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TRANSPORTATION AND LOGISTICS COURSES/PROGRAMS AT AMERICAN COLLEGES OF BUSINESS

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Craig A. Hollingshead, Texas A&M University-Kingsville
Fred Mader, Marshall University

ABSTRACT

A survey of 618 American schools of business was conducted to determine information about Transportation and Logistics offerings at these schools. Two-hundred six usable responses were obtained. The research showed that relatively few schools offer Transportation and/or Logistics courses and fewer offer a major in the area. Of those having Transportation and/or Logistics courses, few require either course. When such a course is required, it is more often required of marketing majors as opposed to all business students. There appears to be a positive relationship between course and program availability and AACSB status, but even at AACSB accredited schools availability is limited. Very few schools have separate departments dedicated to Transportation or Logistics. Most often, Transportation and Logistics studies are housed within Marketing, a very traditional approach. The major factor underlying course and program availability seems to be faculty interest. Overall, it is the authors' opinion that an understanding of the Transportation/Logistics area is of vital importance to today's businesses, but that business schools are doing a poor job of providing that understanding. Although no solution was proposed, the authors have speculated that the existence of a required course on a par with Principles of Marketing or Principles of management might be a necessary first step to remedying the situation.

INTRODUCTION

Transportation and Logistics are of vital concern to the business firm. Activities in these areas serve as demand generators, differentiating the firm's offering from the offerings of its competitors. They also represent areas of considerable cost. As such, they have a strong impact on both the revenue and expense sections of the firm's profit and loss statement. Given the importance of these areas to the firm, it is reasonable to expect colleges of business to place some degree of emphasis on them. Is this, in fact, the case?

LITERATURE REVIEW

Concern that Transportation/Logistics education is an overlooked area dates back at least 40 years (Drucker 1962). The issue of Business Logistics education has been addressed by a long series of articles in Transportation Journal. A good literature review was published in 1989 (Farris and Cunningham 1989). In 1995, one authority indicated that "the level of understanding regarding
logistics has increased substantially. Even so, many managers and policy makers continue to view logistics as a satisfying support function rather than as a strategic weapon"(Fawcett 1995). Fawcett and his associates undertook a study designed to evaluate the state of the educational resources available for logistics and transportation management. Using a mail questionnaire to 177 logistics and transportation professors, they tried to 1) evaluate the quality of the in-field professional organizations (e.g. the Council of Logistics Management and the Transportation Research Forum) and their educational programs, 2) rank the college and university programs in Transportation/Logistics (using the 56 colleges and universities identified by the Council of Logistics Management with respondents being able to insert others), 3) rate the academic journals of importance in the area, and 4) rate the practitioner periodicals of importance to the field. Fawcett and his associates did not, however, look into the breadth of business school offerings in the Transportation/Logistics area.

Most recently, a study conducted for the Council of Logistics Management (CLM) found that, "The demand for logistics education in the United States exceeds the supply of schools offering it." (Biederman, 2001) John Thomas Mentzer, CLM President, said, "The problem is not with the quality of logistics programs, . . . I don't think there is a sufficient number of schools offering logistics training." A CLM inventory that year found only 139 schools (of the 1000 accredited schools surveyed) that offer at least one course in logistics, transportation, or supply-chain management (Biedman 2001). In 2002, the CLM Web page lists 99 American schools claiming to offer some Logistics courses. It is important to note that they reported "some" courses, not necessarily enough to constitute a major.

PURPOSE

The purpose of this research was to determine the availability of Transportation and Logistics education programs at American colleges of business. We sought information on program size, number of courses, number of majors, and number of graduates. We also explored the relationships between offerings of Logistics education and the school's AACSB status, a school's proximity to major logistics facilities and the availability of courses/programs, and whether requiring Transportation/Logistics courses in the core curriculum has an effect on program size and success. The ultimate objective of the project was to add new information to the existing body of knowledge and try to formulate some management actions that will enhance the success of Logistics education.

METHODOLOGY

A three-page questionnaire was sent to 618 deans of colleges of business in the United States, with the names and addresses being purchased from Professor James R. Hasselback, who performs the invaluable service of compiling such lists for publication. The survey consisted of closed-ended questions regarding the supply and demand for courses and programs in Business Logistics and related subjects. We also asked questions regarding the origin, historical development and environment of existing Business Logistics programs.
Since this is essentially a descriptive study, initial analysis consisted of simple tabulation and cross-tabulation of the characteristics of interest.

**FINDINGS**

We received a total of 206 usable responses. Some respondents failed to answer all of the questions. One respondent sent back only two of the three pages. So, for individual questions the number of answers are usually less than 206. For example, one-hundred fifteen (115) responding schools reported themselves to be accredited by AACSB, and seventy-three (73) indicated they were not AACSB accredited. The remaining 18 failed to identify their AACSB status

**Transportation/Logistics Courses and Programs**

Our research found 36 schools offering some variety of an undergraduate major in Logistics. We posit that this is probably a fairly complete count of the 618 schools surveyed. If a school does have a Logistics program, it would be more likely to complete and return the survey than a school which does not have such a major. The Council of Logistics Management Website (www.clm1.org) lists about 100 American schools offering some courses in Logistics. Of our respondents, 75 institutions indicated that they offer one or more courses in Business Logistics. We found that educational opportunities in Business Logistics continue to be limited.

Only 36 schools of the 194 answering the question reported having an undergraduate major in the area of Transportation, Logistics, or Physical Distribution. There were 19 institutions that offer graduate majors in the field. The next area of interest was to determine the student demand for Logistics-related majors at each institution. That information is provided in TABLE I.

<table>
<thead>
<tr>
<th>TABLE I</th>
<th>If you do have an Undergraduate Business Logistics program, how many students are majors?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Majors</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Schools Responding</td>
<td>5</td>
</tr>
</tbody>
</table>

We calculated a rough estimate of the total numbers of majors by multiplying the individual schools’ major count by the response frequency in each category and summing the results. Using this method, there are an estimated 7250 undergraduate majors in Business Logistics in the United States, with 84 percent attending the 7 largest schools with program enrollment of greater than 160 students.

<table>
<thead>
<tr>
<th>TABLE II</th>
<th>If you do have an Undergraduate Business Logistics program, how many graduate per year?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Graduates</td>
<td>&lt;10</td>
</tr>
<tr>
<td>Schools Responding</td>
<td>10</td>
</tr>
</tbody>
</table>
Using responses shown in TABLE II on graduation rates, and the same estimation technique, we calculate a total of 2481 graduates of Logistics-related programs per year. Again, 71 percent of the graduates come from the 7 largest programs.

Of the schools reporting, 22 indicated they offer one undergraduate Transportation course, 20 offer more than one. Seven schools offer one graduate Transportation course and 13 offer more than one. 49 schools offer one undergraduate course in a Logistics-related area, 27 offer more than one course. At the graduate level there are 24 schools offering one Logistics course, and 20 offering more than one.

<table>
<thead>
<tr>
<th>Number of Courses</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>10</th>
<th>11</th>
<th>12</th>
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<tbody>
<tr>
<td>Schools Responding</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

TABLE III displays the number of courses offered at the 30 responding schools with Logistics-related programs. It is hard to see how there could be much of a program with less than four specialized Logistics courses.

**Transportation/Logistics Courses and Accreditation Status**

We didn't know, but wanted to find out, if there is a relationship between AACSB accreditation and whether a school offers a Business Logistics program. What we didn't ask, and perhaps should have, is whether there is a relationship between the size of the school (or the College of Business Administration) and the existence of a Business Logistics program. (The hypothesis would be that a large school would be more likely to have such a program than a small one.) We cross tabulated AACSB accreditation status and 1) the number of Transportation courses offered, 2) the number of Logistics courses offered, and 3) the number of schools offering a major in the area. All of the Chi Squares are significant, indicating the presence of some relationship between the existence of a Business Logistics program and a schools' AACSB accreditation status. A consistently higher rate of availability (of both Transportation courses and Logistics courses, as well a major in the area) was reported by the AACSB accredited schools. We make no claim that this is a cause and effect relationship, there are many extraneous factors that could explain our findings.

**Transportation/Logistics Program Administration**

No respondent reported having a Transportation course as a requirement for all business majors and only 4 reported such a course as a requirement for all Marketing majors. Seven schools reported that they required a Logistics course for all business majors and 25 reported that such a requirement existed for their Marketing majors. That these courses are more likely to be required of Marketing majors than of business majors in general is not surprising, given the historical
treatment of Logistics as a specialty area within Marketing. This, in fact, seems still to be the case. Only five schools reported having Transportation/Logistics as a stand alone department. Fifty-one housed Transportation-Logistics with Marketing, and thirty-two housed these courses with other departments. When those schools having a Logistics-related major were asked the reason for starting the program, the answer getting the highest number of positive responses was "interest of faculty member(s)" with thirty-two. "Job demand for Logistics graduates" was second, with nineteen, followed by "request of local businesses" (fourteen) and "other or unknown reasons" (eleven).

Proximity to Transportation Centers and Course/Program Offerings

It seemed to the authors that school proximity to a transportation center would result in a higher level of emphasis on Transportation and Logistics than would be the case when school location was not near such a center. Cross tabulation of programs and proximity indicates that no statistically significant relationship was found with regards to Transportation courses. On the other hand, there is a statistically significant relationship between location and both the number of Logistics courses offered and the existence of a major in the area.

We found before that proximity to a Transportation center does seem to be positively related to the offering Logistics courses and to having a major in the area. But, even when there is proximity there is little in the way of Transportation and Logistics courses being required. Even at schools located near a Transportation center, business students can get a degree without ever having had a Transportation or Logistics course. This study did not address the degree to which Transportation and Logistics topics are covered in other classes. Undoubtedly they are, especially in Marketing classes and in Operations Research classes. But, it is unlikely that such coverage is very comprehensive.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

It appears that Drucker's concern about the availability of Transportation/Logistics education should still be a concern today. The overwhelming majority of business schools offer no Transportation courses. Over half offer no Logistics course. And substantially less than half offer a major in the area. These things are true of both AACSB accredited schools and non-AACSB accredited schools. Unless substantial time is being spent on these areas in other courses, it would appear that our country's colleges of business are generating a lot of graduates with no or limited exposure to or appreciation for Transportation and Logistics concerns. Of the schools that do offer such courses, very few require them of either business students in general or Marketing majors in particular.

There are relatively few schools offering Transportation/Business Logistics majors. Our survey indicated that only 36 institutions (of 196 responses and 618 surveys sent out) reported a Transportation/Business Logistics major. The Council of Logistics Management shows that about 100 schools responding to their research claim to offer some courses in Business Logistics, not quite the same thing as offering a major. In any event, there are relatively few Transportation/Business Logistics programs available.
Programs tend to be small. Our data suggest that the majority of graduates in Business Logistics-related programs come from seven large schools. The rest of the programs have fairly few majors. It has been the authors' experience that it is hard to get a new program going. There seems to be a point - at about 25 majors - at which a "critical mass" is attained, after that the program becomes self-sustaining. Students recruit other students, your presence and reputation attract new students, and success stories of your graduates generate student interest. Below 25 majors, it seems that you are always recruiting, just trying to replace graduates. This is an area that requires creative marketing, a task that Marketing faculty should be able to accomplish. Certainly one good strategy would be to use the seven large and successful Business Logistics programs as benchmark operations for others to emulate.

Transportation/Business Logistics courses in the CBA core curriculum. It has been the authors' observation that Logistics program recruiting is greatly enhanced if the introductory Business Logistics course is a required part of the College of Business Administration core curriculum and is taught by an enthusiastic and dedicated "champion." This provides an excellent chance to showcase the occupation and generate interest in the major. While our survey did not address the question of the instructor enthusiasm, we did try to obtain support for the proposition that successful programs occur in conjunction with a Business Logistics course being required in the College of Business core curriculum. Unfortunately, the data do not support this theory. The results are confusing, indicating that the questions were not well-understood.

Geographic location isn't a critical consideration. Education is a portable commodity. It is not necessary to find employment in the same geographic area where one goes to school. That being the case, there should be no compelling reason to find a co-location of Transportation/Logistics facilities and jobs and universities that offer Business Logistics courses and programs.

Critical mass of Transportation/Business Logistics faculty. Many programs have only one principle faculty member. Faculty interest was the most frequently reported reason that our survey respondents had a Business Logistics program. This situation poses two problems; 1) students tend to get only one individual's perspective of the field, and 2) if that faculty member moves on or retires, the program withers and dies. There seems to be a relationship between "critical mass" in student majors and a corresponding "critical mass" in the faculty.

The Bottom Line. The vast majority of American Colleges of Business offer no transportation/logistics courses or majors. This is true at both the graduate and undergraduate level. Few schools require that either a transportation or logistics course be taken, although when such a requirement does exist it is usually applicable to Marketing majors and not all undergraduate business majors. The number of schools requiring MBA students to take such courses is distressingly small. Colleges of Business are graduating a tremendous number of “educated” people who have no real exposure to the transportation/logistics area. If the area is truly as important to businesses as we believe it to be, we are doing the business community a disservice by neglect. Although the results did not satisfactorily address the issue of how to remedy the situation, we would speculate that until at least one Principles course in the area of Business Logistics, equivalent to Principles of Marketing or Principles of Management, is required in all undergraduate business schools, the problem will not be solved.
The main reason for starting a program is faculty interest. But, with few doctoral programs in the field and with no new ones anticipated soon, there is no reason to believe that faculty interest will increase in the future. Because of tradition, Marketing professors have the best chance of generating interest in transportation/logistics and in developing courses and majors to better prepare our graduates for their careers. But, how many of us are interested enough do this? How many schools have the resources to devote to new programs in transportation/logistics? We may, as Fawcett said, know a lot more today than we did in the past. We are not, however, doing a good job of passing on this knowledge to the future business leaders we are educating.

BIBLIOGRAPHY


PERCEIVED PRODUCT QUALITY, PURCHASE VALUE, AND PRICE

M.J. Alhabeeb, University of Massachusetts

ABSTRACT

Drawing on evidence from both theoretical and empirical research, this paper delineates a conceptual scheme of the product quality, purchase value, and price, especially as perceived by consumers. The paper also characterizes the underlying logic and dynamics of the conceptual model and lays out a paradigm that pulls these constructs together, defines their relations, and weighs their significance as they lie at the heart of the consumer decision-making and his satisfaction.

INTRODUCTION

Assessment of product quality and purchase value is a central issue, not only in the consumer decision-making and the outcome of his overall satisfaction, but also in the producer decision-making and his marketing strategy. The notions of quality and value take a particularly special emphasis when they are juxtaposed against the price that a consumer is able to pay, and which a producer is willing to accept. Product quality, as perceived by a consumer may not be equal or similar to the quality that is perceived by a producer, and both of these perceptions may not be similar or close to the real quality that can be objectively measured and critically verified. In fact, empirical research has shown that there has been a little correlation between consumer's perception of product quality and the objective quality of the same product (Lichtenstein and Burton, 1989). According to Dawar (1999), it is the type of the product that more likely determines the discrepancies in the context and extent of the correlation between the two concepts of the quality. He clearly distinguishes between degrees of correlations depending on the nature of the products. For example, search products are those for which the quality can be determined by, and throughout search such as the case of clothing and personal care. Experience products are those for which the quality is only discernible through consumption such as the case of movies and restaurants, and credence products are those for which the quality is not discernible even after consumption such as the case of automobile repair or surgery. When assessing product quality, general consumers are more likely to depend on extrinsic cues, especially in light of their inability or unwillingness to address or examine the intrinsic cues.

THE QUALITY CONSTRUCT

Product quality, in a broad sense, is defined as "superiority or excellence" of a product (Zeithaml (1991; Dawar, 1999). Two major problems can be reported on this definition: The first is that this definition neglects the fact that a product's state of quality has a wide range of degrees,
starting from "poor and unacceptable" and ending with "superior". The second problem is the inherent element of subjectivity which can determine where, within that wide range, the quality of a product lies, and how it is oriented. Consumers and producers naturally have different views on the quality of a certain product, and so do different individuals within each of these groups. Morgan (1985) states that there is a "quality-perception gap" between manufacturers and consumers, and cites a Fortune national survey on the state of product quality in the United States. In this survey, sixty percent of the CEOs of the largest companies believed that "quality is better today" while an almost equal percent of consumers (59%) believed that "quality is declining and will continue to decline"

Holbrook and Corfman (1985) declare that the term quality has, in everyday marketing language, meant "high in quality" or "good", and they recognize that such an oversimplification is due to "promotional uses that convey approval in an extremely imprecise way" (p.32). They propose to examine the concept of quality by "probing beneath this pleasant patina". Their examination requires the considerations of three dimensions: The first is the implicit/explicit dimension of quality where the distinction becomes between the quality as an embodied essence or a characteristic of a product and the quality as a key aspect of interest. The second dimension is the Mechanistic/humanistic where the objective measure is differentiated from the subjective measure of quality. The third is the conceptual/operational dimension where the distinction becomes between the concept in a purely theoretical analysis versus what arises in the context of the measurable quality, which employs repeatable and interpersonally valid observations to guide a more practical action. Utilizing these three dimensions, Holbrook and Corfman (1985) devise a cross-sectional scheme to illustrate the multi-dimensional concept of quality (Table 1).

Objective quality, according to Zeithaml (1991) refers to the measurable and verifiable superiority on some predetermined ideal standard while perceived quality is the consumer's judgment or his global assessment (Dawar, 1999) about the superiority or excellence of that product. Perceived quality, in this sense, appears to be a highly subjective and relativistic concept, the value and extent of which would vary according to the judging subjects and identities. Product quality, as universally perceived by consumers, constitutes three major elements, the intrinsic cues, extrinsic cues, and the joint cues between the intrinsic and extrinsic (Olson and Jacoby 1972; Olson, 1977). The intrinsic cues are those characteristics which are inherent to the physical composition of the product, and those which cannot be altered without first changing the nature of the product. Consuming a product is inextricably tied to the consumption of its intrinsic characteristic for they are the sources of the consumer's utility. Figure 1 shows that such intrinsic cues for an automobile would be the durability and reliability, safety features, comfort and convenience, power and fuel economy, and style and beauty. The extrinsic cues are those factors which are external to the product. They are not part of the product's physical composition but they are important elements within the "augmented product", the wider circle of the closely related factors. Changes in the extrinsic cues are not contingent upon changing the physical nature of the product (Dawar, 1999, Zeithaml, 1991). For an automobile, the extrinsic cues would be the price, ease of finance, brand name, and the extent and effectiveness of advertising. Other affecting cues are those which can be cross-listed under intrinsic and extrinsic. For example, a good product warranty may be viewed as intrinsic cue when it is produced due to the manufacturers' confidence in the goodness of their
product. Such a warranty would be a blank check for standing behind a solid product. On the other hand, a good warranty may not reflect anything about the product itself but only to be a tool of an aggressive marketing strategy and effective advertising campaign. In this sense, it would be considered an extrinsic cue. A combination of the outcomes of the three types of cues would map out the consumer's perception of the quality of a certain product.

THE PRICE AND PURCHASE VALUE CONSTRUCTS

The price which consumers pay for purchases is, technically, what they give up or sacrifice, measured in a monetary term, to get the desired goods and services (Ahtola, 1984; Monroe and Krishnan, 1985; Chapman, 1986; Mazumdar, 1986; Zeithaml, 1991). Since market price is objectively and collectively determined by the equilibrium of market forces, individual consumers may or may not agree with that general and standard assessment of the market at any point in time, and for any specific product. Perceived price, therefore, becomes the consumer's own judgment of the magnitude of sacrifice and its worthiness in comparison to what would be gained. It becomes, in other words, market price as encoded by the consumer (Jacoby and Olson, 1977, Zeithaml, 1991). As illustrated in Figure 2, consumers perceive the price of a product from two perspectives, as a monetary cost in terms of the dollar amount paid, and as an opportunity cost measured by the forgone alternative in terms of what that dollar amount could buy. It is noteworthy to say here that consumers may not always be knowledgeable or keen in their comparison when they encode prices in a day-to-day basis. They just do it in ways that are meaningful to them (Zeithaml, 1983, 1991; Dickson and Sawyer, 1985).

Previous research on the relationship between price and perceived quality have not been conclusive. Rao and Monroe (1989) believe that methodological issues such as type of research design and control of price manipulation can provide some explanation for the inconsistent findings in previous studies. Zeithaml (1991) states that the use of price as an indicator of quality depends on three major categories of factors:

Informational: When other cues than the price, whether intrinsic or extrinsic are clear and readily accessible, consumers would more likely rely on these cues than on price to infer quality.

Individual: There is a great variation in how much consumers know, to what extent, and what cost they are willing to know more on what they buy. Obviously, lack of awareness and lower levels of consumer knowledge about prices, products and market would not make it possible for consumers to use price as a signal for quality.

Product-related factors: When the nature of a product does not allow a great deal of variation across brand names such as salt or sugar, consumers would be less likely to depend on price as an indicator of quality. On the contrary, they may do so when they buy products the quality of which vary significantly across brand names such as telephones or DVDs.

Hauser and Urban (1986) believed that product value is a relative concept of consumer utility. They specifically stated that utility obtained per dollar paid is what describes the consumer purchase value. Similarly, Sawyer and Dickson (1984) defined value as a ratio of attributes weighted by their evaluations divided by price weighted by its evaluation. Questioning consumers on what the term "value" meant to them, Zeithaml (1991) collected a wide variety of consumer
perceptions, from the simply stated as "value is just a low price", to a more personal and idiosyncratic view as in "value is whatever I want for the price I pay". The author, however, believed that despite the diversity in the views of consumers, value can still be captured in one inclusive definition which states "perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (p.42).

Conceptualization of constructs such as the perceived quality, value and price, and tracing their original and development, and addressing the consequences of the relationship between what consumers perceive against the complexity they face in the market place may have significant implications. Such implications may help define the nature and approach of the effective marketing strategies in addition to the potential benefits for the general consumers through a well designed and better balanced consumer education programs.

REFERENCES


Table 1: Taxonomy of the Quality Concept.

<table>
<thead>
<tr>
<th>Product Quality</th>
<th>Implicit</th>
<th>Explicit</th>
</tr>
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<tbody>
<tr>
<td>Mechanistic</td>
<td>Conceptual</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Production</td>
<td>Reliability and Durability</td>
</tr>
<tr>
<td></td>
<td>• Product design is guided primarily by considerations of technological innovativeness and engineering sophistication</td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>Value Analysis</td>
<td>Quality Control</td>
</tr>
<tr>
<td></td>
<td>• Emphasis is on production cost and performance of the product’s essential function</td>
<td></td>
</tr>
<tr>
<td>Humanistic</td>
<td>Conceptual</td>
<td>Properties and Characteristics</td>
</tr>
<tr>
<td></td>
<td>Microeconomic Approach</td>
<td>Philosophical approach</td>
</tr>
<tr>
<td></td>
<td>• Qualitative factors ignored</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Human (social) value overlooked</td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>Macroeconomic Approach</td>
<td>Perceived and relative concepts</td>
</tr>
<tr>
<td></td>
<td>• Conventional measures ignores humanistic perspectives (example: The measurements of GNP and Per Capita income)</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1. Elements of Quality of an Automobile as Perceived by Consumers.

Figure 2. The Relationships Between Perceived Quality, Perceived Value, and Perceived Price as the Purchase Decision is Made.
CAMPUS STALKER RAPES STUDENTS OF THEIR FINANCIAL DIGNITY: A REVIEW AND STRATEGIC ETHICAL FRAMEWORK FOR CREDIT CARD COMPANY MARKETING PRACTICES

Mary K. Askim, University of North Dakota
Connie R. Bateman, University of North Dakota

ABSTRACT

This manuscript identifies the realities and risk factors faced by marketing managers of credit card companies and urges them to consider the role of consumer sovereignty in the design and delivery of ethical marketing programs. The inherent risks of targeting to the college student market are discussed as they relate to legal standards and consumer sovereignty status. A theoretical framework is presented for marketing program risk assessment and a marketing program risk assessment tool is given to help marketing managers see their marketing programs from an ethical and risk minimizing perspective. The premise of this paper revolves around the importance of establishing the nature and degree of consumer sovereignty present in any target market before (re)designing and implementing marketing strategies geared to it. Assessing the level and nature of consumer sovereignty is paramount to the ultimate design and risk minimization of ethical marketing strategies. The risk assessment tool provided may help marketing managers prioritize the type of information to be gleaned from the college student market, and in the subsequent provision of appropriately thought out strategies, avoid costly lawsuits and negative publicity in the future.
COGNITIVE, AFFECTIVE, AND BEHAVIOURAL RESPONSES TO THE INTRODUCTION OF INTERNET-CONNECTED-COMPUTER REQUIREMENT: A STUDY AMONG ENROLLING DISTANCE EDUCATION STUDENTS IN A PRINT-BASED ENVIRONMENT

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ABSTRACT

A review of published papers on Internet-based education reveals that there are at least four obstacles to Internet-based teaching: institutional (for example, financial support from the university to develop the Internet technology), instructional (for example, time commitment by faculty in developing the course or the program), technical (for instance, equipment reliability), and personal (for example, faculty / student technological competence, and attitudes toward acceptance of the Internet) (Piotrowski and Vodanovich 2000). This research deals with "personal" obstacles to Internet-based instruction. Specifically, the question, "What are the cognitive, affective, and behavioural responses of enrolling distance education students in a traditional print-based environment to the introduction of Internet-Connected-Computer Requirement (ICCR)" is addressed.

An empirical analysis of surveyed beliefs, feelings, and intentions regarding ICCR suggests that even though students believe that ICCR will cost them money, students do recognise the importance of computing and Internet skills for employment. This results in students assimilating the negatives associated with ICCR and feeling positive or happy about the stimulus. It is suggested that universities meet stakeholder needs in order to compete with corporate universities such as Motorola.

REFERENCES

THE 'BRAND HALO' EFFECT: BRAND RELIABILITY INFLUENCE ON USED CAR PRICES

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ABSTRACT

Prices of new durable goods are largely determined by manufacturers who control the supply and influence the demand for their products. A brand has value to a manufacturer by increasing the demand for the products within the brand. Prices for used goods, however, are primarily determined by the market. In this paper the influence of brand on the price of used goods is examined. Specifically, a 'brand halo' effect is proposed, in which perceptions of a brand's overall attributes affect pricing beyond the effect of the specific qualities of a particular product within the brand. This 'brand halo' effect is then explored in the used car market. It is found that used car prices are affected by both the reliability of a particular car model and the reliability associated with a brand overall.

INTRODUCTION

Durable goods are goods which retain value over multiple uses (Kotler, 1997). Within this classification are large expensive items produced by a limited number of manufacturers. In this class are items such as appliances, machine tools, and automobiles. For these goods the high initial cost and retained value allows for a resale market. Although a consumer can choose between new and used models of these goods, the marketplace for used and new models differ considerably. The new goods are sold in retail establishments and the prices generally are determined jointly by the manufacturers and retailers. In this regard the new market can be considered oligopolistic competition. The market for used goods however has many individual buyers and sellers. When a large proportion of such transactions are done among the consumers directly, then there are no dominant players and the market is close to competition. Unlike in oligopolistic situations, under pure market competition none of the players can affect the price.

A brand is an identifiable trademark name under which the product is offered to the market (Keller, 1998). The value of brands to manufacturers and consumers has been the subject of great interest to both researchers and practitioners (Keller 1998; Del Rio, Vazquez & Iglesias, 2001). A brand plays various roles to the consumers, including being a signal of quality and attribute levels, and establishing trust (Keller, 1998). The brand thus can help stimulate the demand for the branded product. Trying to capitalize on the established brands and avoid the expense of launching new ones, manufacturers often introduce brand extensions, that is different products under the same brand name. In such a case, the product would have the "parental brand" name (for example, Maytag) coupled with its own "sub-brand" name (for example, Gemini Ranges).
THE 'BRAND HALO' EFFECT

Consumers' evaluation of the different brand attitudes could be conditioned by their overall impression regarding the brand (Del Rio, Vazquez & Iglesias, 2001). Such influence of the overall impression of the brand name is part to what is known as consumer-based brand equity (Keller, 1998).

Individual's evaluations of various attributes of an object are prone to a systematic error, where the general evaluation of the object (or some attributes of it) color the evaluation of other attributes (Thorndike, 1920). This tendency was noted almost a century ago and has more recently been referred to as a halo effect. Such a halo effect is usually seen in non-independence of multi-attribute judgments beyond what is warranted by the objective interrelationships among the attributes (Leuthesser, Kohli & Harich, 1995).

The halo effect can be combined with the notion of consumer-based brand equity to form a 'brand halo' effect. In the case of a 'brand halo', an individual would evaluate a good based on the level of some attribute generally associated with the brand. This evaluation would supplement or replace the evaluation based on the actual level of the attribute present in the specific model being evaluated.

HYPOTHESES

In order to test the 'brand halo' effect it is necessary to examine the market for a specific durable good. Automobiles are an appropriate class of goods. Cars play large role in everyday life. Cars are durable, relatively expensive and do not lend themselves to easy determination of quality by observation (Nichols & Fournier, 1999). Car manufacturers are oligopolistic. New cars’ market adjusts primarily based on the regulation of supply; manufacturers set prices as part of their overall competitive strategy. Car resale market is largely a competition, which adjusts through prices (Murray & Sarantis, 1999).

Several selected factors are considered in establishing a model to test the 'brand halo' effect. First, several strong influences on the price need to be included. Specifically the new goods price, age and size of the cars are accounted for. Next it was necessary to limit the further expansion of
the model to include a single characteristic which influences the price of the good, varies from year
to year and model to model within the brand, and is measurable. Reliability is the chosen
characteristic. Reliability is a measure of the consistency with which the car serves its core purpose.
The model from which the hypotheses are developed is shown as Figure 1 with the hypothesized
relationships indicated.

Bigger and more powerful cars can be expected to be priced higher than smaller and less
powerful ones. The size of the car is related to comfort and cargo capacity, both
performance-related parts to the perceived quality, and therefore value, of the car (Brucks, Zeithaml
& Naylor, 2000). Also, new car prices has been shown to be related to the size and power of the car
(Mertens & Ginsburgh, 1985). Therefore:

**Hypothesis 1a - The price of used cars will be positively related to their wheelbase.**

**Hypothesis 1b - The price of used cars will be positively related to their engine size.**

Researchers using economic approaches often consider a used car's price as recovering part
of the new car price for its seller (Murray & Sarantis, 1999). According to such logic, more
expensive new cars would produce more expensive used cars. The expected useful life of a car, and
therefor it's value, decreases with age. Therefore:

**Hypothesis 2 - The price of used cars will be positively related to the price of the equivalent model new car moderated
by the age of the used car.**

Reliability is an important characteristic of a durable good and a car in particular,
representing how long and consistent the product is going to serve its function and how many repairs
it is going to need. It is one of the many benefits comprising the customer's utility functions which
reflect on the prices the customers are willing to pay (Brucks et al., 2000; Hogarty, 1975). Therefore:

**Hypothesis 3a - The price of used cars will be positively related to their reliability.**

Reliability, however, is generally expected to decline as the car ages (Consumer Reports,
2002), as parts get worn out. This expectation can be coupled with the notion that the useful life of
the car also declines with age. Therefore:

**Hypothesis 3b - The price of used cars will be negatively related to their reliability moderated by the age of the used
car.**

The 'brand halo' effect is expected to apply to reliability. Consumers will be willing to pay
more for cars whose brand (make) enjoys a general reputation of being more reliable, above and
beyond what the reliability of the individual model. Therefore:
Hypothesis 4 - The price of used cars will be positively related to the average reliability for all cars in their brand.

METHODS, ANALYSIS AND RESULTS

Information on passenger cars of 17 makes (parental brands) from 1993 to 1999 were obtained from Kelley Blue Book (Kelley, 2002), Consumer Reports (2001) and Edmunds (2002). The particular brands chosen represent a variety of countries of origin and price ranges. The dependent variable, price of used cars, was "private-party price" as reported by Kelley Blue Book (Kelley, 2002). These prices are provided by Kelley based on the national average over a large sample of asking prices and imply a car in a good condition, with average for the model options and with average for the year mileage. Two independent variables, wheelbase and engine size, are also as reported in Kelley. The price of a new vehicle produced in 2001 comparable to the used vehicle was as reported by Edmunds (2002). The age of the used car was transformed by taking inverse of the natural logarithm of the age to reflect the diminishing effect of increasing age on price.

For each car, reliability rating on 14 "trouble spots" was then obtained from the Consumer Reports (2001). These ratings are based on the number of problems related to each "problem spot" between April 1999 and March 2000 reported by the respondents to the 2000 Annual Questionnaire conducted by the Consumers' Union (which publishes Consumer reports). These responses form a true continuous, ratio scale (Nunnally, 1967) variable, which has been subsequently transformed by the Consumers' Union for reporting in the Consumer Reports. The resulting variables can be treated as interval scale variables. These 14 ratings were combined to create a reliability scale with an alpha reliability of 0.927 (Chronbach, 1951). Brand reliability was computed as the average reliability of all the passenger cars for a specific brand, across all the models and years of cars within that brand.

The hypotheses were tested by fitting a regression model. The model was significant at p<.001 with an R-square of .867. Each individual regression coefficient significant at p<.001. This regression result fully supports all six hypotheses: wheelbase, engine size, price of a new model moderated by age, reliability, reliability moderated by age, and brand reliability are each significantly related to the used car price in the direction hypothesized. Although several variables are highly correlated, reliability and brand reliability have a correlation of only .483.

DISCUSSION

We have shown that there is a brand reliability effect was beyond the effect of the specific reliability of the individual model of used car. The brand reliability that was considered here was an objective measure based on the reliability of the individual models within the same brand. This strongly supports the notion of a 'brand halo' effect in the used automobile market.

Limitations associated with the sample and data sources are that it is limited to the used car industry, the variables do not reflect geographic location, reliability ratings exclude inherently subjective characteristics, and the representativeness may be questioned (Curry & Riesz, 1988).

Directions for further research include extending the research to other attributes and goods. Once these relationships are uncovered, the extent or degree of the halo effect can be addressed. To investigate the underlying mechanism of the halo effect, explicit consideration of the perceptual
processes and dimensions of benefits can be modeled as structural equations involving interdependencies among latent variables.

The primary implications for practitioners are that there are brand effects associated with specific characteristics. Brand managers need to be aware of the potential 'pull' of the 'brand halo' effect perceptions of that a high end product may be pulled down or a low end product may be pulled up by this perceptual halo. It is also possible that an inaccurate brand perception regarding an attribute may cause biased perceptions of an individual model.

REFERENCES


AFTER THE INTERNET: A THIRD-YEAR FOLLOW-UP AND COMPARATIVE ANALYSIS OF CHILDREN'S PERCEPTIONS AND USE OF THE INTERNET

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ABSTRACT

In a follow-up study of fourth-graders' uses and perceptions of the Internet, the author found evidence of a novelty effect associated with Internet use, which diminished as experience with the Internet increased. Greater Internet experience was related to less willingness to abandon social activities and use of other media in favor of surfing the Web. Children with greater Internet experience also demonstrated more sophistication in their ability to identify the persuasive intent of commercial Web sites and to distinguish between the informational, entertainment, and persuasive functions of commercial, nonprofit, and government Web sites. In fact, for 17 of 18 measures of awareness, fourth-graders in the follow-up study obtained advertising awareness scores that were not significantly different from college students' scores. The study also confirms the importance of parents, teachers, and older siblings in influencing children's choices related to Internet use and enhancing their development as competent Internet consumers.
VOLUNTARY SIMPLICITY: POPULAR DEFINITIONS AND MAJOR THEMES

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ABSTRACT

Voluntary Simplicity is a growing social movement that is important to marketers, because it may herald fundamental and widespread changes in consumer preferences. Academics and leaders of the movement agree that a definition is needed for research on Voluntary Simplicity to move forward. The contribution of this paper is a catalog and analysis of popular definitions of Voluntary Simplicity published from 1977 to 2001.

In many ways, Voluntary Simplicity turns the consumer behavior of mainstream America on its head. Where consumers typically want more material goods, simple-livers want to reduce possessions and clutter in their lives. Where consumers want to earn more to consume more, simple-livers strive to reduce (paid) work and consumption. Where consumers want convenience and low cost, simple-livers will go to extra effort and expense to obtain durable, reusable, and Earth-friendly products. One can rely on mainstream consumers to buy what they want. Simple-livers prefer to minimize their material wants and purchases, obtaining goods by making, borrowing, buying used or not at all.

This paper does not argue that mainstream consumers will become simple-livers. Rather, it argues that simple-livers and mainstream consumers share many values. In service of these values, consumers may adopt less-radical but nonetheless substantial changes in behavior learned from the hard-core simple-livers. Marketers need to be aware of and understand the Voluntary Simplicity movement as it portends fundamental and potentially widespread change in consumer preferences.

The thoughts of several of these leaders, and others, are examined in this paper. An analysis of 142 keywords from 29 citations revealed the following 15 major themes: The Good Life, Life Purpose, Material Simplicity, Ecological Awareness, Personal Growth, Minimal Consumption, Valued Relationships, Chosen Life, Lifestyle, Self Determination, Role of Work, Plain Living, and Human Scale. These themes define the domain of the Voluntary Simplicity lifestyle. Researchers can use the themes to craft a definition of Voluntary Simplicity that captures the breadth of the movement, and to identify items for use in measures of Voluntary Simplicity. Future research can use this paper to more fully examine the Voluntary Simplicity lifestyle, and more accurately measure it among adherents. By understanding the meaning of Voluntary Simplicity as defined by thought leaders in the movement, marketing researchers can better identify its influence among mainstream consumers.

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GENDER BIAS AND CUSTOMER SATISFACTION IN THE RETAIL ENVIRONMENT

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ABSTRACT

This exploratory study attempts to answer three questions: 1) does gender bias in the retail selling environment exist today; 2) does dissimilarity of buyer and seller gender lead to bias; and 3) do the determinants of customer satisfaction differ for men and women. The study does not find gender bias in the selling environment. Likewise, gender dissimilarity in the buyer/seller dyad did not produce any significant differences. The findings do, however, confirm that significant differences in the determinants of customer satisfaction exist between male and female buyers. Managerial and research implications are discussed.

INTRODUCTION

At the dawn of the twenty-first century, evidence of gender bias still abounds in many areas including the workplace (e.g., Thomas 2001), healthcare (e.g., Rutledge 2001), education (e.g., Hornblower 1998), and even in the retail selling environment (e.g., Lages 1992). Lages (1992, p. 9) succinctly states that gender bias "can create tremendous misunderstanding, misinterpretation and even offense. A greater understanding of gender bias and some of its underlying causes in the salesperson/customer relationship could lead to an increase in the efficiency and productivity (and therefore, profitability) of daily retail operations."

A recent body of marketing literature proposes that some differences arise, not necessarily from gender differences per se, but rather from the dissimilarity between buyer and seller. This exploratory study attempts to answer three questions: 1) does gender bias in the retail selling environment exist today; 2) does dissimilarity of buyer and seller gender lead to bias; and 3) do the determinants of customer satisfaction differ for men and women.

LITERATURE REVIEW

A number of studies have assessed discrimination in a variety of retail environments. For example, Zinkhan and Stoianadin (1984) found that men receive precedence in service over females. Though female salespeople are considered more trustworthy than males, dissimilarity of buyer and seller do not effect initial perceptions of salesperson credibility (Jones et al. 1998).

Several studies using controlled experiments found substantial evidence of gender discrimination in the new car market (Ayers 1991; Ayers and Siegelman 1995). However, no
evidence of price discrimination against women was found in a more recent study based on actual purchase data of new cars (Goldberg 1996).

A second area in which gender bias has been studied in marketing is the sales literature. Ample evidence exists that women are disciplined less severely than men following an episode of unacceptable behavior in a sales environment (Rozema and Gray 1987; Bellizzi and Hite 1989; Bellizzi and Norvell 1991; Bellizzi and Hasty 2001).

McNeilly and Russ (2000, p. 287) also found gender differences when assessing salesperson-sales manager dyads, and conclude that their study "hints at the possibility of gender bias." However, this bias may be more an artifact of dissimilarity between salesperson and sales manager, rather than deliberate or intentional acts.

In buyer/seller situations, gender dissimilarity does impact the perceived level of customer orientation (Palmer and Bejou 1995); customer orientation was highest in female-female dyad, followed by male-male dyad. Thus, gender similarity seems to raise perceptions of customer orientation. Interestingly, Dwyer, Richard, and Shepherd (1998) found that gender dissimilarity in a buyer-seller situation results in higher performance; i.e., that persons selling to buyers of the opposite gender outperform those selling to buyers of the same gender.

**METHODOLOGY**

Data were collected using a Mystery Shopper format and were collected by trained student shoppers. Fifty-five students (18 males and 37 females) with an average age of 23.9 years were enrolled in two Principles of Personal Selling classes in a northwestern university. Students posed as customers and shopped at a variety of local retail stores for an item of at least $150 in value. Each student then completed a Mystery Shopper form to evaluate the conduct of the retail salesperson. A total of 53 complete forms were available for analysis.

In addition to recording the buyer and seller gender and type of store, students were also asked to measure the time they had to wait between entering the store and being approached by a salesperson, their perceptions of the salesperson's attitude, the perceived level of product knowledge of the salesperson, and their overall level of satisfaction with the sales experience.

To assess differing perspectives of male and female buyers and differing perceptions of male and female sellers, a t test was performed for each of the study constructs. Only one significant difference emerges. Female shoppers tend to rate the salesperson's product knowledge higher than do male shoppers. Male and female shoppers exhibit no differences in wait time, perceived attitude of the salesperson, or in overall satisfaction. No significant differences emerge when comparing male and female salespersons.

To assess differences in the constructs by buyer/seller dissimilarity, an ANOVA was run for each construct. The F statistics for attitude, product knowledge, and satisfaction are not significant, indicating no significant differences among the groups. The F statistic for wait times is significant, with $p = .018$. However, since the largest group size divided by the smallest group size exceeds 1.5, a test for unequal variances is required before using the traditional post hoc tests for univariate differences (Hair et al 1992). The Levine test for homogeneity of variances indicated that significant differences in variances of the four groups ($p < .001$) exist. Therefore, to better ensure against Type
I error, we chose three post hoc tests that control for unequal variances: Tamhane, Dunnett T3, and Games-Howell statistics. All three tests indicated no univariate differences, despite the overall significant F statistic for wait time. Therefore, we conclude that buyer/seller dissimilarity does not impact any of the constructs in this study.

Finally, two OLS regression analyses were conducted to assess the determinants of customer satisfaction first for men, then second for women. As can be seen in Table 1, clear differences emerge. Since the models have varying sample sizes, adjusted R2 is most useful as it takes sample size into consideration (Hair et al. 1992). The regression model for women is significant, but the model for men is not. In addition, 72% of the variation in women's satisfaction is explained by the model, whereas only 29% of the variation in men's satisfaction is explained. Both wait time and product knowledge are significant predictors of satisfaction for women. Increasing the wait time significantly lowers customer satisfaction, while higher levels of salesperson product knowledge increases satisfaction. For men, however, none of the constructs is a significant predictor of satisfaction.

Table 1: Regressions Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Male</th>
<th></th>
<th>Female</th>
<th></th>
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<tbody>
<tr>
<td>Constant</td>
<td>-.139</td>
<td>(1.873)</td>
<td>.486</td>
<td>(.884)</td>
</tr>
<tr>
<td>Attitude</td>
<td>.344</td>
<td>(.397)</td>
<td>.269</td>
<td>(.145)</td>
</tr>
<tr>
<td>Wait Time</td>
<td>-.041</td>
<td>(.119)</td>
<td>-.206*</td>
<td>(.092)</td>
</tr>
<tr>
<td>Product Knowledge</td>
<td>.513</td>
<td>(.360)</td>
<td>.622**</td>
<td>(.138)</td>
</tr>
</tbody>
</table>

| F statistic         | 2.809    |         | 27.463   |         |
| sign. (F)           | .094     |         | .000     |         |
| Adjusted R2         | .294     |         | .719     |         |
| n                   | 13       |         | 31       |         |

Standard errors are provided in parentheses.

* Coefficient significant at p < .05

**Coefficient significant at p < .01

**DISCUSSION AND CONCLUSIONS**

This study does not find gender bias in the selling environment; no differences in wait time or the salesperson's attitude toward the customer were discovered. Females do tend to rate salesperson's product knowledge higher than men, but no differences in satisfaction between men and women exist.
Likewise, gender dissimilarity in the buyer/seller dyad did not produce any significant differences. The one F statistic that is significant (wait time) appears driven more by unequal sample sizes, and no univariate differences emerge.

The findings do, however, confirm that significant differences in the determinants of customer satisfaction exist between male and female buyers. Wait time and salesperson product knowledge are both significant determinants of customer satisfaction for women, but are not significant for men. However, a key finding is evident when comparing the Adjusted R2 of the two models. The model explains almost three-quarters of the variation in women's satisfaction, but less than one-third of the variation in men's satisfaction.

One implication is the need for further studies to determine what drives customer satisfaction among men in a retail selling environment. Clearly, managers of retail stores targeting primarily women may wish to increase the product knowledge of salespeople and implement policies to shorten the wait time once a shopper enters the store. However, for stores targeting primarily men, more research is needed in how to improve customer satisfaction.

For academic researchers, a clear implication is that studies of customer satisfaction should explicitly measure differences between men and women. If study results are aggregated without testing for gender differences, findings may be flawed.

The findings of this study, while interesting, represent only a first step in a research agenda to assess gender differences in the retail selling environment. Though this study provides valuable insight, several limitations should be noted. First, the nature of the sample limits its generalizability. A larger sample would allow for more definitive comparisons, particularly among the four buyer/seller dyads. A national sample would also reduce the possible geographic bias of this study. Finally, only one side of the dyad was assessed. It would be beneficial to assess salespersons' actual product knowledge and attitude toward the customer, rather than customer perceptions.

REFERENCES


MARKETING DETERMINANTS OF CUSTOMERS' ATTITUDES TOWARDS SELECTING A RESTAURANT

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ABSTRACT

This study examines the marketing determinants of customers' attitudes towards selecting a restaurant either for leisure or for business. Various factors such as service, product, location, physical, promotion, price, and image attributes were rated and analyzed on importance. The study utilizes a self-administered questionnaire containing close-ended questions to a random sample of people (usable 556 surveys). The questionnaire consisted of 7-point bi-polar type scales about different attributes. Factor analysis and paired t-tests were performed and means were determined. The findings of this exploratory study supports that customers find food quality, ambience factors, image, and friendly staff important in selecting a fine dining restaurant. The business sector wants availability of rooms for special functions, seminars, and banquets, while the leisure segment wants discounts, buffets, and prices less than $30 a person.
GLOBALIZATION AND COMPETITIVENESS: JAPAN, FRANCE, AND KOREA

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Buagu Musazi, Virginia State University

ABSTRACT

The purpose of this study was to ascertain the relationship between globalization and competitiveness input factors such as domestic economy, government, finance, infra-structure, management, science and technology, and people. Simple regression analysis was applied. The study was based on the statistics published in the World Competitiveness Yearbook. Globalization is not closely related to competitiveness of a nation. In Japan, government and infrastructure were significant variables affecting globalization, whereas in France, there were no significant variables relating to her internationalization. In Korea as in most developing economies, government and financial policies were highly significant in relating to globalization. In Japan and Korea, globalization rankings were far behind of their competitiveness rankings, whereas in France, globalization rankings were far ahead of her competitiveness rankings.

INTRODUCTION

Toward the end of the World War II, the Bretton Woods Agreement was adopted to mainly liberalize international trade to enhance the economic conditions of every nation on earth in 1944. This conference at Bretton Woods stemmed from the experience of two major events of the world. One was the worldwide Great Depression of 1929, which was believed to be primarily caused by the protectionist policies exercised by many nations. The other was the horrendous causalities of the World War II which left 55 million dead and 35 million wounded.

The basic purpose of the Agreement was to create an effective worldwide system for nations to cooperate and utilize their resources to resolve the international problems and challenges so as to prevent another disasters like the Great Depression and the world war. Even though the original intention of the conference was not to create a world government, but the institutions founded at the Bretton Woods meeting later became part of the United Nations system [Micklethwait, 2000]. The new institutions were not just a financial entity, but also political, economic, social philosophy. The UN finally came into being on June 26, 1945. This was the watershed of the process and trend toward globalization in our time.

As we are ushered into new millennium, the information revolution and technological breakthrough have drastically changed the global landscape, causing the unprecedented transformation of global markets and business competition [Moak, 2001]. For instance, the invention of Internet, the foreign exchange market, business mergers, and Foreign Direct Investment (FDI) have altered the business world so that the nations are becoming more borderless each passing hour [Ryans, 2001]. Technology, financial markets and modern management practices are making the
diverse world markets into single market. Free mobility of capital beyond the national territory can make any nation to buy and adopt new technology for their economic activities.

New technology, in turn, can transfer capital to any places in the world almost instantly without restriction. Thus, the globalization process is being spearheaded by the capital movement worldwide. And professional managers have practiced the most sophisticated modern management skills to meet the increasing worldwide competition so as to maximize the profits of their multinational corporations [Oswick, 2001]. This implies that the firms with effective management skills with capital and technology can expand business beyond their national borders. This in turn enhances pressure on less competitive firms to follow suit or risk disappearance in the competitive world.

The Industrial Revolution taught people how to work with machines in factories in order to produce a large quantity of goods and services. The Internet revolution teaches people how to communicate with people so as to obtain maximum knowledge and information. The information revolution has promoted globalization and competition at an incredible pace. Some scholars argued that the globalization simply enhances connectivity, and it promotes understanding of diversity and differences [Ali, 2001].

Globalization is an inevitable trend for the world, no matter how slowly or rapidly is taking place. The purpose of this paper is to determine how the globalization process is shaped by what competitiveness input factors and how important these input factors are in shaping the globalization of each nation. For this comparative study, Japan, France, and Korea were chosen. The competitiveness input factors and globalization indices were based on statistics published in the World Competitiveness Yearbook.

**METHODOLOGY AND DATA**

The International Institute of Management Development (IMD) publishes the World Competitiveness Yearbook annually. The Yearbook presents rankings of each nation in terms of its ability to provide a political, economic, social and cultural environment in which business firms can compete. The Yearbook also shows competitiveness using 290 valuable statistics for 47 industrialized and emerging economies. These statistics are conveniently divided into eight "input factors" such as domestic economy, internationalization, government, finance, infrastructure, management, science and technology and people. As noted, one of these "input factors" is internationalization.

The globalization becomes the center of this paper. These input factors are called competitiveness input factors, and they are used as independent variables for this comparative study with globalization as dependent variable.

Competitiveness of nations are closely related to the competitiveness of business firms of that nation. The data of the Yearbook are based on the competitiveness of nations rather than the competitive nature of firms. Therefore, they calculate how effectively nations are fulfilling in providing favorable environment, which encourages the domestic and global competitiveness of the business enterprises. The Yearbook tabulated hard data obtained from international and regional organizations, private institutions and national institutes.
Even though business firms do compete in the world market, but the nations along with its economic structure, political reality, cultural and social values are intricate part of the world competition. Nation's competitiveness defined by OECD contains three basic ideas: first, a country can produce under free and fair market conditions; second, a country can produce goods and services which meet the test of international markets; third, a country can maintain and expand the real incomes of its people [WCY, 2000].

In the World Competitiveness Yearbook, domestic economy had 30 criteria, which dealt with macro-economic policy and evaluation of the economy. Internationalization had 45 criteria which dealt with extent to which the country participates in international trade, investment and openness. Government had 46 criteria, which described the extent to which government policies and practices are attractive to international competitiveness. Finance had 27 criteria which explains performance of capital markets and quality of financial services. Infrastructure had 37 criteria which depicts extent to which natural, artificial, technical and communication resources are sufficient to provide the basic needs of firms. Management had 37 criteria which explains the extent to which firms are managed in an innovative, profitable, transparent, and responsible manner. Science and Technology had 25 criteria that depict scientific and technological capacity of a country. Finally, people had 43 criteria that show availability, qualifications, and value system of human resources.

The essential method of the rankings in the Yearbook was the standardized value for all the criteria that is called the STD value. The task was to compute the STD value for each criterion using the available data for all of the countries. Then, the ranking of the scores are done for the 249 criteria. In this Yearbook, 47 industrialized and emerging economies of the world were chosen for presentation. In this paper, Japan, France, and Korea were selected for comparative study.

Japan is considered, because Japan is a highly industrialized and the second most powerful economy in the world. And yet in recent years, Japan has experienced the longest recession since the WWII. In spite of many government efforts, Japan's economy failed to recover from the recession. It is interesting to determine how the current economic condition is affecting her globalization and its ranking in the world.

France is chosen, because French economy has been stable over the years, and is a highly industrialized economy with a long tradition of state involvement. This country is still characterized by high levels of state employment. France as a member of European Union has developed its attractiveness and its sophisticated scientific base during the past decade. This country also maintained social and national cohesion. France was the first country to introduce 35 hours workweek in EU. The impact of such a policy on the globalization should be of great interest to both academicians and business communities.

Korea is also selected, because Korean economy was dramatically recovered from the recent Asian financial crisis, and has maintained a healthy rate of growth. Korea is still a developing nation with expanding industrial base, along with steady increase of per capita GDP in recent decades. The government adopted globalization as a national goal in 1995. It is indeed interesting to ascertain how and why Korea made 10 points jump in her ranking in 2000 to become 28th ranking in the world competitiveness scoreboard.

Globalization indices and overall competitiveness rankings of three countries, Japan, France, and Korea are presented in Table 1.
Table 1: Competitiveness and Globalization Rankings for Japan, France, Korea, 1996-2000

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<tbody>
<tr>
<td>Japan (a)</td>
<td>4/47</td>
<td>9/47</td>
<td>18/47</td>
<td>16/47</td>
<td>17/47</td>
</tr>
<tr>
<td>(b)</td>
<td>14/47</td>
<td>32/47</td>
<td>34/47</td>
<td>21/47</td>
<td>27/47</td>
</tr>
<tr>
<td>France (a)</td>
<td>20/47</td>
<td>19/47</td>
<td>21/47</td>
<td>21/47</td>
<td>19/47</td>
</tr>
<tr>
<td>(b)</td>
<td>7/47</td>
<td>10/47</td>
<td>10/47</td>
<td>9/47</td>
<td>11/47</td>
</tr>
<tr>
<td>Korea (a)</td>
<td>27/47</td>
<td>30/47</td>
<td>35/47</td>
<td>38/47</td>
<td>28/47</td>
</tr>
<tr>
<td>(b)</td>
<td>43/47</td>
<td>45/47</td>
<td>46/47</td>
<td>40/47</td>
<td>30/47</td>
</tr>
</tbody>
</table>

Note: (a) line lists overall competitiveness ranking and the (b) line lists globalization rankings.

It is interesting to note that overall competitiveness rankings in Japan are higher than the rankings of France and Korea, despite the fact that her rankings have been declined from 1996 to 2000. For example, the overall competitiveness ranking was 4th in 1996 and declined to 17th ranking in 2000. This may be due to the long period of recession in the country. The rankings of globalization in Japan at the same time were lower than the rankings of overall competitiveness rankings.

In the case of France, overall competitiveness rankings were lower than those of Japan during the study period, but the globalization rankings were higher than those of Japan. The rankings of globalization in France were higher than the competitiveness rankings in this country.

Korean data show that both competitiveness rankings as well as globalization rankings were lower than those of Japan and France. It is also interesting to note that the globalization rankings were lower than those of the competitiveness rankings in this country. This is exactly an opposite situation that of France.

Japan and Korea demonstrated that the rankings of globalization were lower than the overall competitiveness rankings in these two countries. This implies that globalization of their economy is far behind of the competitiveness of their nations. On the other hand, France, a member of European Union, has shown that the globalization of her economy is far ahead of the competitiveness of her nation. Table 1 revealed that globalization is not closely linked with competitiveness rankings.

In this study, globalization was used as dependent variable, and the simple regression analysis was applied with seven other competitiveness input factors such as domestic economy, government, finance, infrastructure, management, science & technology, and people as independent variable separately. This analysis was applied to determine how the globalization is influenced by each input factor so as to ascertain the importance of each independent variable related to the globalization of each country.
STATISTICAL RESULTS AND IMPLICATIONS:

The results of regression analysis using globalization as dependent variable and seven (7) other input factors as independent variables are shown in Table 2.

<table>
<thead>
<tr>
<th>Country</th>
<th>Items</th>
<th>D.E.</th>
<th>Gov.</th>
<th>Fin.</th>
<th>Infra.</th>
<th>Mgmt</th>
<th>S&amp;T</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>R-Sq</td>
<td>0.0006</td>
<td>0.4954</td>
<td>0.9120</td>
<td>0.1729</td>
<td>0.0386</td>
<td>0.3125</td>
<td>0.3292</td>
</tr>
<tr>
<td></td>
<td>T-Sta</td>
<td>-0.0434</td>
<td>1.7162</td>
<td>5.5757</td>
<td>0.7874</td>
<td>-0.3469</td>
<td>-1.1676</td>
<td>-1.2134</td>
</tr>
<tr>
<td></td>
<td>F-Sta</td>
<td>0.0019</td>
<td>2.9452</td>
<td>31.0891</td>
<td>0.6201</td>
<td>0.1203</td>
<td>1.3634</td>
<td>1.4723</td>
</tr>
<tr>
<td>France</td>
<td>R-Sq</td>
<td>0.0067</td>
<td>0.2475</td>
<td>0.4181</td>
<td>0.3687</td>
<td>0.3166</td>
<td>0.0170</td>
<td>0.3808</td>
</tr>
<tr>
<td></td>
<td>T-Sta</td>
<td>-0.1426</td>
<td>0.9934</td>
<td>-1.4681</td>
<td>-1.3238</td>
<td>1.1789</td>
<td>0.2279</td>
<td>1.3582</td>
</tr>
<tr>
<td></td>
<td>F-Sta</td>
<td>0.0203</td>
<td>0.9869</td>
<td>2.1552</td>
<td>1.7523</td>
<td>1.3898</td>
<td>0.0519</td>
<td>1.8447</td>
</tr>
<tr>
<td>Korea</td>
<td>R-Sq</td>
<td>0.0006</td>
<td>0.4954</td>
<td>0.9120</td>
<td>0.1729</td>
<td>0.0386</td>
<td>0.3125</td>
<td>0.3292</td>
</tr>
<tr>
<td></td>
<td>T-Sta</td>
<td>-0.0434</td>
<td>1.7162</td>
<td>5.5757</td>
<td>0.7874</td>
<td>-0.3469</td>
<td>-1.1676</td>
<td>-1.2134</td>
</tr>
<tr>
<td></td>
<td>F-Sta</td>
<td>0.0019</td>
<td>2.9452</td>
<td>31.0891</td>
<td>0.6201</td>
<td>0.1203</td>
<td>1.3634</td>
<td>1.4723</td>
</tr>
</tbody>
</table>

Note: D.E. stands for Domestic Economy, and S&T stand for Science and Technology

The globalization of Japan is significantly related to her governmental policies, as expected. Ever since the end of the WWII, Japanese government has closely worked with private business firms to rebuild her economy. Indeed, Japan built the second most powerful economy in the world. Both T-test and F-value were significant at the 95 percent probability level. The rest of the independent variables were non-significant, except infrastructure. The infrastructure in Japan was negatively significant in influencing the globalization. This could be explained by the fact that Japanese market structure is tightly knitted within so that foreign firms have had difficulty to penetrate into their network. The keiretsu system is one example of this network. The results of this study support the argument that Japanese market has been closed to the foreign competition.

No one independent variable has any significant impact on the globalization of France, except the financial policy of the country. The financial policy of France was not statistically significant, but has a noteworthy influence on the globalization. However, her financial policy may be linked with the overall economic and trade policy of the European Union. The adoption of common currency in European Union from 2002 may have even more close linkage with the rest of the member countries than ever before.

As expected, the globalization of Korea was significantly affected by governmental measures and financial policies. Government has played a major role in economic and trade policies of the country since the end of the Korean War, 1950-53. Financial availability and policies become
critically important factor in a developing country. Both T-test and F-value were highly significant for both independent variables. The rest of the independent variables were non-significant.

Japan and Korea have similar cultural value system derived from Confucian principles that stress hard work, loyalty, discipline, education, saving, and family. This is strikingly similar to the Protestant work ethic of the 19th century of the West. This may explain why the competitiveness rankings of both nations were far ahead of the rankings of globalization. The value system of the East may tend to be somewhat less open to the outsiders.

**SUMMARY**

Since the end of the World War II, dramatic technological transformation and population growth have changed the global landscape forever. Globalization is an inevitable consequence of the historical process. Globalization is more than just free and open market system, which may generate free trade, free mobility of capital and investment among the nations. The concept of globalization may involve political, cultural, and social liberalization. This is why the globalization is not closely linked with the competitiveness of a nation.

The statistical analysis of globalization and competitiveness rankings were based on the information provided by the International Institute of Management Development (IMD), which publishes annual World Competitiveness Yearbook. Japan, France, and Korea were selected for this study, because of their unique status of their economic, political and sociocultural heritage.

The competitiveness rankings do not match with the globalization rankings of each country. In the case of Japan and Korea, globalization rankings were far behind of their competitiveness rankings, whereas in France, globalization rankings were far ahead of her competitiveness rankings.

In Japan, government and infrastructure were significant variables affecting globalization, even though infrastructure was negatively significant. In France, there were no significant variables affecting the globalization. In Korea as in most developing economies, government and financial polices were highly significant in influencing her globalization.

This is only a preliminary study based on the limited number of years, and it is suggested that future investigation using additional data and the number of samples are needed to throw additional light on this vital subject.

**REFERENCES**


CHANGING CONSUMER NEEDS CALL FOR THE MARKETING OF EXPERIENCES ACADEMY OF MARKETING STUDIES

Laetitia Radder, Port Elizabeth Technikon, South Africa

ABSTRACT

The recognition and satisfaction of consumer needs is at the heart of marketing. Technological advances, economic developments, demographic shifts and societal changes all have an influence on customer needs.

An analysis of consumer desires and associated behavioral trends, points to a movement away from physiological needs to a focus on inner needs. Inner needs can be grouped into self-centered, emotional, social, spiritual and intellectual needs. Since few inner needs can be satisfied by products and services alone, a further form of value distinction is called for. The unique characteristics of experiences make them particularly suited to such a role.

This research analyses the changes in consumer needs, explains how the marketing of experiences can address these changed needs and highlights the unique challenges facing experience marketers.

INTRODUCTION

The satisfaction of consumers' needs is at the heart of marketing (Lambin, 2000). Need recognition occurs when a consumer: becomes conscious of either an unrest from within or an urge to reach out and address some previously unrecognized need or desire (O'Sullivan & Spangler, 1998); is faced with an imbalance between actual and desired states (Lamb, Hair & McDaniel, 2000; Dibb, Simkin, Pride & Ferrell, 2001); or has an identified need to fulfill or a problem to solve (Zeithaml & Bitner, 2000).

The above definitions of need recognition point to consumers' desires to solve problems, rectify imbalances and address urges or unrests from within. These desires have conventionally been addressed through products and services (McDonald, Christopher, Knox & Payne, 2001).

If needs give rise to a demand for satisfaction, it seems logical to expect that as consumers' needs change, the problem-solving benefits expected from purchases will change accordingly. This research contemplates the profound changes in consumer needs and ways of addressing these changed needs.

CHANGING CONSUMER DESIRES, NEEDS AND BEHAVIOURAL PATTERNS

A changed society results from advances in technology, demographic shifts, economic developments, and societal changes. These developments also bring many new needs. Advances in science, for example, allow people to live longer and often more independently, but at the same
time, also allow thousands to be killed in a single incident such as that of September 11. Since people are living longer, societies consist of multiple generations. At the same time pandemics such as AIDS are expected to wipe out almost complete generations, bringing numerous new socio-economic needs. Technological developments and economic pressures, for example, force people out of their jobs and replace them with machines, but also allow them to work almost anywhere from virtual offices. These developments invariably result in changed consumer behavior.

Consumer behavior and life style patterns are often a reflection of consumers' needs, since "needs are a person's basic shopping requirements consistent with his or her present demographics and life style" (Berman & Evans, 2001). A number of trends in behavior and lifestyle patterns, together with some consumer hot buttons, were analyzed, and are summarized in Table 1. When these behavior patterns and hot buttons are scrutinized more closely, a number of underlying psychic or inner needs emerge. Upon regrouping and matching the hot buttons, behavioral patterns and needs, five categories of inner needs can be identified, namely self-centered needs, emotional needs, social needs, spiritual needs and intellectual needs. Table 1 further shows specific needs that could be associated with each category.

<table>
<thead>
<tr>
<th>Consumer hot buttons</th>
<th>Behavioral trends</th>
<th>Underlying consumer needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desire for control</td>
<td>Egonomics - a focus on the self and inner feelings</td>
<td>Self-centered needs:</td>
</tr>
<tr>
<td>Being the best one can be</td>
<td>Staying alive - concern and focus on health and wellness</td>
<td>self-esteem</td>
</tr>
<tr>
<td></td>
<td>The vigilante consumer - emphasis upon demands and expectations for value and personalization in the marketplace</td>
<td>accomplishment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>recognition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>dominance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>confidence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>self-reliance</td>
</tr>
<tr>
<td>Discovery</td>
<td>Pleasure revenge - rebelling against the “right” things</td>
<td>Emotional needs:</td>
</tr>
<tr>
<td>Excitement</td>
<td>Fantasy adventure - the desire for escape and entertainment</td>
<td>excitement</td>
</tr>
<tr>
<td>Fun</td>
<td>Small indulgences - seeking little, often inexpensive rewards as sources of comfort and pleasure</td>
<td>escape</td>
</tr>
<tr>
<td>Novelty</td>
<td></td>
<td>relaxation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>pleasure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>joy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>delight</td>
</tr>
<tr>
<td>Nurturing</td>
<td>Cocooning - people seeking shelter and solace within the home</td>
<td>Social needs:</td>
</tr>
<tr>
<td>Belonging</td>
<td>Clanning - getting together with others with whom one shares common interests</td>
<td>interpersonal relationships</td>
</tr>
<tr>
<td></td>
<td>Femalethink - caring and sharing approach</td>
<td>friendships</td>
</tr>
<tr>
<td></td>
<td>Mancipation - caring and sharing for men</td>
<td>companionship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>fellowships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>affiliation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>belonging</td>
</tr>
<tr>
<td></td>
<td></td>
<td>community</td>
</tr>
</tbody>
</table>
Table 1: Consumer hot buttons, behavioral trends and needs

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer hot buttons</td>
<td>Behavioral trends</td>
<td>Underlying consumer needs</td>
</tr>
<tr>
<td>Revaluing</td>
<td>Anchoring - connecting with a spiritual base</td>
<td>Spiritual (not necessarily religious) needs:</td>
</tr>
<tr>
<td>Chance for a clean slate</td>
<td>Cashing out - the tendency to exchange monetary rewards for life quality and satisfaction</td>
<td>contemplation</td>
</tr>
<tr>
<td></td>
<td>Save-our-society - interest and involvement in community, environmental and societal concerns</td>
<td>reflection</td>
</tr>
<tr>
<td></td>
<td></td>
<td>renewal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>aesthetics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>appreciation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>faith</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ecstasy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sacredness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>magic</td>
</tr>
<tr>
<td>Ability to stay ageless</td>
<td>Down-aging - redefining the roles and expectations of the maturing process</td>
<td>Intellectual needs:</td>
</tr>
<tr>
<td>Immortality</td>
<td>99 lives - prevalence of people to assume and attempt to balance many roles and responsibilities</td>
<td>stimulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>exploration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>creativity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>problem solving</td>
</tr>
</tbody>
</table>

Source: Feig, 1997; Popcorn, 1991; Popcorn & Marigold, 1996

It is unlikely that needs such as accomplishment, excitement, escape, relaxation, delight, fellowship, affiliation, renewal, appreciation, stimulation and creativity, would be satisfied by products and services only. A further form of value distinction is clearly called for. The unique characteristics of experiences make them ideal satisfiers of such needs and hence warrant further investigation.

**DIMENSIONS OF EXPERIENCES**

Experiences can be best understood by comparing them to commodities, goods and services (as shown in Table 2). Table 2 shows experiences as an economic offering distinct from commodities, goods and services. True commodities are animal, mineral and vegetable materials extracted from the natural world. After slaughtering, mining, or harvesting the commodity is processed or refined to yield certain characteristics and then stored in bulk before being transported to the market. Commodity prices are generally determined by supply and demand (Pine & Gilmore, 1999).
Table 2: Differences between commodities, goods, services and experiences

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Agrarian</td>
<td>Industrial</td>
<td>Service</td>
<td>Experience</td>
</tr>
<tr>
<td>Economic Function</td>
<td>Extract</td>
<td>Make</td>
<td>Deliver</td>
<td>Stage</td>
</tr>
<tr>
<td>Nature of Offering</td>
<td>Fungible</td>
<td>Tangible</td>
<td>Intangible</td>
<td>Memorable</td>
</tr>
<tr>
<td>Key Attribute</td>
<td>Natural</td>
<td>Standardized</td>
<td>Customized</td>
<td>Personal</td>
</tr>
<tr>
<td>Method of supply</td>
<td>Stored in bulk</td>
<td>Inventoried after production</td>
<td>Delivered on demand</td>
<td>Revealed over a duration</td>
</tr>
<tr>
<td>Seller</td>
<td>Trader</td>
<td>Manufacturer</td>
<td>Provider</td>
<td>Stager</td>
</tr>
<tr>
<td>Buyer</td>
<td>Market</td>
<td>User</td>
<td>Client</td>
<td>Guest</td>
</tr>
<tr>
<td>Factors of Demand</td>
<td>Characteristics</td>
<td>Features</td>
<td>Benefits</td>
<td>Sensations</td>
</tr>
</tbody>
</table>

Source: Pine & Gilmore, 1999

Using commodities as raw materials, companies make and then inventory goods, that is, tangible items sold to customers who buy them off the shelf or order them from a catalogue. Prices are based on the costs of production and on product differentiation. Because products can be put to immediate use, their users value them more highly than the commodities from whence they came (Pine & Gilmore, 1999).

Services are intangible activities customized to the individual needs of known clients. Goods are used to perform operations on a particular client, or on his property or possessions and in the process a desired service is delivered. Clients generally value the benefits of services more highly than the goods required to provide them. Services accomplish specific tasks consumers want done but do not want to do themselves, while the goods merely supply the means (Pine & Gilmore, 1999).

Contrary to buying a set of tangible attributes (products), or intangible activities carried out on their behalves (services), buying an experience, means paying to spend time enjoying a series of memorable events, rich with sensations, staged by the provider thereof. The consumer can be engaged on an emotional, physical, intellectual, or even spiritual level (Pine & Gilmore, 1999). Since each experience derives from the interaction between the staged event and the individual's prior state of mind and being, experiences are inherently personal.

O'Sullivan and Spangler (1998) identified further characteristics that differentiate experiences from the experience components of products and services. An experience is characterized by: the participation and involvement of the individual in the consumption process; the state of being physically, mentally, emotionally, socially, or spiritually engaged; a change in knowledge, skill, memory, or emotion derived through such participation; the conscious perception of having intentionally encountered, gone to or lived through an activity or event; and an effort directed at addressing a psychological or internal need of the participant. These foregoing characteristics make experiences exceptionally suited to the consumer needs listed in Table 1.
CHALLENGES TO MARKETERS OF EXPERIENCES

Given the characteristics of experiences as economic offerings and the complexity, uniqueness and variety of consumers' inner needs, numerous challenges are posed to the marketers of experiences as inner need satisfiers. A number of these challenges are pointed out below.

The value derived from an experience is personal in the sense that it varies from one individual to another. Organizations are therefore challenged to create experiences that are personal, individual and customized, but to do so in a cost effective manner.

Experiences are characterized by the participation and involvement of the individual in the consumption process. In designing and staging their experience offerings, marketers will have to take into consideration factors such as: the role of the participant; the impact of the participant's competency or performance upon the experience; the presence or involvement of other participants; and the role of the provider personnel.

Since consumers may be physically, mentally, emotionally, socially or spiritually engaged in the experience, marketers will have to address all of these dimensions and provide value as defined by the participants (not by the marketers), which is unique compared to the value provided by competitors. At the same time, they will have to take cognizance of the change in consumers' knowledge, skills, memory and emotion derived through the participation in the experience.

The second time a consumer encounters, go to or live through an activity or event, it is likely to be marginally less enjoyable than the first time. Organizations will have to find ways to prevent experiences from becoming commoditized. This could mean continually reinventing the experience either in reality or in the mind of the customer, or providing customers with the unexpected to ensure delight. It may also require building collaborative relationships with consumers to enhance long-term customer satisfaction and retention.

MANAGERIAL IMPLICATIONS

The new demands created by changed consumer needs, societal changes and technological developments, mean that organizations would have to keep up with these changes and start to rethink their ways of operation. Organizations can no longer attempt to satisfy consumer needs by only offering products and services, since the greater emphasis on consumers' inner needs necessitates the availability of experiences as a further economic offering.

The complexity of consumers' inner needs and the unique characteristics associated with experiences as need satisfiers, mean that organizations will have to be agile, flexible, and change the ways in which they perceive their customers and carry out their marketing functions. Rather than viewing consumers as customers with certain demands, seeking satisfaction, consumers should be seen as collaborators with particular expectations, seeking personalized benefits. Mass marketing of products and services need to be replaced by mass customization of experiences, accuracy with agility and quality with enhanced and enriched value if organizations want to provide customers with personalized experiences that address their customers' self-centered, emotional, spiritual, intellectual and social needs. This in turn would require a shift from a focus on the organization's tangible assets to its intangible assets such as people, knowledge and information.
REFERENCES


THE ELICITATION AND EVALUATION METHOD

Wayne A. Roberts, Jr. Southern Utah University

ABSTRACT

A simple, useful method for modifying multi-item scales and lists is described and illustrated. The elicitation and evaluation method is a refinement of the free elicitation technique, whereby respondents generate relevant lists and subsequently indicate the relative significance of the generated items. Following this, respondents evaluate lists, and/or scales and/or scale items supplied by the researcher. This information can give researchers guidance on how to use theories and measurement scales in specific contexts.
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