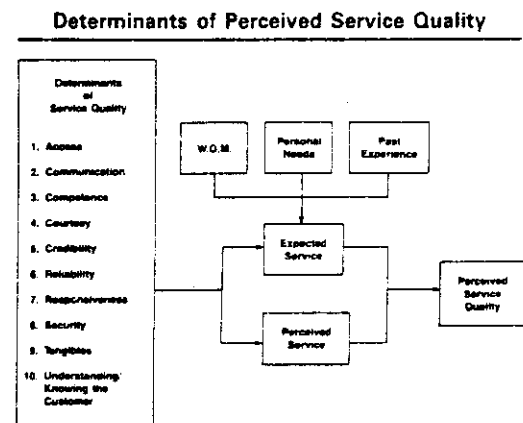
The purpose of this paper is to perform an exploratory study regarding the application of this theory to the college teaching industry. The hypothesized disconfirmation model of instructor effectiveness will be compared to the more widely used multiattribute model, which holds that overall instructor teaching rating is a direct function of the levels of perceived instructor characteristics (e.g., Marsh 1982). Should the disconfirmation model be found to be a superior evaluation method, redesign of the many existing teaching effectiveness instruments would have to be considered.

LITERATURE REVIEW AND HYPOTHESIS

Within services industries generally the employment of user ratings of services quality is firmly established, both theoretically (e.g., Lewis and Booms 1983) and in application (e.g., Center for the Study of Services 1981). The same process also has a long history of use in the college teaching industry (Cohen 1981).

The increasing importance of services in the American economy (Business Week 1981), together with increasing importance of product quality in general (Garvin 1984), has led to efforts aimed at generating service quality models applicable across a wide variety of services. Out of this stream of research has recently come the hypotheses that overall perceived quality can be measured on ten service attributes, and that this overall perceived quality is a function of the perceived level of these attributes, mitigated by the expectations of those attributes (Parasuraman, Zeithaml and Berry 1985; see Fig. 1).

FIGURE 1



Source: Parasuraman, Zeithaml and Berry (1985)

These hypotheses were derived subjectively from focus groups of consumers and depth interviews of managers, based on discussions of four industries: retail banking, credit cards, securities brokerage, and product repair and maintenance (Parasuraman, Zeithaml and Berry 1985). As the authors state,

(The figure) indicates that perceived service quality is the result of the consumer's comparison of expected service with perceived service. (p. 47)

The implications of this hypothesis, if sustained by empirical research, would be widespread, including its application to the college teaching industry. It would mean that faculty evaluations by students, to be valid rating instruments, would have to include measures of student prior expectations as well as observations at the end of the semester. In other words, the reputation of an instructor or course would, according to this theory, have a substantial impact on student perceptions of the overall quality of the teaching.

Based on their review of teacher evaluation processes, Braskamp, Brandenburg and Ory (1984) conclude that evaluation instruments should be used for two purposes: overall evaluation, and faculty development. The nature of the rating instrument, however, is different for each of these purposes. For matters of retention and promotion, only global or overall ratings are necessary.

For faculty development, however, individual items of quality measurement should be used. The selection and measurement of these individual items is more difficult, and it is the individual items of faculty evaluation which are pertinent to the disconfirmation theory. Faculty members trying to improve their teaching quality, for example, would find that reputations developed from previous courses taught may mask their current efforts at improvement and change.

Thus far, little empirical research has addressed the concepts proposed in Parasuraman, Zeithaml and Berry (1985). Orsini (1986) examined the ten characteristics aspect of their model and concluded that these ten performed as well as characteristics developed specifically in the college teaching industry. Empirical substantiation of the disconfirmation model has not, at this writing, appeared in the literature.

The purpose of this exploratory study is to test the disconfirmation model hypothesis by comparing the predictiveness of that model with the more commonly used multiattribute model based on direct perceptions. The college teaching industry is again used as an area of application. In particular, for overall teaching quality (Q):

- H1: The disconfirmation model $Q = f(\text{Perception} - \text{Expectation})$ will be more predictive than the direct attribute model $Q = f(\text{Perception})$.
- H2: The disconfirmation model $Q = f(\text{Perception} - \text{Expectation})$ will be more predictive than the model of teaching quality as a function of perception and expectation in combination $Q = f(\text{Perception}, \text{Expectation})$.
- H3: The disconfirmation model $Q = f(\text{Perception} - \text{Expectation})$ will be more predictive than the model of teaching quality as a function of perception and disconfirmation in combination $Q = f(\text{Perception}, \text{Perception} - \text{Expectation})$.

METHODOLOGY

A correlational design was used to evaluate the disconfirmation model as compared to the other

models. Difference in predictiveness of the models served to test the hypothesis of superiority of the disconfirmation model.

A convenience sample of 50 upper-division undergraduate business majors was used to test the hypothesis. The subjects were randomly divided into two groups: one group was asked to evaluate an instructor of their choice they have had recently who they thought was effective; the other group was asked to select and evaluate an instructor they have had recently but who was ineffective. This procedure was implemented in order to derive a wide distribution of service quality perceptions.

The test instrument used for instructor perceptions was developed by Marsh (1982), uses a 5 point rating scale for all instructor characteristics and the overall measure of quality, and is similar to the many instruments used in instructor evaluation. It was a self-administered instrument, and completed during the class session. The expected levels of the various items were measured by using basically the same instrument, but instructing the respondents to perform the ratings as they expected them on the first day of class in the course. Thus the expectations evaluated were not true expectations, but the memory of those expectations. This issue is discussed in greater detail below.

Analysis was by correlation and multiple regression. The individual items of the test instrument were first grouped together in their respective categories, e.g., Enthusiasm, Organization, etc., then used for correlation and regression. There were thus seven multi-item predictors, and the single item criterion variable: the comparison to other instructors.

FINDINGS

In addition to bivariate correlations and multiple regression of the models as discussed above, nonlinear and multiplicative forms of the regression models were tested. None were superior to the predictiveness of the linear additive models, hence the latter were used in hypothesis testing.

The results of the bivariate analysis of overall teaching quality and the seven combined characteristics is indicated in Table 1. While the $p = .10$ would usually be suitable for hypothesis testing, given the probability of experiment-wise error (multiple hypothesis tests producing significance by chance), the $p = .01$ level of alpha (approximately .10/7) is more appropriate even for exploratory research. While the correlations of all of the Perceived and all of the Disconfirmation (Perceived - Expected) variables are significant at $p < .01$, only Organization of the Expected variables is significant at even the $p < .05$ level.

The multiple regression testing of the hypotheses utilized stepwise regression for each model development. In the hypotheses tests, the stability of the resulting models was indicated by the same variables being predictive whether either forward

or backward stepwise regression was used. For the testing of Hypotheses 2 and 3, the Expected or Disconfirmation variables were preferentially entered into the model first, then the Perceived variables allowed to enter. The results of these analyses are indicated in Table 2.

TABLE 1
Correlations of Perceived, Expected,
and Disconfirmation Characteristics
With Overall Quality

Variable	Perceived*	Expected**	Disconfirmation* (Perceived-Expected)
Enthusiasm	.90	.22	.72
Organization	.89	.30	.77
Interaction	.79	-.02	.75
Rapport	.75	-.01	.73
Breadth	.70	-.13	.65
Exams	.81	-.19	.74
Assignments	.73	-.17	.68

n = 50
* = all variables significant at $p < .01$
** = no variables significant at $p = .01$

TABLE 2
Models of Overall Perceived Service Quality

Model*	Coefficient of Determination**	Number of Variables in the Model
$Q = f(P-E)$.65	2
$Q = f(P)$.90	4***
$Q = f(P, E)$.90	4***
$Q = f(P, P-E)$.90	4***

n = 50
* = service characteristics:
P = Perceived;
E = Expected;
Q = Overall Perceived Quality
** = all results significant at $p < .01$
*** = identical variables in each model

It will be noted from Table 2 that all models produce significant overall predictiveness. However, while the Disconfirmation model was significant, it was substantially lower in predictiveness than the Perceived model. Also, the resulting models found significant for Hypotheses 2 and 3 are the same as the Perceived model, i.e., contained the same four variables as the Perceived model. Thus, none of the hypotheses are sustained, as the service quality model based on only Perceived variables was superior in predictiveness to any other form.

DISCUSSION

The results of this study do not support the disconfirmation hypothesis of Parasuraman, Zeithaml

and Berry (1985), that perceptions of overall service quality are a result of the difference between observed and expected levels of provider characteristics. The more widely acknowledged model, of overall quality evaluation as a direct function of attribute perceptions, provided substantially greater predictiveness. Further, it may be speculated that the predictiveness of the Disconfirmation model was due to the strength of the perceptions only, and the subtraction of expectations only served to detract from the predictiveness of the perceptions.

One possible explanation regarding the lack of Parasuraman, Zeithaml and Berry's (1985) hypothesis substantiation is that, in the performance of their qualitative research, the authors were unable to differentiate between consumer opinions on service quality and consumer satisfaction with that quality. In a contemporary article on the same study, the authors discuss the disconfirmation model more in terms of satisfaction with overall service quality rather than the overall service quality itself (Berry, Zeithaml and Parasuraman 1985, p. 47). This would be more in accord with the widely accepted disconfirmation model of consumer satisfaction and dissatisfaction (e.g., Swan and Combs 1976).

However, shortcomings found in the methodology of this exploratory study are also possible explanations for the results found. Inherent in any small convenience sample is the problem of lack of stability of the findings due to small sample size. Further, generalizability is certainly suspect, as only upper division business majors enrolled in the author's marketing research courses were used as subjects. While they were free to consider any subject matter and faculty member they desired, extending the results to other courses, majors, or schools should be undertaken with extreme caution.

However, still other plausible explanations for the findings should be considered, in addition to shortcomings of theory and method. One of these is the difference between the industry of application of the theory and the industries from which the theory was derived. While the retail banking, credit card, security brokerage, and product repair and maintenance industries differ from each other in some respects, they also seem similar in many respects. Three of the four, for example, are related to monetary aspects of consumers' lives, while the fourth is related to property. Many other dimension of services have been proposed (e.g., Lovelock 1983), thus raising the possibility of industry specific results in both theory and test of theory.

In this regard, other variables, possibly related to industry, may act as covariates in effecting the outcomes of both the theory development and the theory test. In the consumer satisfaction/dissatisfaction literature, for example, Oliver and Bearden (1983) conclude that there is a possibility that the importance of expectations as a determinant of satisfaction decreases for high involvement products, while the importance of performance increases. Similarly, Churchill and Suprenant (1982) found that satisfaction with a

video disc player was only related to performance perceptions, and was not effected by either the disconfirmation experience or prior expectations. Since college courses would, in all likelihood, be considered highly involving, the weakness of the disconfirmation model of service quality in its applicability to the college teaching industry may, nonetheless, still be applicable for the industries of the theory development.

Still another possibility involves the length of time elapsing between the actual expectation of quality (prior to the start of the semester) and the evaluation of the service (the end of the semester). Since the evaluation of expectations was based on the memory of prior expectations, rather than the expectations themselves, simple forgetting is one strong possibility. With random positive and negative memories by different students, the results of no significant association, as found, is plausible. However, as the actual course/instructor evaluation process takes place at the end of the semester, the conditions of this hypotheses test are similar to the actual instructor evaluation situation.

FUTURE RESEARCH

The findings of this preliminary study, and their possible explanations, have raised some important issues for consideration in the development of a useful model of service quality. Particularly important is the question of the effects of level of involvement on the expectation portion of the disconfirmation model. More specifically, at question is the effect of the level of consumer involvement on the relative importance of perception and expectation; such that higher involvement yields higher perception importance and lower expectation importance.

Other issues deserve investigation. One is the effect of memory on the expectation portion of the disconfirmation model for services of long duration. Also, the question of perception of quality vs. satisfaction with quality deserves attention. Conceivably there might be a very complex relationship among expectations, perceptions, and satisfaction with perceptions.

Certainly an early step in this research ought to be to replicate the findings of this study on a larger and more representative sample of students. It should be possible, in doing this replication, to investigate the satisfaction/perception issue, and perhaps even the memory issue, with a minimal additional effort. At any rate, the importance of the subject area warrants additional research in the very near future.

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THE MARKETING RESEARCH MAJOR
COURSE RECOMMENDATIONS AND CAREER OPPORTUNITIES

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ABSTRACT

As marketing research becomes widely accepted as an integral component of the marketing management process and as job requirements become more specialized, marketing departments must face the needs of students who seek a research career. The purpose of this study is to help meet those needs by (1) identifying what course of study will best prepare students for a career in marketing research and (2) providing an overview of the opportunities in the field.

A survey of marketing research professionals in the Los Angeles area was conducted in 1986. A total of 197 deliverable questionnaires were sent out with one followup. Marketing suppliers were most heavily sampled (115); consumer companies (such as Hunt Wesson, Carnation, Matel) next (44); and advertising agencies third (38).

The total response of 71 completed questionnaires represents an overall response rate of 34%. The response rates for the three subsamples were: 40% for marketing suppliers, 30% for consumer companies, and 32% for advertising agencies.

There is a good deal of agreement among research professionals on the courses they would recommend for research students. Seven courses are seen as important by at least 50% of respondents in all three groups. These seven courses are: Marketing Research, Report Writing, Consumer Behavior, Principles of Marketing, Interviewing Techniques, Multi-variate Statistics, Research Methods in the Behavioral Sciences, and Marketing Case Analysis.

In addition, half of respondents in both research firms and advertising agencies recommended Advertising Principles, Group Discussion, and Inferential Statistics. And over half of the respondents with research firms and consumer companies recommended Statistics for the Behavioral Sciences.

Four traditional marketing courses -- Product and Brand Management, Professional Selling, Advertising Management, and Advertising Copywriting -- are viewed as important only by researchers in advertising agencies.

The data on job openings suggest that there are entry level positions available in marketing research in the Los Angeles area. Of the 47 firms responding to a question on openings expected in the next year, a total of 73 jobs were noted as available; an average of 1.6 positions.

Among research suppliers and advertising agencies, these jobs are likely to go unadvertised and to be filled by word-of-mouth. Consumer companies are more likely to recruit entry level personnel through newspaper advertisements. Advertising agencies are somewhat more likely to positively respond to "walk ins." None of the three types of firms are likely to recruit on campus or through agencies.

Information on compensations and backgrounds of research employees was provided by only half of the respondents. As such, these data must be considered only suggestive.

Students with Bachelor's Degrees and minimal prior experience can obtain positions as Junior Analysts with salaries in the high teens and up to \$20,000. With two or three years experience as a Junior Analyst and possibly with the addition of an M.A. or M.B.A., the employee could reasonably expect to be promoted to Analyst at \$23,000.

Another three years of research experience should bring one to the level of Senior Analyst with a salary averaging \$32,000. To become an Assistant Director of Research, or Research Director requires a broader background -- 5 to 8 years of non-research experience -- and a Master's Degree or possibly, for Director, a Ph.D. The compensation reflects these credentials averaging \$56,000 for Director.

The data on course recommendations and career opportunities suggest several directions for Marketing faculty. First, departments offering an undergraduate emphasis in marketing research should design an interdisciplinary program drawing upon courses taught in communications, statistics, and the behavioral sciences.

Second, faculty should encourage students who wish to work for a research supplier or an advertising agency to make contacts -- through internships, participation in local chapters of the AMA, or attending seminars -- which will give them entree to "word-of-mouth" information about job openings. Students who wish to work for a consumer company should be directed to the more conventional route of newspaper advertisements.

Third, faculty should make it clear to research students that in order to move up in the field, they will have to get an M.A. or an M.B.A.

Marketing research is a viable undergraduate emphasis for students with interdisciplinary interests, the ability to make personal contacts, a commitment to obtaining a graduate degree, and professional goals that do not rest on high monetary compensation.

CHEATING IN ACADEME

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ABSTRACT

The literature on cheating in academe suggest that cheating is a serious problem in schools. The Carnegie Council Report states that there is a growing "ethical deterioration" in academic life and reports that an increasingly larger percentage of college students feel that "some forms of cheating are necessary to get the grades they want."

One major area of research on academic dishonesty include investigations to understand why cheating occurs. This research approach deals with the (1) personal characteristics of cheaters/noncheaters, (2) situational factors that affect the occurrence of cheating, and (3) reasons for cheating. Other research on the topic of cheating approaches it behaviorally and investigates the effectiveness of various methodologies to prevent cheating from occurring.

Surprisingly, for all the research attention that cheating has received, there has been little research investigating the perception of cheating as an explanatory variable for cheating behaviors. It may well be that the frequency of cheating behavior is related to and can be partially explained by the person's perception of the severity of committing various forms of cheating behaviors. A major purpose of this study was to test the premise that the students' perception of cheating is related to their cheating behavior.

A random sample of 149 students, representing 7% of marketing majors, were selected from seven undergraduate marketing classes offered at a large western university during the spring semester. The students' perception of the severity of various types of cheating behaviors was measured with a 23-item questionnaire using a 5-point Likert scale. A constant sum scale was used to measure the students' designation of their cheating behaviors for various types of class assignments and examinations. It was hypothesized that the frequency of students' cheating is inversely related to their judgment of the severity of the cheating behavior.

A person's judgment of the severity of various types of cheating behavior reflects his internalization of societal norms and definitions. Scrole's Scale of Anomia was used to obtain a measurement of the degree of the students' internalization of society norms. It was hypothesized that the greater the degree of internalization of societal norms, the less the frequency of the occurrence of cheating behaviors.

Additionally, a measurement of the marketing faculty's perception of cheating was obtained in order to compare the faculty's perception of cheating with that of the students.

The findings support the hypothesis that the more frequently occurring the cheating behaviors, the more lenient the judgment of the severity of the cheating behaviors. A student is less likely to perform cheating behavior to the extent that his judgment of that cheating behavior is severe. However, the direction of the causal arrow is not clear. It may be that the students' judgment of severity of cheating behavior serves as a deterrent to performing cheating behavior, or it may be that once students have cheated their judgment of the severity of the committed, irrevocable behavior becomes more lenient. Certainly, attitude consistency theories would support the latter interpretation. However, support of the hypothesis that students who cheat also possessed lower levels of anomia would suggest that the person's judgment of the severity of the cheating behaviors precedes the occurrence of the cheating behavior.

Given the high percentages of self-reported cheating (49% of the students report that they have cheated at the University), faculty cannot depend upon student internalization of social norms to prevent the occurrence of cheating behavior. The results indicating that there is a congruency between the faculty's and the students' perception of the severity of various types of cheating behaviors, provide a common starting point from which faculty should take proactive measures to prevent the occurrence of cheating.

The problem with cheating in University marketing classes is not that it is creating incompetents, as much as it is producing a generation of individuals who believe that they can be "above the law," and who do not take pride in producing their own best efforts, but who willingly accept credit for the mediocre work of others. Educators cannot lose sight of the fact or abdicate the responsibility that universities serve both an educating and a socializing function.

Self-Marketing: Bridging the Gap

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Central Washington University

A recent report by the Carnegie Foundation for the Advancement of Teaching says that there is a disturbing gap between college and the "real world," and that there has been a dramatic increase in the emphasis on "careerism."

What our colleges and universities have been doing has been to respond to declining enrollments with offerings that raise the expectations of employment after graduation. What we have neglected to do is to teach students how to market themselves. As a result, many students have found their expectations to be unrealistic and are disappointed with the career opportunities available to them after graduation.

Faculty members usually assume that the career placement centers will take care of this problem. Except, perhaps, for the most prestigious schools, this does not happen. The placement centers, often under-funded and understaffed, do help the student whose specialty is in short supply or where, traditionally, campus recruiting has been the channel used for entry level positions.

Even in this instance, the number who find this channel of value is small. A recruiter for a Fortune 500 company told the writer that he did four to five-hundred interviews a year, and only had twelve positions to fill. Major companies use the campus interview as a public relations ploy as much as they do for recruiting.

A recent study by the writer of last years graduating class of an urban private University revealed that out of 270 responses, only twenty-six obtained their jobs through the placement office. Of these, twenty were in the fields of engineering and accounting.

The purpose of this paper is to suggest a role that marketing educators can play in bridging this gap between academia and the "real world." We define marketing as satisfying needs and wants through exchange processes. Here is a need that we can satisfy by teaching our students how to use marketing principles to market themselves; how to further their own careers by satisfying the needs and wants of an employer through a mutually profitable exchange.

Many students look at marketing as being synonymous with selling, an activity that most of them do not want to be associated with. By teaching them how to market themselves, we not only teach them marketing principles in a relevant way, but can change the perception of personal selling as a part of the promotional mix.

Background:

In response to the requests of many stu-

dents, nearing graduation for information on how to find a job, the writer developed a two quarter hour special topics course called "Self-marketing." After two years this was adopted into the marketing curriculum as an elective.

The course is taught without a textbook. It consists of completing exercises that, taken together, culminate in the development of a marketing plan for the student.

There is a workbook that is used in the Harvard University MBA program that contains many activities that would be useful in a course of this type, but does not have marketing principles as a background.¹

The two sources of information, aside from marketing literature, for information for this course are the popular press and the academic journals. The popular press consists of how-to-do-it books and articles based upon the opinions of the authors as derived from their own personal experiences. They all contain some information that may be appropriate and useful to the individual student, but none cover all of the areas of marketing in the depth that is necessary for a good plan.

The academic journals, particularly those in the area of applied psychology, are rich in studies containing information that is relevant to the self-marketing process. These, unfortunately, rarely find their way into the popular press. The personnel journals, in particular, enable the student to get a glimpse of the process from the employer's point of view.

The Normative Model.

Students usually think of marketing in terms of the consumer model. The appropriate model for this course is the industrial model of marketing. Many of the recommendations contained in the popular press are more appropriate to the consumer market, such as the mass mailing of resumes to lists of companies that have not been qualified as prospects and where the needs are unknown. The industrial model is appropriate because:

- o The buying (hiring) motives are more rational and are more likely to be based on product specifications (job descriptions).
- o There are fewer buyers, and they may be concentrated by industry. If you want a career in aerospace, for example, you're pretty well limited to California, Texas, and Washington.
- o Responsibilities for purchasing (hiring) are shared more frequently among a number of individuals.

- o The demand for products (employees) in the industrial market is a derived demand. The number of employees a business requires is directly dependent upon the demand for their products or services by the ultimate consumer or use.
- o Industry demand may be inelastic while the demand facing the individual seller (job-seeker) is very elastic.

Adopting the industrial model gives some direction as to the relative weight given the various part of the marketing mix and the promotional mix, in particular.

Course Content.

It is assumed that the student has already made some basic decisions as to career direction. If they have not, this is one area where the counseling or testing center can be of help. Tests such as the Strong-Campbell Vocational Interest Inventory can point out the areas that they would enjoy working in, and therefore would probably be good at. Having a focus is extremely important. The students enrolled in the self-marketing class who had a definite focus on what they wanted to do were much more successful in finding suitable employment, and did so in a shorter period of time than those who did not know exactly what they wanted to do or would do anything.

Product Knowledge:

Since product is the heart or crux of any marketing mix, it is essential that the student have an in-depth knowledge of his or her strengths and weaknesses as well as the particular talents and abilities that they can bring to the potential employer.

One assessment tool that has proven to be invaluable is the Meyers-Briggs Type Indicator.² This is a self-administered test that has been validated over many thousands of samples. It is based on Jungian psychology and places everyone in one of sixteen character and temperament types. Used in conjunction with an interpretative book by Kiersey and Bates which specifically address temperament in management, this instrument has provided some real insights into individual strengths and weaknesses.³

The students are also required to develop a self-concept profile. This may be done by developing a scale using di-polar adjectives, or using an instrument such as the Interpersonal Style Inventory Profile used in the Clawson workbook.⁴ This provides a profile as they see themselves, as they would like to see themselves, and as others see them.

To ascertain specific strengths the students are required to make a list of twenty personal accomplishments, not necessarily business related. An accomplishment is defined as some-

thing they did, that they enjoyed doing and were proud of. Students typically believe that they do not have any experience. When forced to examine their accomplishments they are always pleasantly surprised not only by how much experience they do have, but how much of it would be transferable to the job they are seeking. It is suggested that they maintain this as a personal data base and add to it in the future as they gain more experience.

Marketing Channels:

One of the problems that students have in developing their marketing strategies is that they approach the process in exactly the reverse order that companies do when they are filling a human resource need. The first thing that students do is read the want-ads. The last thing a company does is place a want-ad.

The first thing a company does is to look internally to see if there is anyone presently in the organization that can fill the position. If there isn't anyone, then they will ask their present employees if they know of anyone that would make a good candidate. It has been estimated that approximately eighty percent of the jobs, and most of the good ones, are never advertised. The channel used to learn of these openings is the one we call networking. Eighty of the students in the aforementioned study indicated that they obtained their jobs through networking. To demonstrate networking, the students are required to make a list of twenty people that they know personally who are employed, together with the name of the employer. These are then collated and, with a class of twenty, a network of 375 plus has been created.

Other channel members such as employment agencies and executive recruiters are discussed in class. The emphasis on dealing with employment agencies is to deal only with those agencies where the employer pays the fee. Employer's will do this if the skill sought is a scarce one, and they have not been able to fill the position themselves.

Executive recruiter's are retained for higher-level positions so contacting them for an entry level position would invariably be a waste of time.

Market Segmentation:

Typically the student is looking for the smallest segment possible: a customer base of one. This makes it even more important that this segment be identified and located.

Some of the questions that the student must answer are:

- What industry or industries would the likely customers be in?
- Should it be in the public sector or private sector?

- Should it be a large company or a small one?
- Are there any geographical preferences?

Rather than a mass campaign, it is more efficient and effective to target market, to select a small number of companies who may need the talents and abilities that the student has and for whom the student may like to work.

Market Research:

Students have an opportunity to do both primary and secondary market research.

They select a company in the area that is publicly held and first go to the library and find out as much about the company as they can. By looking in directories and publications they become acquainted with the company's history, its present position, and future trends. Many libraries keep files of annual reports. Stock brokers can afford them copies of SEC filings, etc.

They are also required to do an on-premise informational interview (primary research). The purpose of the informational interview is to gather more information about the company, not to ask for a job. Specific information about the company's needs, what their hiring process is like, what do they look for in the people they hire, etc.

It is important to assure the company that this is not a subterfuge. It is being done by a student as part of a class assignment. The level of contact is not as important as the on-premise visit itself. For example, female students can tell quite a bit about how the company views women employees by looking at the condition of the women's washroom. The way employees dress can also be observed.

Students have had pleasant experiences. They have also learned that a particular company is one that they would not like to work for if offered a job.

Promotion:

Most students come into the class believing that if they have a good resume, this will get them the job they desire. They also believe they have to send out hundred's of resumes.

The theory is that if you throw enough mud on the wall, some of it will stick. The problem with this theory is that if they do get a job using this approach, it may not be one that is appropriate for them or that fills only their financial needs. There is nothing wrong with filling financial needs but this should not be confused with a career position and should not be considered the end of the process.

The other problem with this approach is that it does not fit the model we are using. It is

not only a waste of resources, but invites a great deal of unnecessary rejection which is something that the student does not need.

They are taught to write functional resumes that permit them to show their abilities to the greatest advantage, rather than chronological resumes which may be preferred by the personnel professional because it is easier to find reasons to de-select the applicant. At the level of the personnel professional, the process is one of de-selection rather than selection. They usually have many more applicants than they have openings, particularly if the job has been advertised.

The objective in writing the resume then is to avoid volunteering information that would lead to your de-selection. As a rule of thumb, any information that is not job-related can be avoided.

The resume and cover letter are similar to the print advertising used by industrial firms. In perspective, while they should be well done, they are not the most important part of the promotional mix. Their primary purpose is to get an interview. Theoretically, if an interview could be obtained without a resume, the latter would not be necessary.

The interview is analogous to personal selling which is the most important part of the promotional mix for industrial firms. A great deal of stress is placed on the interview process. The problem with most of the sample interview questions and answers that have been given to students is that both the questions and answers have become cliches. Mock interviews are conducted using video-tape, and the student is encouraged to develop truthful responses that are unique to them, rather than something the interviewer may have heard many times before.

Other.

Students are also required to do secondary research to determine the salary range in their field of interest.

Tests used in pre-employment screening are also discussed, as are the laws applying to employment.

After completing all of the exercises, the students have all of the ingredients necessary for a personal marketing plan.

¹James G. Clawson, et al. Self Assessment and Career Development. 2nd Ed. Englewood Cliffs, J.J.: Prentice Hall, 1985.

²Katherine C. Briggs and Isabel Briggs Meyers. Palo Alto, CA: Consulting Psychologists Press, Inc. 1976.

³David Kiersey and Marilyn Bates, Please Understand Me. Del Mar, CA: Prometheus Nemesis Book Company, 1984.

⁴Clawson. op. cit., pp. 46-64.

STUDENT PLACEMENT: THE CHALLENGE OF HELPING OUR UNDERGRADUATE
MARKETING STUDENTS PREPARE FOR AND FIND SUITABLE EMPLOYMENT

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The desired culminating experience for most of our marketing graduates is career placement. The successful attainment of this goal requires more than an understanding of business and marketing; it requires that students become fully aware of the tasks and methods involved in locating and securing desirable employment. It is essential that students know which attributes are desired by different types and sizes of employers, how employers locate employment candidates, and if a portfolio, a collection of work that a job seeker can show to a job interviewer to substantiate claims of competence, would help to motivate placement decisions. This research was conducted in an effort to assist marketing students in gaining entrance to the business market and marketing instructors in advising our students.

In total, 280 surveys were mailed to 50 leading financial institutions and a range of manufacturing firms, retail companies, telecommunication companies, electronics and computer firms, and the top 30 marketing research firms in the San Francisco Bay Area.

The 87 usable questionnaires can be classified as follows: Financial Institutions, 23%; Manufacturing Firms, 24.1%; Retail Firms, 17.2%; Telecommunication Companies, 16.1%; Electronics/Computer Companies, 16.1%; and Market Research Firms, 3.3%.

The results showed a significant variance in the sources employers use to locate prospective em-

ployees. Large companies rely more on campus recruitment while smaller companies rely more on newspapers and walk-ins. A great majority (82%) of the companies sampled identified job applicants through newspaper advertisements placed in local newspapers and unsolicited resumes. Referrals and walk-ins were used by 80% and 71% of the companies, respectively. Unfortunately for students, only 56% of the companies sampled recruited on college campuses.

An overwhelming number of companies (95%) rated verbal skills as either "very important" or "important" in the attainment of employment. Appearance was rated second with a combined total score of 84%. Writing and analytical skills were rated either "very important" or "important" by 83% and 76% of the companies, respectively. Previous marketing experience was rated by 70% of the companies as being either "very important" or "important." Grade point average was ranked eighth in importance with 62% of the companies rating it as "very important" or "important." Only 33% of the companies surveyed would "absolutely" or "probably" examine portfolios during on-campus interviews. However, 61% of the companies sampled would review portfolios during off-campus interviews.

Companies that hire marketing graduates are hiring them primarily for sales and management trainee positions. Jobs in advertising, public relations and product development are not as readily available to marketing graduates.