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THE EFFECT OF PERSONAL ATTACHMENT AND USAGE ON CONSUMERS' RESPONSE TO NOSTALGIA

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ABSTRACT

The goal of this research is to examine how consumers' current and past brand-related behaviors affect their responses to nostalgic advertising. In general, the authors argue that nostalgia advertising influences consumers in different ways, depending upon their experiences with a brand. It is hypothesized that the effect of nostalgia is more pronounced for individuals who are current (frequent) users of a brand that was used during their childhood. The results of the current research support the prediction that nostalgia is intensely personal and that it works the best for current consumers who have lasting, personal attachments with the brand. The authors believe that these findings have practical implications for companies that are considering utilizing nostalgic themes in their communication tools and product designs. More importantly, the authors claim that in order to get the full effect of nostalgia, companies need to target consumers who are current users and have personal attachments to a specific brand.

INTRODUCTION

Nostalgia – generally defined as a preference toward objects that were more common when one was younger or even before birth (p.331, Holbrook and Schindler, 1991) – is an often used marketing theme in advertising campaigns and product design. Companies such as Burger King, Gap, Coca Cola, and Burma Shave, to name a few, have apparently seen the value of using nostalgic themes. Research indicates that personal nostalgic feelings generated through advertising are capable of influencing consumers' attitudes toward the brand and likelihood of purchase (Pascal, Sprott, and Muehling, 2002). While this limited research suggests that nostalgia may be a universal phenomenon that can be used in marketing and advertising campaigns to appeal to a variety of audiences, the current research suggests that nostalgia is intensely personal and that its greatest influence may be for current brand users who have an enduring personal attachment with the brand they used during childhood.

When people are personally attached to certain brands, they may be more inclined to recall past situations in which they used the brands. Because of these experiences, individuals may become committed to the relationship with the brand. They may also develop unique personal meanings for brands that are associated with a particular experience in their lives. While at the same time these personal attachments remind consumers of their past, they may also motivate them to hold positive attitudes and responses toward the products or brands they currently use

A number of researchers have argued that individuals who are deeply attached to a certain brand and have developed a strong social or personal meaning for that brand are more likely to be committed to, invest in, and make sacrifices for that brand (Bowlby, 1980; Hazan

and Shaver, 1994; Thomson, MacInnis, and Park, 2005). That is, individuals may become committed to a product or brand not only for its utility value, but also for its personal and situational worth. Therefore, consumers with strong brand attachments should be characterized as having more favorable attitudes toward their brands and these attitudes may be more resistant to change (Moore and Homer, 2004).

In addition, Olsen (1995) claims that brand loyalty and attachment will intensify after consistently purchasing the same brand over a period of years in the life of an individual. The longer an individual has used an object, the greater should be the valuation of their personal feelings, attachments, and loyalty and the greater should be the significance placed on reacquiring the object (Strahilevitz and Loewenstein, 1998). In line with these beliefs, we argue that the effect of nostalgia is the greatest for individuals who are current (frequent) users of a brand that was used during childhood. Thus, we hypothesize that for current users of a brand that was used during childhood, exposure to nostalgic ads (relative to non-nostalgic ads), results in higher purchase intentions (hypothesis 1a) and more favorable attitudes toward the advertised brand (hypothesis 1b). Also, we expect that for current users of a brand that was used during childhood, (relative to noncurrent users of a brand that was used during childhood), exposure to a nostalgic ad results in higher purchase intentions (hypothesis 2a) and more favorable attitudes toward the brand (hypothesis 2b). Likewise, we hypothesize that for current users of a brand that was used during childhood (relative to current users of a brand that was not used during childhood), exposure to a nostalgic ad results in higher purchase intentions (hypothesis 3a) and more favorable attitudes toward the brand (hypothesis 3b).

METHODOLOGY

The approach used in this study was to expose participants to a print ad featuring a nostalgic (vs. non-nostalgic) theme for a particular brand of soft drink (Coke). Participants included 168 undergraduate business students (80 males and 88 females; mean age = 21.6 years) from a large U.S. university who participated in order to receive class credit. Participants were randomly assigned to experimental and control conditions (82 students were in the nostalgic condition and 86 students were in the control condition).

The stimuli used in the study consisted of two nearly identical ads for the Coke brand, developed by the researchers. Various pretested photos of summer activities were used in the ads and arranged as a collage. The layout and executional features of the nostalgia and control experimental stimuli were identical except for the ad copy and the year that was featured in the ads. The nostalgic stimuli emphasized past summers in the title (i.e., thoughts of summer, 1995) and included ad copy that evoked nostalgic feelings (e.g., do you remember those days? The carefree times spent with family and friends...sunny days at the beach.... camping trips). The control stimuli contained the same photo collage but stressed today's summer in the title (i.e., signs of summer, 2008) and employed copy that reflected current summertime activities (e.g., are you ready for this summer? Fun-filled times with family and friends...sunny days at the beach...camping trips).

The measures in the study included respondents' purchase intentions (Cronbach's alpha = .94) and attitude toward the advertised brand (Cronbach's alpha = .93). Furthermore, for the purpose of this study, respondents were asked to indicate the brand of soft drink that they recalled consuming while growing up in their parents' house and the brand of soft drink that they currently consider to be their favorite brand. At the end of the experiment, respondents were

given 10 items of the evoked nostalgia scale (Cronbach's alpha = .98; Pascal et al., 2002) as a manipulation check.

RESULTS

Consistent with expectations, participants in the nostalgic-ad condition reported higher levels of nostalgia as compared to participants in the non-nostalgia condition. A contrast test yielded a significant difference ($M_{Nost} = 5.16$, $M_{Non-Nost} = 4.50$, $t(166) = 2.53$, $p < .01$).

It was hypothesized that current users who also were exposed to the brand during their childhood would have higher purchase intentions and more favorable brand attitudes when exposed to a nostalgic ad, as compared to when exposed to a non-nostalgic ad. Using contrast tests, these predictions were confirmed by the data for measures of purchase intentions ($t(81) = 1.81$, $p_{one-tail} < .05$; H1a was supported) and brand attitudes ($t(81) = 2.14$, $p_{one-tail} < .05$; H1b was supported).

In addition, it was shown that for current users of a brand that was used during childhood (relative to noncurrent users of a brand that was used during childhood), exposure to a nostalgic ad resulted in higher purchase intentions ($t(52) = 5.50$, $p_{one-tail} < .001$; H2a was supported) and more favorable attitudes toward the brand ($t(52) = 4.67$, $p_{one-tail} < .001$; H2b was supported).

Lastly, we predicted that for current users of a brand that was used during childhood (relative to current users of a brand that was not used during childhood), exposure to a nostalgic ad results in higher purchase intentions ($t(71) = .83$, $p_{one-tail} > .05$; H3a was not supported) and more favorable attitudes toward the brand ($t(71) = 1.64$, $p_{one-tail} < .05$; H3b was supported).

DISCUSSION

The results of the current research generally supported the prediction that nostalgia is intensely personal and that it works the best for current consumers who have personal attachments with the brand that they used during childhood. We believe that these findings have practical implications for companies that utilize nostalgic themes in their communication tools and product designs. It is important to note that nostalgia does not influence all consumers in the same manner. More importantly, companies will not get the full effect of nostalgia if they simply target consumers who have personal attachments to their brand. For nostalgia to work in the best way, companies need to use nostalgia to target consumers who are current users and have personal attachments to a specific brand.

WOMEN OF GENEROUS PROPORTIONS: AN EMPIRICAL STUDY OF FULL - FIGURED BRANDS AND THE CONSUMER BONDING EXPERIENCE

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ABSTRACT

The paper explores the values “owned” by local plus – size brands and if these values are sought by plus – size consumers. According to recent studies, plus – size women had difficulty in finding well – fitting fashionable clothing in general, making them unhappy shoppers. The paper aimed to address the problem – determining if: plus – size consumers associate plus – size brands with attributes that differentiate them from competition, consumers connect a brand’s “owned” attribute to consequent values and express a preference for the brand whose consequent value is most congruent with their own. The ever – changing lifestyle that led to a change in eating patterns resulted to the rise of hefty – sized consumer market called the “plus – size” – women with body and clothing measurements of 14 and larger. These plus – size consumers who give importance to specific values likely to prefer the brand with the attribute is its functional or psychosocial benefit. Furthermore, perceive each of the brands as owning an attribute entirely different from the brand’s positioning. Perhaps, “Moda Plus’ brand position is “providing clothes with styles that flatter the full – figured” being the value they offer, yet consumer perception dictates that “Moda Plus brand” owns an entirely different value. The paper presents the uniqueness of the Philippine market in comparison with its foreign counterparts. Existing researches anchored their study on various contexts such as: aesthetics, store image and perception, it somehow failed to explore consumer perception of brand value and its consistency with brand positioning. The paper provides relevant insights for plus – size brands about consumer perceptions of value and suggested marketing communication.

DELIGHT THE CUSTOMER: A MODEL FOR ASSESSING REPEAT PURCHASE BEHAVIOR

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ABSTRACT

The literature on customer delight yields three issues. First, the research on consumer delight measures neither delight nor its opposite, disgust, but rather satisfaction and dissatisfaction. Second, models of satisfaction/dissatisfaction are not appropriate for examining delight/disgust. Third, a theoretical model linking delight/disgust with repurchase behavior has not yet been developed. The model proposed below intends to remedy these three issues.

INTRODUCTION

A review of the literature on customer delight (Alexander, 2010) yields three conclusions. First, the research generally measures neither delight nor its opposite, anger/outrage/disgust, directly. Rather it assumes they are extreme examples of satisfaction and dissatisfaction. Second, research in the field needs a theoretical model of delight and its opposite. Such satisfaction/dissatisfaction models as the expectancy disconfirmation model (see Oliver, 1997) seems inappropriate to explain delight/disgust and its outcomes because they deal with satisfaction and dissatisfaction rather than delight. Third, though the research reviewed above generally assumes that delight can lead to repurchase behavior or loyalty to a retailer, a theoretical link between delight and its outcomes has yet to be developed. This is even more the case for disgust and its possible outcomes.

DELIGHT

Delight and its negative counterpart, termed here disgust, consist of a post-purchase reaction. They do or do not occur during the consumer decision process. They obviously don't occur before the purchase. The consumer may possess a set of expectations and evaluations of the retail store in question prior to the purchase. But he/she cannot experience the emotions of delight or disgust until he/she makes a purchase. The customer may possess a set of expectations and attitudes toward purchasing from the store. But delight or disgust doesn't occur until the purchase process is underway.

Delight has been conceptualized in terms of joy and surprise (Plutchik, 1980). That is, delight is a function of the positive affect that develops and an element of surprise that occurs when a customer purchases a good or service (Oliver, Rust, and Varki, 1997). For example, delight can occur as a result of the positive feeling that forms when the customer enters a store, interacts with salespeople, consummates the transaction, leaves the store, and receives a pleasant surprise at some point in the buying-selling process. And though little attention has been given to disgust, we may think of it in terms of the negative feeling and negative surprise that forms during a retail transaction.

From the example, note that surprise can take on both a positive or negative valence (Westbrook and Oliver, 1991). Algebraically, this is:

$$D_+ = f(\text{Joy}, S_+)$$

where D_+ refers to delight and S_+ to a positive surprise. And:

$$D_- = f(\text{Grief}, S_-)$$

where D_- refers to disgust and S_- to a surprise that generates negative feelings. .

One way to conceptualize joy, or the positive affect developed during the purchasing process, is in terms of cognitive and affective responses. Though referring to satisfaction, and perhaps by extrapolation to delight, Krampf, Ueltschy, and d'Amico (2003) state that satisfaction is influenced by cognitive and affective responses (p. 34). They also point out the strong relationship that exists between affect and attitude. Cohen and Areni, (1991) provide a more detailed discussion of the relationships between affect and attitude. But note that the limitations imposed upon the measurement of affect render it amenable to analysis in terms of attitude theory.

Fishbein and Ajzen (1975) describe the relationship between affect and attitude in the following way. “. . . there is widespread agreement that affect is the most essential part of the attitude concept (p. 11).” The positive affect created during the purchasing process, then, leads to a positive attitude toward aspects of the process. Fishbein's (1963, p. 233; 1967) work with a choice heuristic compensatory attitude model provides a means for conceptualizing the relationship between affect and attitude in terms of their cognitive and affective components as:

$$A_o = \sum_{i=1}^n E_i a_i$$

where E_i represents the cognitive part of the attitude and a_i is the affective. Or, A_o is the attitude toward an object, E_i is the belief or expectancy that the object possesses certain attributes i , and a_i is the evaluation of or feelings about these attributes i . The E and a are first multiplied for each attribute and then summed over all n attributes.

Viewed as an attitude, the relationship between delight, D_+ , and attitude, A , can be represented algebraically as:

$$D_+ = f(A)$$

where D_+ refers to delight and A is the attitude (affect) toward some part of the process of purchasing a product and brand in a retail store.

But the attitude in question here is the attitude toward a behavior, purchasing, rather than the attitude toward an object, such as a store, so that:

$$D_+ = f(A_{\text{pur}})$$

And since delight also possesses an element of positive surprise, we add surprise, S , to the algebraic expression to obtain:

$$(1) \quad D_+ = f(A_{\text{pur}}, S_+)$$

where D_+ is delight, A_{pur} is the attitude toward purchasing, and S_+ is a positive surprise.

What is the nature of A_{pur} and S_+ ? In the present context, the attitudinal component, A_{pur} , refers to a behavior rather than an object. Because delight occurs during the purchasing process, the relevant attitude is that toward the behavior, purchasing in a retail store. Adapting Fishbein's (1967) model to the attitudinal component of D in (1) results in:

$$A_{\text{pur}} = \sum_{o=1}^n E_{\text{pur} \rightarrow o} a_o$$

where A_{pur} is the attitude toward purchasing a product in a retail store, $E_{\text{pur} \rightarrow o}$ is the belief or expectancy that purchasing will result in outcomes, o , and a_o is the evaluation of or feeling toward these outcomes. The E and a are multiplied for each outcome and then summed over all n outcomes.

Note that both positive and negative evaluations of the outcomes, a_o , are possible. We like some outcomes of purchasing but we don't like others. That is, as the purchasing process occurs, the expectancy that it will result in outcomes is confirmed. But, ordinarily, the evaluations of some outcomes are positive and some are negative. For delight to exist, however, the expected outcomes are, in fact, being realized and the evaluation of these outcomes must be positive. Thus, we limit our a_o in the model to positive outcomes only or a_{o+} . The model becomes:

$$(2) \quad A_{\text{pur}+} = \sum_{o=1}^n E_{\text{pur} \rightarrow o} a_{o+}$$

Let us now turn to the surprise component of delight. Note that surprise has not been fully conceptualized in the delight literature. Rather, subjects are asked whether they are or are not surprised using scales such as "always" or "never" (Oliver, Rust, and Varki, 1997). Here, however, surprise is conceptualized as an unexpected outcome resulting from, in the present context, the purchasing process. If surprise consists of cognitive and affective components (see Plutchik, 1980), we can use the expectancy value model to analyze it as we did with joy. In order to contribute to delight, the outcome must generate positive feelings. Algebraically, this can be represented as:

$$S_+ = f(E_{\text{pur} \rightarrow \text{uxo}+}, a_{\text{uxo}+})$$

where S_+ refers to a positive surprise, $E_{\text{pur} \rightarrow \text{uxo}+}$ is the expectancy or belief that the purchasing process results in a positive unexpected outcome, and $a_{\text{uxo}+}$ is the

positive feeling toward the unexpected outcomes that results from the purchasing process.

That is, positive surprise is a function of the expectation that purchasing from a retail store will result in an unexpected positive outcome and the positive evaluation of or feeling toward that unexpected outcome. However, one rarely, if ever, possesses an expectation that an unexpected outcome will occur. Clearly, one cannot expect the unexpected. A person could expect that something unexpected might occur, but he/she cannot ascertain the nature of the unexpected outcome. $E_{pur \rightarrow ux0+}$, then, drops from the equation. We are left with the positive evaluation of the unexpected outcome, a_{ux0+} . Thus, from (1) $S_+ = a_{ux0+}$ and delight becomes:

$$(3) \quad D_+ = f(A_{pur} * a_{ux0+})$$

Note that a_{ux0+} bears a multiplicative relationship to A_{pur} because when a_{ux0+} is zero, D is zero. That is, without surprise delight does not occur.

And since from (2):

$$A_{pur+} = \sum_{o=1}^n E_{pur \rightarrow o+} a_{o+}$$

from (3)

$$D_+ = (\sum_{o=1}^n E_{pur \rightarrow o+} a_{o+}) a_{ux0+}$$

where $E_{pur \rightarrow o+}$ and a_{o+} are first multiplied and then summed over all outcomes, the sum then multiplied with the positive evaluations of the unexpected outcomes a_{ux0+} . Or, if more than one unexpected positive outcome occurs, the model becomes:

$$(4) \quad D_+ = (\sum_{o=1}^n E_{pur \rightarrow o+} a_{o+}) (\sum_{ux0+=1}^m a_{ux0+})$$

Delight is believed to influence the purchasing process, specifically repurchase (see Alexander, 2010). Because a delighted consumer may likely return to a retail store to purchase more items, repeat purchase behavior may be viewed as a consequence of Delight. Represented algebraically, this is:

$$(5) \quad B_{rpur} = f(D_+)$$

where B_{rpur} is repeat purchasing behavior, and D_+ is delight.

From Fishbein (1967) we see than the relationship between measures of behavior And attitude is:

$$B_i \approx B_{Li} = A_i + SN$$

where B_i is the performance of a specific act i in a specific situation, A_i is the attitude toward the performance of act i , and SN is a social norm, the influence of others on the purchase decision.

Adapting the delight model (5) from above to the behavior prediction model, we see that:

$$B_{r_{pur}} \approx BI_{r_{pur}} = D_+ + SN$$

where $B_{r_{pur}}$ refers to repeat purchasing behavior, $BI_{r_{pur}}$ refers to the consumer's intention to engage in repeat purchasing, D_+ is delight, and SN is the influence of others on repeat purchasing. See Fishbein and Ajzen (1975, p. 16) and Fishbein, (1967, p. 490) for a review of the social norm component. From (4) above:

$$B_{r_{pur}} \approx BI_{r_{pur}} = \left(\sum_{o=1}^n E_{r_{pur} \rightarrow o+} a_{o+} \right) \left(\sum_{uxo+=1}^m a_{uxo+} \right) + SN$$

SN , or social norm, is a function of NB , the consumer's belief that specific others want him/her to buy from the store again, and Mc , the consumer's motivation to comply with what specific others want him/her to do. Expressed algebraically, the model becomes:

$$(6) \quad B_{r_{pur}} \approx BI_{r_{pur}} = \left(\sum_{o=1}^n E_{r_{pur} \rightarrow o+} a_{o+} \right) \left(\sum_{uxo+=1}^m a_{uxo+} \right) + \left[\sum_{k=1}^p NB (Mc) \right]$$

DISGUST

A customer may be disgusted or angered as a result of the purchasing process. Disgust, D_- , can be seen as a function of the negative affect that develops and an unpleasant surprise that occurs when a customer makes a purchase. Or, from (1):

$$D_- = f(A_{pur}, S_-).$$

And from (4):

$$(7) \quad D_- = \left(\sum_{o=1}^n E_{pur \rightarrow o-} a_{o-} \right) \left(\sum_{uxo-=1}^m a_{uxo-} \right)$$

where D_- is disgust, $E_{pur \rightarrow o-}$ is the expectation or belief that purchasing will lead to a negative outcome, a_{o-}

And for repeat purchases, from (6) we have:

$$(8) \quad B_{r_{pur}} \approx BI_{r_{pur}} = \left(\sum_{o=1}^n E_{r_{pur} \rightarrow o-} a_{o-} \right) \left(\sum_{uxo-=1}^m a_{uxo-} \right) + \left[\sum_{k=1}^p NB (Mc) \right]$$

The model predicts that a customer who believes that the purchase sequence will result in negative outcomes and that he/she will have negative feelings toward the outcomes will not repurchase. The social norm component, however, can outweigh disgust with the retailer. Though a customer may have received a negative experience with a retailer, family or friends can convince the customer to return.

Though the Delight model remains to be tested, it provides an alternative way to think about customer delight and disgust that does not depend upon customer satisfaction. Furthermore, the elements of the model have been supported by, for example, Ajzen and Fishbein (1969, 1970, 1972), Ajzen (1971), DeVries and Ajzen (1971), Harrell and Bennett (1974), Jaccard and Davidson (1975), and Wilson, Mathews, and Harvey (1975). If the relationships in the present model are supported, it will permit insights into the means for achieving repeat purchase behavior.

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USING RFM DATA TO OPTIMIZE DIRECT MARKETING CAMPAIGNS: A LINEAR PROGRAMMING APPROACH

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ABSTRACT

The direct marketing framework that incorporates the recency, frequency, and monetary value (RFM) of customers' previous purchases is a useful analytical tool for companies that want to fine-tune their market segmentation strategies, design more effective database programs, improve customer relationship management, and allocate marketing resources more efficiently. The current research offers an optimization model that helps determine whether a company should continue or curtail its marketing spending on select customer segments given various budget constraints. The proposed linear programming model identifies the customer segments (based on RFM profile) that should be targeted in order to maximize profitability. At the same time, the method helps identify those RFM segments which are not worthy of pursuing either due to unprofitability or due to an insufficient campaign budget. The model is illustrated with a numerical example.

INTRODUCTION

Chief marketing officers have been obsessively watching the bottom line and gauging their return on investment for every spending decision, with many being forced to reduce budgets in recent years.²⁴ At the same time, in 2009 the direct marketing industry was responsible for more than half of all U.S. advertising expenditures, spending just over \$149.3 billion last year and generating almost \$1.8 trillion in incremental sales.²⁵ Direct marketers also employed 1.4 million people in the U.S. in 2009, with another 8.4 million additional jobs indirectly supported by direct marketing sales.²⁵ Thus, despite recent economic pressures, firms large and small are recognizing the effective and growing role that direct marketing plays in a company's overall marketing arsenal.

No organization has unlimited marketing resources, however, so managers are forced to prioritize promotional spending decisions. Given the traditionally small response rates in many direct marketing campaigns (e.g., 1.65% for direct mail prospect lists to 4.41% for outbound telemarketing house lists),²⁶ spending scarce resources to reach customers who are not ready to purchase (a Type II error)¹¹ is clearly inefficient. The LP model proposed here establishes a balance between Type I (missing customers who are potentially profitable) and Type II errors by identifying RFM segments that should be reached and RFM segments that are not worthy of pursuing because they are unprofitable or because of budget constraints. By indicating which customer segments will be most profitable (given certain marketing costs to reach a customer and total marketing budget constraints), an LP approach applied to RFM data can, in a single model, provide direct marketing companies with optimum decision-making capabilities regarding future promotional investments. Depending on a customer segment's profit

maximization potential, a direct marketing firm can determine whether to continue its promotional spending in an attempt to generate future sales, or whether it should curtail spending and allocate those marketing resources to other, more profitable customer targets.

SUMMARY AND CONCLUSIONS

The analysis presented in this paper provides the optimal solutions for three variations of the RFM model: a recency model, a recency and frequency model, and a full RFM model. The optimal solution for the recency model suggests that the company should only select customers of recency 3, 4, and 5 for future promotional efforts. The optimal solution in the recency and frequency model indicates that the company should target all customers of recency 4 and 5, and only select groups of customers of a lower recency. The optimal solution for the full RFM model indicates that any future promotional campaign should exclude all customers with monetary values of $M=1$ and $M=2$ as these segments are clearly unprofitable at any recency and/or frequency level. For monetary value $M=3$, the company should target only customers with a recency score of 5 due to the high probability of response. In this cluster, segments of frequency 2, 3, and 5 are profitable. Customers in the monetary segment $M=4$ and frequency 1, 2, and 3 must be targeted only if they have a recency score of 4 or 5. Customers in the monetary segment $M=5$ should be targeted regardless of frequency score as long as they have a recency score of 4 or 5. Even with recency scores as low as 3, four of the five segments in the $M=5$ groups are profitable (where frequency is 1, 2, 4, or 5).

Some of the findings supported earlier research on the importance of recency as a direct marketing variable,^{4,19} whereas the full RFM model tested here suggested that greater importance may need to be afforded to monetary value, at least when the reality of budget constraints are considered. This represents a potentially interesting area of future research.

This study made no assumptions about the nature of the costs used in the RFM model. Yet ultimately, assumptions regarding costs have an impact on CLV, and therefore may impact any RFM model as well. For example, if only variable costs of serving a customer are considered (i.e., marginal costing) as compared to full costs (with overhead allocation), the calculation of CLV could be quite different. These cost issues relate primarily to the prediction of CLV rather than to RFM analysis, but they do suggest that careful determination of costs is necessary. Future RFM research should take these potential limitations into account in order to continually improve the utility and reliability of this analytical method.

MARKETING A UNIVERSITY-AFFILIATED APPLIED RESEARCH CENTER: AN APPLICATION INVOLVING HULL-SPENCE BEHAVIORAL THEORY

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ABSTRACT

This paper demonstrates a market-segmentation and targeting methodology that would benefit business-to-business marketers. Specifically, the method highlights how published, secondary data can be used to construct an aggregate choice model for segmentation purposes. Then, it highlights how Hull-Spence behavioral theory can be employed to target the segments. An online experiment confirms the effectiveness of the approach in achieving communication objectives.

THE EFFECTS OF INFORMATION PRIVACY AND ONLINE SHOPPING EXPERIENCE IN E-COMMERCE

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ABSTRACT

The purpose of this study was two-fold: 1) to investigate the effect of e-tailer information privacy policy on customers' privacy concerns and their perceptions of the e-tailer trustworthiness and 2) to examine the effect of consumers' online shopping experience on their reactions to the e-tailer's privacy policy. The empirical results showed that consumers' privacy concerns partially mediate the effect of information privacy policy on e-tailer trustworthiness. These findings suggest that information privacy may play a dual role in shaping customers' perceptions of e-tailer trustworthiness: 1) indirectly - by informing customers about the intended uses for their personal information and thus reducing their privacy concerns and 2) directly - by serving as a signal of the e-tailer's integrity and general concern for customers' well-being. In addition, we emphasize the importance of considering consumers' experience with online shopping when studying their privacy perceptions online. In our study, more experienced online shoppers demonstrated lower privacy concerns and appeared to have a stronger response to the e-tailer's privacy policy than less experienced online shoppers.

“TRUTH” LIES IN THE EYES OF THE BEHOLDER: EVALUATING SMOKERS AND NONSMOKERS RECEPTIVITY OF THE TRUTH CAMPAIGN

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Cigarette smoking is highly prevalent among adolescents in the United States. 435,000 individuals die each year due to smoking (Center for Disease Prevention and Control, 2008). In fact, the issue of adolescent smoking is considered of immediate importance and is regarded as a “pediatric disease” (e.g. Tesser, 1993).

While tobacco companies attempt to create a positive image of smoking behavior for the young and adults alike, advertisements such as the truth campaign tries to expose youth to manipulative marketing strategies of tobacco giants in the hope of altering youth’s smoking-related attitudes and behaviors. There is much controversy in research about the effectiveness of the truth campaign in generating negative attitudes of smoking and in deterring people from smoking. On the one hand a group of researchers (e.g., Sly et al. (2001), Farrelly et al. (2002), Hershey et al. (2005)) report significant reduction in smoking rates during the period the campaign was launched. Another group (e.g. Pechmann and Ratneshwar, 2003), however, claims that such ads, emphasizing manipulative tactics of tobacco companies, are unsuccessful in altering smoking-related beliefs, attitudes and intentions. These mixed results on effectiveness of truth campaign have also encouraged researchers to explore and examine factors that could explain conditions under which such ads are successful.

In order to understand the effectiveness of the truth campaign more clearly this paper uses structural equation modeling while drawing on the theory of social inoculation and the theory of psychological reactance to understand. Structural equation modeling allows studying interrelationships among various constructs at a point in time as opposed to regression or analysis of variance.

Inoculation theory (McGuire 1961) asserts that when people are presented with weak versions of a message, they tend to activate their psychological defense against any future versions of the message. In today’s saturated media, therefore, assessing effectiveness of any message suggests need of inoculating influences of other messages. That is, pro-smoking ad might be considered as a weak version of a message that discourages smoking (anti-smoking message). In a similar vein, an anti-smoking ad might be considered as a weak version of a message that encourages smoking (pro-smoking message).

Adolescents’ attitudes towards smoking/ tobacco industry is likely to represent influence from various sources such as prior exposure to smoking-related advertisements (e.g., anti-tobacco ads, pro-smoking ads), personal experiences, and historical influences in addition to environmental factors (age, gender, parental support, friends’ smoking status. While the pro-smoking advertisement, portray smoking as a ‘cool’ act which reflects a smoker’s independence, the anti-tobacco industry advertisements present smoking as an unfavorable activity that can cause serious health consequences. The anti-tobacco industry ads can inoculate adolescents’ against likely effects of pro-smoking ads and vice versa, the overall attitudes towards tobacco companies is expected to be a confluence of exposure to both forms of messages: pro-smoking and anti-industry ads Therefore, I hypothesize:

H1: Exposure to truth ads is likely to produce negative attitudes towards smoking behavior after controlling for exposure to pro-smoking advertisements.

Hershey et al. (2005) introduce the concept of pro-tobacco receptivity as a measure of one's receptivity (or aversion) towards the tobacco industry. The construct pro-tobacco receptivity as an individual's current ownership of tobacco industry branded products (namely, sweat shirts, balls) is used to capture individual's sentiment towards the tobacco firms. In general, an individual's current ownership of merchandise of tobacco companies (such as shirts, pens) indirectly represents one's attitudes towards tobacco firms. Those reporting high use or ownership of tobacco firm products are likely to report a low impact of anti-industry ads after taking pro-smoking advertisements into consideration. Conversely, those reporting low use or ownership of tobacco firm products might be assumed to have a high impact of truth ads which defame the tobacco industry after taking pro-smoking activities into account.

In a similar vein, it might be said that pro-smoking ads which portray a positive image of the tobacco industry products are likely to reduce aversion towards the tobacco industry branded products after controlling for any inoculating influence against tobacco industry (such as truth ad information).

H2a: Exposure to truth ads is likely to increase aversion to tobacco industry retail products after controlling for exposure to pro-smoking ads.

H2b: Exposure to pro-smoking ads is likely to reduce aversion to tobacco industry retail products after controlling for exposure to truth ads.

H3: The construct of aversion towards tobacco industry retail products likely to mediate the relationship between awareness of truth ads and attitudes towards tobacco companies.

Figure 1 presents a schematic representation of the hypotheses.

I draw on reactance theory to understand how smokers and non-smokers might vary in the way they receive information contained in the truth messages. Reactance theory asserts that people react not only against acts/ events that control their freedom of choice (Brehm 1966) but are also motivated to reassert their threatened freedom by attempting to ward-off danger(s) to their freedom. Following the above argument, truth ads are likely to induce reactance against the tobacco industry because these ads implicate tobacco industry is responsible for the ill-fate of smokers. When people view these ads they are likely to be motivated to prevent the tobacco industry from 'making' people smoke. However, whether one smokes or does not smoke might influence the level of reactance experienced. I propose that a smoker (vs. a non-smoker) is likely to face higher reactance, higher aversion to tobacco industry branded products and consequently have more negative attitudes towards the tobacco industry.

Data Analyses

This current paper used data from 2009 NYTS which was administered to 22,679 middle and high school students across the country. Next, data for respondents with missing variables is deleted and a sample of 3349 respondents is arrived at. Of these 50.82 % had reportedly smoked one or more puffs of cigarettes 30-days prior to the day the questionnaire was administered.

Data for the proposed model and hypotheses (as depicted in figure 1) were tested using the maximum likelihood procedures in LISREL v. 7.12. At first, the analysis was conducted by pooling data for both smokers and nonsmokers. The analyses were then followed by testing the fit of the proposed model for smokers and nonsmokers separately. The fit of the observed data with that of the conceptual model was first compared using the chi-square values and other goodness-of-fit statistics (e.g., goodness-of-Fit, Adjusted goodness of fit, Root Means Square Error of Approximation (RMSEA)). Chi-square difference tests were used to identify the better-fitting model. In addition, models with a significant χ^2 were considered as a superior model. All local level analyses of the models were based on the significance tests (t-values). Table 1 provides an overview of different model revisions.

Post hoc analysis is performed when a model with an ideal fit was not identified. Insignificant paths not central to the research question were removed. Modification indices (MIs) are used identify potential paths that could significantly improve the data fit. Post hoc analyses is conducted for all the data runs: (i) pooled data, (ii) smokers only and (iii) non-smokers only. The final base line models identified when data is run separately for smokers and non-smokers are then run simultaneously as multiple groups. The multiple group models are run with increasing levels of constraints (equality constraints of gammas, equality constraints on variances and covariance's) to identify a model with the best fit.

Preliminary results

To test the hypotheses of the paper, data for both smokers and nonsmokers were first pooled together and analyzed. Chi-square value $\chi_{(2)}^2=291.71$ for the model indicates that data is not an appropriate fit for the model. Parameter statistics support H1 and H3 although no support is provided for H2a and H2b.

As predicted in H1, the path from awareness of truth ads to negative attitudes towards smoking was found to be positive ($\gamma_{31}= 0.10$, $t=7.50$) after controlling for exposure to pro-smoking advertisements ($\Psi_{12}=1.00$, $t=17.49$ and $\Psi_{13}=0.67$, $t=11.23$). That is, results show that higher the exposure to truth advertisements, the more negative are the attitudes towards smoking after controlling for inoculating effects of pro-smoking advertisements. H2 proposes that for exposure to truth advertisements increases the aversion to tobacco industry branded products. The base model results indicate that contrary to the predictions of H2, exposure to truth ads reduces aversion to tobacco branded products ($\gamma_{11}= -0.01$, $t=-0.073$). Yet another interesting observation is made: greater the exposure to pro-smoking ads, higher is the aversion to tobacco industry products. The exposure to other anti-tobacco ads and the truth ads was not significant. That is, the path between exposure to pro-smoking ads and aversion to tobacco industry retail products is positive and significant ($\gamma_{12}= -0.27$, $t=-13.17$).

Post hoc analysis

A revised version of the base line model (base model 2) shows that one of the two insignificant paths in comparison to the base model - path from pro-smoking ad exposure to smoking attitudes was removed ($\gamma_{32}= 0.01$, $t=0.69$). However, the insignificant path ($t=-0.73$) – from exposure to truth ads to attitudes towards aversion towards tobacco industry branded products – is not removed because this path is central to the research question of this paper. A

sub-analysis was conducted to justify retaining this insignificant path by running a revised model (base model 3) in which the insignificant path from awareness of truth to aversion is removed. Chi-square statistics and goodness-of-fit statistics are compared with the base model 2. The difference in χ^2 between base model 2 and base model 3 is insignificant at $p=0.01$ (table 2b). Therefore, at a statistical level one can justify not deleting the significant path.

An analysis of the MIs indicates that adding a path from exposure to anti-smoking ads to aversion towards tobacco industry products might help improve the model fit. Theoretically, it seems appropriate to do so because respondents can be expected to draw associations between anti-smoking ads and tobacco companies. Even though anti-smoking ads do not specifically defame tobacco companies, respondents are likely to associate the unhealthy behavior of cigarette smoking with the tobacco firms. This association could generate respondent's aversion towards branded products of tobacco industry.

Base model 2 has the following different paths from the base model 1 (figure 1): (i) a causal path from exposure to anti-smoking ads to aversion tobacco industry branded products is added and (ii) insignificant path from exposure to pro-smoking ads to negative attitudes towards smoking is removed. Base model 2 shows a tremendous improvement over base model with a $\chi^2_{(2)}=11.14$ therefore this model is considered as the model for conducting separate analyses of data for smokers and non-smokers. Base model 2 provides of support for hypotheses. The results for H2a and H2b are opposite to the predictions.

It is expected that running the model separately for smokers and non-smoker data will help better understand how interrelationships among these variables might differ. The following sections test the fit of base model 2 for smokers and non-smokers only data:

Discussion

Analyzing the smokers data separately from nonsmokers data helps understand at least one of the two 'interesting' results obtained while testing the model with pooled data. Pooled data analysis presented unexpected finding that exposure to truth ads reduced respondent's aversion to tobacco industry branded products. However, separate analysis for smokers and non-smokers data helps explain the counter-intuitive results; pooling data together averages the effects of different groups. Analysis of the data provides support for H2a to the expectations that exposure to truth ads increases aversion to tobacco industry products ($\gamma_{11}= 0.05$, $t=3.36$). In sum, pooling data suggests that truth ads have been ineffective in altering people's aversion towards branded products; however, group-wise data analysis suggests that truth ads have been successful in making smokers averse to branded products of tobacco industry.

As expected in H1, exposure to truth ads increases negative attitudes towards smoking behaviors ($\gamma_{13}= 0.10$, $t=5.91$). However, contrary to predictions of H2c, exposure to pro-smoking ads increase the aversion towards tobacco industry retail products ($\gamma_{21}= 0.18$, $t=6.38$). This result is similar to the finding when data for smokers and non-smokers are simultaneously studied. Furthermore, results indicate support for H3 which predicts that the construct of aversion to tobacco industry branded products mediates the causal relation between awareness of truth ads and negative attitudes towards tobacco industry. Adding the direct path exposure to truth ads and negative attitudes to tobacco industry reduces the significant path from ($\gamma_{11}= 0.05$, $t=3.36$) to ($\gamma_{11}= -0.03$, $t=-1.58$). Thus, aversion to tobacco industry products might be said to partially mediate the relationship from awareness of truth ads to attitudes towards tobacco companies.

In sum, the smokers only model provides support for H1, H2a, H2c and H3.

Nonsmokers Only Model

Separate analyses of the non-smokers data provides support for H1. That is, increase negative attitudes towards smoking behavior ($\gamma_{31}=0.04$, $t=2.15$) for nonsmokers. In other words, nonsmokers model provides support for H1. H2a predicts that awareness of truth ads increases aversion to tobacco industry branded products while H2b predicts that awareness of pro-smoking ads reduces aversion to tobacco industry branded products. The model results show support for the H2a where $\gamma_{11}=0.13$ ($t=8.04$) indicates that higher the exposure of truth ads to a non-smoker the more likely is s/he to report aversion tobacco industry products. A test for mediation for the path of awareness to truth ads to attitudes towards tobacco companies suggests that adding a direct path makes the path from truth ad awareness to aversion to branded products insignificant ($\gamma_{11}=0.02$, $t=0.83$), thus providing support for partial mediation (Baron and Kenny, 1986) as predicted in H3. Like in the smokers data only, the non-smokers model does not provide any support for H2b ($\gamma_{12}=0.36$, $t=12.77$). That is, non-smokers data suggests that the more a non-smoking adolescent is exposed to pro-smoking ad, the more likely s/he is to be averse to tobacco industry branded product ($\gamma_{22}= 0.22$, $t=8.91$). In sum, the non-smokers only, model provides support for H1, H2a, and H3 with no support for H2b.

Finally, a multiple group analysis analyses group-specific simultaneously for each group (Byrne, 1998, 1995). Both single and multiple data analyses suggests that smokers and non-smokers receive and process truth ad information differently.

DISCUSSIONS

Results for the two groups are in the same direction, albeit at varying levels of strength (Table 2b): (i) Greater the exposure to truth ads, the more likely respondents are to be averse towards tobacco industry branded products. The effect appears to be stronger in case of nonsmokers than for smokers. (ii) Surprisingly, for both the smokers and nonsmokers model, exposure to pro-smoking ads appear to increase the aversion towards tobacco industry products. Future research could investigate factors contribute to this effect. (iii) Pro-smoking ads, however, increase negative attitudes towards smoking. This result might be explained by the fact that adolescents, smokers or non-smokers, are aware of the unhealthy behavior of smoking, even though they might smoke or might be considering smoking in the future. Also, the result might be explained by the low reliability of the measure of one-item for receptivity which is reports past behavioral pattern in terms of use of or ownership of tobacco industry retails products (such as pens, shirts). (iv) As in the nonsmokers models, for both pro-smoking and anti-tobacco ads greater exposure produces reduced receptivity to the tobacco industry products. (v) truth ads awareness produce negative attitudes towards tobacco industry in both smokers and nonsmokers. (vi) Interestingly, pro-smoking ads increase negative attitudes towards tobacco industry ($t=14.01$). As expected anti tobacco ads are successful in generating negative attitudes towards smoking behavior even for smokers. In fact, this effect seems to be stronger for smokers than nonsmokers.

Table 2a provide a comparative view of the results for separately running the smokers and the non-smokers data. A few observations are with mentioning: At a very general level, a comparison of the smokers and the non-smokers data provides support that for both smokers and non-smokers pro-smoking ads produce an aversion to tobacco industry branded products. This effect appears to be stronger for non-smokers (0.36) than for smokers (0.18). Further,

antismoking attitudes appear to have a greater impact on smokers (vs. non smokers) in generating anti-smoking attitudes. This is in line with expectations of the psychological theory of reactance. The gamma value for this path is 0.63 for smokers and 0.41 for non-smokers. Finally, truth ads appear to influence anti-smoking attitudes among smokers while this path is not found to be significant for non-smokers. Pro-smoking ads are more effective in generating anti-smoking attitudes amongst non-smokers. This path is not significant for smokers.

The results of this study might be skewed because all respondents have received part of school education. That is, respondents to the NYTS were enrolled in school at the time the survey was administered. Therefore, the findings of this paper might not be applicable to adolescent with no school education.

TABLE 1: MODEL REVISIONS

	χ^2	df	χ^2/df	$\Delta\chi^2$	Adjusted GFI	RMSEA
Base Model	291.17	2	140.6	-	0.70	0.210
Base Model 2 -> removed path from anti-smoking ads to attitudes towards tobacco industry ->adding path from exposure to anti-tobacco ads to aversion to purchase/ownership of tobacco industry products	11.15	2	5.57	-	0.99	0.015
Base Model 3: Base Model 2 without the truth path	16.23	3	5.07	5.08	0.99	0.036

TABLE 2A: Comparative Table for Support of Hypotheses

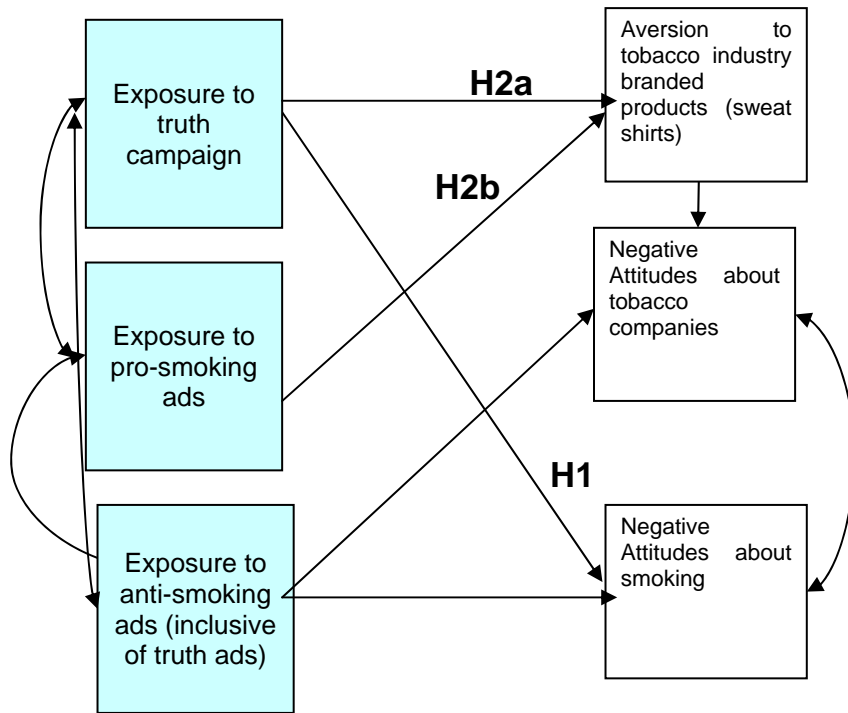
	Smokers and Non-Smokers Data	Smokers Only	Non-Smokers Only
Hypothesis 1	Accepted	Accepted	Accepted
Hypothesis 2a	Rejected	Accepted	Accepted
Hypothesis 2b	Rejected	Rejected	Rejected
Hypothesis 3	Rejected	Accepted	Accepted

TABLE 2B: Comparative Table for Strength of Relationship in Smokers and Non-Smokers

Parameter Values	Smokers Only	Non-Smokers Only
Truth→ Aversion to tobacco branded products (After adding direct path for mediation)	-0.03(-1.58)	0.02 (0.83)
Prosmoking ads→ Aversion to tobacco branded products	0.18(6.38)	0.36 (12.77)
Anti-smoking ads→ Aversion to tobacco branded products	0.32 (11.95)	0.36 (12.66)
Truth→ Tobacco industry attitudes	0.24 (14.82)	0.24 (11.50)
Prosmoking ads → Tobacco industry attitudes	0.27 (14.01)	0.22 (8.19)
Truth→ Anti-smoking attitudes	0.10 (5.91)	----
Anti-smoking smoking ads → Anti-smoking attitudes	0.63 (32.90)	0.41 (20.41)
Prosmoking ads →Anti-smoking Attitudes	---	0.12 (6.37)

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Conceptual Model Figure 1

CORRECTING MARKETING PERIODIZATION WITH EVIDENCE FROM ADVERTISING ARCHIVES

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ABSTRACT

Discussions of marketing evolution appear to repeat the notion that the production, sales and marketing orientations evolved episodically. This periodization culminates with the marketing concept in the 1950s when, it is believed, consumer needs became the focus of business enterprise for the first time. This paper questions this position and revisits the discussion of the evolution of the marketing concept. The paper presents evidence obtained from the J. Walter Thompson Company (JWT) archives to demonstrate early twentieth-century brand strategy that focused on the needs of the consumer. The case of the Scott Paper Company, a client of the JWT, is examined by focusing on advertising strategies of Scott Tissue paper during the first decades of the twentieth century. This research adds its voice to others who question marketing's sequential periodization. The paper concludes that there is a need to revise the periodization of marketing currently repeated in marketing publications suggesting consumer focused target marketing occurs only after the marketing concept appears in the 1950s

THE EFFECTS OF SOURCE CHOICE ON WORD-OF-MOUTH COMMUNICATION INFLUENCE

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ABSTRACT

Past research suggests that consumers who have greater perceived control over a situation are more likely to evaluate that situation in a favorable manner. One form of perceived control a consumer may have in an information processing situation is free choice of the source of the information. When consumers choose a Word of Mouth Communications (WOMC) source, they will have a greater sense of perceived control, and they are therefore predicted to judge the WOMC more favorably and to rely on it more heavily in evaluating the brand. This prediction is the focus of the current study, thus extending our understanding of perceived control to the domain of WOMC about products. Specifically, the results of the study suggest that consumers who receive WOMC information that is the result of a choice process will judge the communicator to be more trustworthy and themselves to be more expert at processing that information. Further, consumers who experienced free choice of WOMC source rated that information as being more useful in evaluating the brand. They were also found to rely more heavily on this information when forming brand judgments and attitudes, making the WOMC more influential than in a non-choice situation.

CRITICAL FACTORS THAT ESTABLISH CUSTOMER LOYALTY TO MOBILE COMMUNICATIONS SERVICE PROVIDERS: EMPIRICAL EVIDENCE FROM THE UNITED STATES

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ABSTRACT

The present study examines the relationships between corporate image, price, product quality, product innovation, and customer loyalty, and investigates key drivers that establish and maintain customer loyalty to smartphone and mobile telecommunications service providers. One hundred and twelve samples, which were collected from participants in a web-based survey in the United States, were analyzed using multiple regression analysis techniques. The results of the study show that corporate image, product quality, and product innovation are strong antecedents for establishing customer loyalty in high-tech product markets. In addition, the empirical findings show that product innovation plays an important role in establishing and maintaining customer loyalty. However, price shows no relationship to customer loyalty, a finding that partly contradicts previous research. Based on the findings of the study, this study discusses possible strategies for marketing success in high-tech product markets.

INTRODUCTION

Traditional companies have typically conducted consumer research, characterized customer satisfaction, determined how products are used, identified explicit product-related needs, and then focused on developing product features that meet those needs. But they have not made an effort to uncover the full range of their customers' unspoken needs and unmet wants. Delivering innovative product and service offerings requires personal interactions with customers. These interactions should be designed to let firms listen and carefully observe as customers express their true feelings about their experiences. The rapid advances in information communications technology provide greater opportunities for today's firms to establish, nurture, and sustain more long-term relationships with their customers than ever before. The ultimate goal is to transform these relationships into greater profitability by reducing customer acquisition costs and increasing repeat purchases. Recognizing the mounting importance of customer orientation, firms in all kinds of industries, ranging from manufacturing to information services, are exploring service-led growth as a promising means of differentiation. Service is no longer treated as a stand-alone marketing decision aimed at increasing customer satisfaction.

Telecommunications companies are advancing technology and exploring new product offerings. As a result, the competition within the industry is increasing. The U.S. mobile communications market, one of largest, is especially competitive. How should firms survive in such competitive markets? In the past, customers were provided with financial incentives to sign up or switch service from one provider to another. Over time, with the increased market saturation, companies have come to realize their performance can improve by focusing more on retaining customers than attaining new customers. As the market provides an increasing range of

opportunities for customers, how can mobile telecommunications service providers create and maintain customer loyalty? The present paper investigates key drivers that generate and maintain customer loyalty to smartphone and mobile telecommunications service providers. In doing so, this paper examines the relationships between corporate image, price, product quality, product innovation, and customer loyalty.

HYPOTHESES

Overall, the literature suggests that key drivers affecting customer satisfaction with and loyalty to mobile communications service providers need to be better understood. Some scholars expressed reservations regarding the marketing of mobile communications service providers, which suggests that understanding key factors related to satisfaction and loyalty will help direct the further marketing efforts of mobile communications service providers. Any product or service can be modeled as an entity with a set of attributes. For example a mobile phone may have the following attributes: product image (brand, company), price (price of hand-set, service charges), product quality (quality of communications), and product innovation (technological advancement of the products). Accordingly, the following hypotheses are proposed:

Hypothesis 1: The corporate image of a smartphone is associated with customer loyalty to the mobile communications service provider.

Hypothesis 2: The price of a smartphone is associated with customer loyalty to the mobile communications service provider.

Hypothesis 3: The product quality of a smartphone is associated with customer loyalty to the mobile communications service provider.

Hypothesis 4: The product innovation of a smartphone is associated with customer loyalty to the mobile communications service provider.

METHODOLOGY

A web-based survey to students in an online master degree program during the 2009-2010 school year was conducted. In total, the survey yielded 145 responses. Of the 145 responses, 33 were considered unusable due to relatively high amounts of missing data, while 112 were complete and used for data analysis. All survey items regarding smartphone and mobile communications service attributes were measured using a five-point scale. Customer loyalty was measured by two questions, one assessing satisfaction with a particular mobile communications service provider and the other the intention to continue using that service provider. The survey included 60 male respondents (53.57%) and 52 female respondents. Forty respondents were between 23–29 years old (35.7%), 61 were between 30–45 years old (54.46%), and 11 respondents were between 46–60 years old. One hundred and four respondents (92.86%) were full-time employees and five were part-time employees, while three were unemployed. Of the 104 full-time employees, 63 worked as managers, 12 as executives and 29 as staff in their workplaces. Table 1 shows the result of a correlation analysis of product attributes.

Measures of association are numerical values that yield information about the relatedness of variables. The measure of association applied in this study is multiple regression analysis, a statistical tool that analyzes the degree of relatedness between many independent variables and one dependent variable. To examine the statistical significance of the model, the following

measures were used. R square, the coefficient of the determination, indicates the total amount of variability in the dependent variable which is explained by the independent variables. The adjusted R square takes into account the number of independent variables included in the regression equation and the sample size. The partial t-values were calculated and used to test the statistical significance of the independent variables.

	Customer loyalty	Corporate image	Price	Product quality
Customer loyalty	1.000			
Corporate image	0.499***			
Price	0.443***	0.499***		
Product quality	0.565***	0.388***	0.479***	
Product innovation	0.516***	0.478***	0.441***	0.480***

***, $p < 0.001$, correlation is significant at the 95 % confidence level (1-tailed).

Null hypothesis 1, “There is no relationship between corporate image and customer loyalty”; null hypothesis 2, “There is no relationship between price and customer loyalty”; null hypothesis 3, “There is no relationship between product quality and customer loyalty”; and null hypothesis 4, “There is no relationship between product innovation and customer loyalty,” were all tested by the data. The results showed all relationships are statistically significant ($p < 0.05$) at the 95% confidence level, except the relationship between price and customer loyalty ($p > 0.05$) (Table 2). The findings suggested that corporate image, product quality, and product innovation are significantly related to customer loyalty to the mobile communications service provider, whereas price is not significantly related to customer loyalty. That means if respondents believe a product is high quality they have a tendency to perceive it as desirable to purchase regardless of its price.

Variables	B	Std. Error	Beta	t-statistics	VIF
H1: Corporate image	0.236	0.091	0.230	2.605**	1.555
H2: Price	0.072	0.088	0.073	0.813	1.566
H3: Product quality	0.313	0.081	0.339	3.878***	1.483
H4: Product innovation	0.220	0.093	0.211	2.376**	1.532

Dependent variable: customer loyalty to mobile communications service providers

R square = 0.448, adjusted R square = 0.437, F-value = 21.694, significance = 0.000

** , $p < 0.05$; *** , $p < 0.001$, coefficient is significant at the 95% confidence level.

Three factors—corporate image, product quality, and product innovation—are proven to influence customer loyalty. Since beta coefficients in the regression model are the standardized regression coefficients that allow for a direct comparison between coefficients with respect to their relative explanatory power on the dependent variable, they were used for the direct comparison. The beta coefficient of product quality is 0.339, while that of corporate image is 0.230, and that of product innovation is 0.211. The findings suggest that the product and service quality of providers is most significantly related to customer loyalty.

DISCUSSIONS

The results of this study reinforced previous research that suggested corporate image and product quality are strong antecedents for establishing customer loyalty. In addition, product innovation is also a strong antecedent for establishing customer loyalty in high-tech product markets (e.g., smartphone and mobile communications services). However, price shows no relationship to customer loyalty, which partly contradicts previous research. One plausible explanation for this is that consumers' sensitivity to price is decreasing as the importance of having high quality products and service increases in high-tech markets. Obviously, service providers should consider price and strive to build and monitor their price fairness in the market. More customer-centric companies usually offer high value-added products in addition to lower cost products, giving them the option to offer reasonable prices. In this way, they are able to cash in on the lower cost items while still generating superior customer value and loyalty.

This study demonstrated that product innovation plays an important role in creating and maintaining customer loyalty in high-tech product markets. When pursuing customer loyalty, marketing managers should consider the roles of corporate image, product quality, and product innovation, particularly product innovation for technology-oriented products and services. The study results indicated product innovation plays an important role in generating positive outcomes for high-tech product and service firms. The speed of product innovation will determine a new future for marketing in high-tech product markets in coming years. Smartphone makers and mobile telecommunications service providers should market new products as quickly as the innovation itself occurs. When a company tries to link market potential and product innovation, important criteria that must be considered, particularly whether the innovation they have been developing will receive the widest distribution and use if it is in the public domain and available to any interested party. There may be a thin, but clearly defined market for the product. The product may not be appropriate for the general market but rather aimed at certain users in specific situations. In these situations, it is better if market potential is combined with product innovation. If a company pursues product innovation while assessing market potential, the product will be like a golden goose that brings in money. If it does not link market potential to product innovation, a company risks potential market rejection. No matter how great their product innovation or their anticipated market potential, it is essential that a company evaluate actual market potential before pursuing product innovation.

Companies that aim to successfully achieve product innovation should implement certain common practices that will support their drive for innovation. The job of developing new products in these companies should rest with both marketing and technology groups whose members should work together in highly integrated cross-functional teams dedicated to the job of product innovation. These groups should work at either a division or corporate level and include both technical and marketing staff, and often other staff who have relevant functions as well. It is important for all sides to work together closely and cooperatively. Instead of viewing themselves as separate departments, marketing and technology groups in these companies must capitalize on their diverse perspectives to create innovative new products that match market needs. Therefore, highly innovative companies involve both marketing and technology groups in idea generation processes from the initial stages onward. This type of collaboration sets the tone for future cooperation and continued success with new product development. Innovative companies should strive to create a culture that emphasizes and supports a balance between technological push and market pull.

CONCLUSION AND LIMITATIONS

This study endeavored to help marketing practitioners better understand the key drivers that create and maintain customer loyalty in a highly competitive market. The results reinforced previous research that suggested corporate image and product quality are strong antecedents for creating customer loyalty. In addition, the empirical findings of this study showed that product innovation plays an important role in creating and maintaining customer loyalty in high-tech product markets. Marketing managers should consider the roles of corporate image, product quality, and product innovation in creating customer loyalty. The results also showed that consumers' sensitivity to price is currently decreasing while their interest in having a high quality products and service is increasing. Successful companies usually offer high value-added products in addition to products at a lower cost. In this way, they are able to profit from the lower cost items while generating superior customer value and loyalty.

Several limitations of the study should be noted. First, certain important factors were not investigated by the model—for instance, one unexplored factor that may influence customer loyalty is switching barriers. Second, the sample was collected from a homogeneous group of graduate students between the ages of 25 and 45 who have achieved relatively high levels of education and earn their own incomes. Therefore, future research must extend to diversified samples in order to ensure this model's full applicability to other settings.

SOCIAL NETWORKING TOOLS FOR MARKETING FINE ART

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ABSTRACT

Social networking sites allow users to interact with individuals who share similar interests or activities. While these sites were initially created to facilitate social relationships, marketers are beginning to realize the opportunity these sites provide to promote goods and services. Traditionally fine artists had to find someone willing to represent them and sell their creative work, typically an art representative or gallery. The Internet has allowed artists to showcase and sell their works to a much wider audience by creating their own websites or selling through online auction sites. More recently the popularity of social networking has allowed artists to have an interactive marketing platform and cultivate a following of buyers/collectors. This paper discusses the various social networking platforms that are available for visual artists and strategies that can be used synergistically to give the artist greater visibility in the marketplace. This discussion is meant to foster an appreciation and understanding of the many uses social networking provides as an interactive marketing tool.

INTRODUCTION

The traditional method of selling art has been so engrained in the art community that it took some time before artists, and the galleries representing them, were willing to use the Internet as a marketing tool. Artists are not typically business savvy, but their representatives should be, especially when they take a commission as high as 50% of the sale price. Selling is time consuming and takes time away from creating works of art, therefore many artists opt to hire representatives to sell for them in spite of the high commission they take. Furthermore, most artists have never taken a course in marketing or business and would not know how to market or brand themselves and their work.

Historically there were three main outlets for selling art. Organizational buyers made up a large part of the buying (Clarke & Flaherty, 2001). Companies such as Ford or Pepsico lined their corporate walls with artwork as a public show of support for the arts as well as for investment and décor. The next traditional outlet for selling art was interior decorators who were hired by wealthy clients to match the décor for their homes. Finally, we have the art collector who buys artwork as a long term investment and as a commitment to a particular artist or genre.

In the past few years the Internet has exploded with new possibilities for artists to sell their works. One of the newest innovations in the use of web technologies is the creation of social networking sites to allow for social interaction and the creation of virtual communities. These sites allow the artist to show their works to a larger audience while helping them to establish an image and target specific customer segments.

OVERVIEW OF SOCIAL NETWORKING

Social networking allows for users to interact with other users and to create their own content on the Internet to further the social interaction. In 2008 Fred Cavazza published a diagram showing the social media landscape (<http://www.fredcavazza.net>). His diagram, shown in Figure 1, groups the various social tools and services available on the Internet. The categories include publication tools, sharing tools, discussion tools, social networks, micro publication tools, social aggregation tools, platforms for livecast hosting, virtual worlds, social gaming platforms, and MMO/MMORPG (Massively Multiplayer Online Role-Playing Games.)

Figure 1
Social Media Landscape



Not all of the social media tools available are useful to the fine artist, but many are. This diagram shows an array of tools available to connect to the online community. The most useful tools for fine artists are blogs, online art communities, and general social networking sites such as Twitter, MySpace, and Facebook. Since this diagram was created in 2008 there has been a blurring of boundaries to such an extent that it makes it almost impossible to classify sites into discrete categories. These sites are continuously evolving and allowing for more overlap at many levels.

MARKETING FINE ARE USING SOCIAL NETWORKING TOOLS

One of the most popular social networking sites in the United States is Facebook with over 500 million users as of July 2010 (Wortham, 2010). Facebook, founded in February 2004, claims its members spend around 700 billion minutes each month on its site, with more than 30 billion photographs, links to websites, and articles uploaded or shared through this site. MySpace, founded in August 2003, currently has 130 million registered users (Stelter & Arango, 2009). The demographic profile for MySpace is younger and less affluent than Facebook (Stelter & Arango, 2009). Twitter, founded in July 2006, has roughly 75 million registered users (Gaudin, 2010) although a study by Robert J. Moore, founder of RJMetrics (Gaudin, 2010) concluded that many of these accounts are inactive.

Art buyers and collectors today are younger and more educated (Falkenstien, 2004). Some fine artists today use more than one social networking site to market their art, but given the time it takes to maintain a site and keep an updated profile, the artist might want to use only one site. Websites are in a constant state of flux, but currently Facebook offers the most number of users and unique visitors of the three major general sites.

There are also social networking sites that cater specifically to the needs of the fine artists and art collectors. The top ten are (artmarketblog.com) MyArtSpace.com, artreview.com, artmesh.org, artslant.com, artlog.com, independent-collectors.com, artselector.com, rhizome.org, labforculture.org, and artbistro.com.

With no shortage of social networking sites, the trick is to use the time spent online wisely. Social networking is used to keep connected with people you already know, and to form relationships with people who have similar interests. For artists, it is vital to maintain ongoing relationships with former buyers and collectors as well as to form new relationships with potential customers. Social networking is used in much the same way direct mail and catalogs are used to announce exhibitions or promote a gallery or specific artist. The difference with social networking is the ability to globally reach more people with richer current information any time of the day.

A social networking site such as Facebook allows the artist to showcase his/her artwork and to discuss the inspiration and techniques used to create the work. In this way the artist can cultivate an interested following. Collectors can “friend” the artist. This gives them immediate notification of status updates such as works for sale, exhibitions, or newly posted blogs. Works in progress can also be uploaded and periodically updated with new images as the work nears completion. Instructional demonstrations can also garner a following. With Twitter the artist can send out text-based “tweets” to other users to keep them informed about new works, exhibitions, or other inspirational thoughts. Facebook and MySpace allow for the inclusion of various photos, and status updates to keep followers aware of new developments. These sites also allow the artist to post blogs. These can be used to teach or give information about the painting process and new works. Blogs can also be used to share ideas and opinions with other artists or collectors. Blogging can be used to keep connected with followers. Many bloggers have a loyal following eager to read the latest posting.

No discussion about social networking is complete without mentioning social networking video sites such as You-Tube. Similar to other social networking sites, user created content is uploaded in video format. Many artists use the site to promote their artwork by simply creating a video montage of their artwork. Others have uploaded videos of their painting process, including speed painting videos showing the creative process in hyperspeed. Hours of painting can be

compressed into a 10 minute video clip. Followers can subscribe to the artists channel and keep informed of new video uploads. They can also post and read comments by others who follow this artists work. This allows buyers to directly communicate with the artist, adding a personal touch.

USING SYNERGY IN SOCIAL NETWORKING

Using as many social media tools as possible, all linked in some way, will produce a synergistic effect that cannot be achieved with any other traditional form of marketing. For this reason, fine artistS should consider social networking to market their creations. One way of doing this is by using You-Tube to showcase artwork and then posting the You-Tube link on a Facebook page. As users see the video, they will send the link to other users, or post it on their own Facebook pages. Before long, if it is deemed worthy, the link will be embedded in many other sites. If it catches on, it is called “viral marketing”. Blogging is another avenue open to the artist. Simply creating a page on Facebook will expand the artist’s visibility and reach. Embedding links to their website, their current auctions, blogs, and videos, will create this synergy.

CONCLUSION

This article explores the various ways social networking can be used to market fine art. Traditional forms of selling art are still viable for well known established artists, however the Internet offers a wide world of opportunity for obscure and remote artists who are not represented by galleries. Artists are just beginning to understand the implications of using social networking for marketing artwork. Further study is warranted to determine actual sales made using social networking and whether art specific sites work better than general social sites that reach a much wider audience. Other Internet tools should be used in conjunction with social networks. These include an artist website, e-tail art galleries, and auction sites to promote and sell artwork.

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LEARNING THE QUESTIONNAIRE DESIGN TOPIC WITH REAL CLIENTS

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ABSTRACT

These days, teaching marketing research can be a real challenge. While few students are engaged in crunching and analyzing numbers, the majority of students are apathetic and detached from the course content. They usually perceive marketing research class as difficult to understand and lacking any practical value. As a result, many students go through the course on autopilot, doing whatever is necessary to meet the basic course requirements and making no effort to truly understand the material. Not surprisingly, they forget most of what they learn as soon as the semester is over.

One of the reasons is the typical design of a marketing research assignment. That is, students are frequently given ready data or ready outputs and are asked to analyze or interpret them. Yet, they have no idea about how the problem emerged and how the data were collected. They cannot “feel” the importance of the research and as a result, become disinterested and follow through the required steps mechanically.

Leading students through a series of steps to improve their understanding of a bigger picture and reminding them about the advantages of having strong research and data analysis skills may be viewed as the only way to students’ success.

In this article we suggest an innovation that will help students to better understand the questionnaire design topic and at the same time will help local companies to improve their questionnaires. In addition, this innovation may promote the value of research among students and local business communities while exposing students to future employers and creating a strong research reputation for the university graduates.

The proposed assignment complements marketing research theory by offering students an opportunity to implement research principles in a real project. For the purpose of this assignment, students assume a role of marketing experts hired to help local firms with developing an effective questionnaire for customer research. The assignment is organized in four steps that require students to become actively involved in client selection, questionnaire analysis, presentation of findings, and client communication. Briefly they are the following:

The first step of the assignment is dedicated to client selection. Students are instructed to scout local businesses (e.g., restaurants, hair salons, and retail outlets) and pick up questionnaires that were designed to survey the firm’s customers.

During the second step students should analyze three questionnaire-related elements. The first one is the analysis plan. The instructor should provide a list of questions to help guide students’ analysis.

The third step focuses on questionnaire improvements. Students can drop or modify existing questions and suggest adding new questions.

During the fourth and last step student groups make a presentation of their analysis and submit a final report, which will be mailed to a business.

The main advantages of this innovation are that it's simple, straightforward, and allows students to relate theory to their experiences. While students may not understand complex and lengthy questionnaires that are given as examples in textbooks, local business practice is more clear and easier to understand. Many students work part-time at local companies and this type of assignment offers a great opportunity to show how they can add value to the firm.

The instructor may also benefit from this type of assignment. Reading and grading lengthy students' reports typically requires a lot of time. One obvious advantage of this assignment for instructors is that it's not time consuming and can be graded very quickly.

Finally, this assignment creates an opportunity for getting the local business community involved in the education process. Regretfully, many firms do not reply to students' letters. Yet, some firms express their gratitude and still others accept the invitation to come to class and share their thoughts not only on research issues but on more general business issues as well. In such cases, firms bring great experience to class and educate students about their needs. Such meetings are mutually beneficial as many students end up getting employment at local companies.

Students who are interested in the content perform much better than their disinterested peers. Therefore, it is very important to convert indifferent students into active and engaged learners. Our innovation helps to make such conversion by relating students' theoretical knowledge with business practice and with their practical needs. The innovation should be perceived as a brick in the bridge connecting theory with practice. Ideally, it would be beneficial to have the whole set of such practical assignments gradually leading students to more complicated topics and concepts.

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CULTURAL ORIENTATION AND ADVERTISING. COMPARING THREE POPULATIONS

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ABSTRACT

The purpose of this paper is to investigate the effect that cultural orientation has on advertising effectiveness. The samples are extracted from three different populations: Americans, Mexicans, and Mexican-Americans. A total of 331 usable questionnaires were gathered. Results show that cultural elements in advertising do not have significant impact on advertising effectiveness for neither the American nor the Mexican populations; however, for the Mexican-American population with high Mexican cultural orientation, Mexican cultural elements in advertising have a significant positive effect in advertising effectiveness.

INSATIABILITY: THE CREATION OF CUSTOMER SATISFACTION AND DISSATISFACTION

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ABSTRACT

Historically General Motors pursued a strategy of customer dissatisfaction. This paper will lay out why GM would have pursued a strategy so at odds with contemporary thought and consider implications for current marketing thought and practice.

INTRODUCTION

A key goal for many organizations is the creation of customer satisfaction. The justification for a goal of customer satisfaction rests in large measure on the marketing concept, which states in part “. . . that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more efficiently than competitors” (Kotler 1988). Satisfaction also received a boost from the Total Quality Movement (Crosby 1979; Deming 1986) and relationship marketing. At a practitioner level the importance of customer satisfaction can be seen in such axioms as “the customer is always right.”

However, historically, the goal of General Motors (GM) was the creation of not just satisfaction, but also dissatisfaction. For instance, in the 1920's the stated mission of the consumer-research division of General Motors was “the organized creation of dissatisfaction” (Larson 1993; Larson 1992; Oliver 1997). In 1932, then head of research and future CEO of GM, Charles Kettering stated, “One of the fundamental purposes of research is to foster a healthy dissatisfaction” (Kettering 1932). Additional statements affirming the organized creation of customer dissatisfaction as a central goal of General Motors can be found in the writings of Alfred P. Sloan (1941; 1963) as well as Bayley (1983), Dichter (1960), Halberstam (1993), Kettering (1928; 1929), Kuhn (1986), Livingston (1958), and Meikle (1979).

In this paper the reasons why GM would have pursued an objective so inconsistent with the satisfaction strategies that dominate current management thought and practice will be explored. Second, the concept of customer insatiability as the objective of marketing will be introduced.

GM and the Goal of Customer Dissatisfaction - The Struggle Against Satisfaction: The Model T

Why would General Motors, the most successful industrial organization of its time, have adopted a goal so at odds with today's conventional wisdom? The explanation can be found in the competitive situation General Motors (GM) found itself in the early 1920's. In its early years General Motors had a problem that threatened the very existence of the organization. The problem was high customer satisfaction with the Ford Model T. In 1924 Ford had a nearly 60 percent share of the domestic automobile market compared to GM's 16 percent. General Motors simply could not outdo Ford at producing basic, affordable transportation. Further confounding

GM was the problem that the Model T was a vehicle that was designed “to keep going, and going, and going.” Replacement parts were plentiful, and Henry Ford had designed the vehicle to be easily repaired by any owner with a rudimentary mechanical knowledge (Womack, Jones, and Roos 1990). Customer dissatisfaction with the Model T was not going to arise in the near future because the vehicle had exhausted its life span. Even then the consumer could simply purchase a new Model T at a price that was less than any of its competitors could match.

If GM was to survive, its most immediate marketing problem was the creation of dissatisfaction. Simply put, GM had to make the American car drivers dissatisfied with their Model T and provide them with the solution to this dissatisfaction in the form of a new General Motors product. Therefore, GM evolved a strategy of technical innovation and styling changes that demonstrated to the consumer all that an automobile could be that the Model T was not. For instance, GM, in a relatively short period of time, introduced the electric start, the “no-knock” engine, the enclosed the cab, and most famously introduced affordable cars in colors other than black. This strategy of creating dissatisfaction worked brilliantly. By 1927 GM had registered a share of 43 (versus 16 percent in 1924) percent while Ford’s had shrunk to approximately 10 percent (from 60 percent). In this pivotal year Ford ceased production of the Model T and, after nearly a full year spent retooling, introduced the Model A (Kuhn 1986). GM’s continued success against Ford during the 1930-1938 period is all the more impressive given that the economic conditions of the Great Depression should have favored the low-cost producer Ford. While industries and products in the early stages of growth often witness sharp swings in market share, the competitive success of GM against Ford from 1924 to 1938 is still breathtaking in its scope and completeness, ranking as perhaps the most important competitive clash in industrial history. It is interesting to speculate if any company practicing a customer satisfaction strategy can claim similar success in a similarly important industry, in a similarly intense competitive situation, and against a similarly dominant market leader?

Consumer Satiation, Market Saturation, and The Annual Model Change

Having bested Ford, GM now faced a similar but different problem- -high customer satisfaction with GM products. Simply put, how could GM sell additional cars when almost every consumer that wanted one had one and the vehicles were years away from the projected end of their life span. The answer was simple. Introduce new products to create “healthy dissatisfaction” (Mingo 1994). As Kettering noted, “The simplest way to assure sales is to keep changing the product - - the market for new things is indefinitely elastic. One of the fundamental purposes of advertising, styling, and research is to foster a healthy dissatisfaction” (Mingo 1994). Likewise, Alfred P. Sloan, the legendary head of GM, stated in 1941, “We want to make available to you, as rapidly as we can, the most advanced knowledge and practice in the building of motorcars; we want to make you dissatisfied with your current car so you will buy a new one” (Sloan 1941). Eventually, the strategy of introducing new products to stimulate demand led to the annual model change, formalizing the strategy of creating customer dissatisfaction as a key marketing strategy of GM. As Sloan put it, “Each year we build the best car we possibly can to satisfy the customer, and then the next year we build another to make him dissatisfied” (Livingston 1958).

The Demotivating Impact of Satisfaction and the Motivating Impact of Dissatisfaction

Sloan and Kettinger both understood that satisfaction has a very demotivating impact on consumer behavior while dissatisfaction has a very highly motivating impact on consumer behavior. A truly satisfied consumer has no reason, no impetus, to engage in exchange. By definition, if they are satisfied, they lack nothing. Alternatively, a dissatisfied customer is motivated to address the perceived negative state. A customer dissatisfied with the service work performed on his/her automobile is motivated to switch service centers, and perhaps, complain. A consumer dissatisfied by his/her car because of the new model he/she notices on the selling floor is motivated to trade in his or her old car for a new one. Therefore, dissatisfaction and not satisfaction, should be understood as the primary driver of exchange.

Customer Satisfaction and Dissatisfaction Redefined

Oliver (1997) notes: “Additionally, it is well known among marketers of “style” goods that one purpose of new products is to create dissatisfaction with the prevailing style--a common strategy of automobile companies through the release of new models. . . . Fortunately (or unfortunately), the principles outlined in this book are just as valid for fostering dissatisfaction (if that is the firms’s goal) as satisfaction. The two goals are strategic mirror images.”

However, as should be evident from the discussion to this point, the dissatisfaction that Sloan and Kettinger strove to create is fundamentally different than the dissatisfaction most commonly referred to in the literature. The two are similar in that both refer to a state of “underfulfillment.” However, the dissatisfaction of Sloan and Kettinger is a perceived underfulfillment created by the introduction of an alternate, and superior, comparison standard while the dissatisfaction which marketers commonly strive to eliminate is caused, from a classic disconfirmation perspective, by underfulfillment when compared to an expected level of product performance. It is the proposition of this paper that while the two dissatisfactions are similar states they are the result of fundamentally differing drivers. Therefore, the dissatisfaction that GM strove to create is not, as Oliver states, a “mirror image” of satisfaction; and the principles to create this dissatisfaction are not the same as the principles needed to create satisfaction. To distinguish between the two differing levels of dissatisfaction the following definitions will be proposed.

Positive Satisfaction: Traditional definition of satisfaction, as good as it should have been; the consumers fulfillment response (Oliver 1997).

Positive Dissatisfaction: Action oriented, promise of hope, an awareness that things are not as good as they could be. Primary motivation for the consumer to engage in exchange.

Negative Satisfaction: Traditional definition of dissatisfaction, not as good as it should have been. Unpleasant and underfulfilling. The opposite of the traditional definition of satisfaction.

Negative Dissatisfaction: Is that all there is? Been there, done that.

How Satisfaction and Dissatisfaction Combine to Influence Exchange

Table 1 demonstrates how the four types of satisfaction and dissatisfaction combine to influence exchange. In cell one, positive satisfaction and positive dissatisfaction combine to create a condition of insatiability. Literally, consumers can’t get enough of the marketer’s product. Each exchange transaction satisfies consumers yet also leaves them dissatisfied for

more. As an example consider an amusement park. When parents leave the park with a child at the end of the day, it is to be expected that the parents will ask the child if he/she had a good time, and if the amusement park has succeeded in creating positive satisfaction the child will answer, "Yes!" followed immediately by the question, "Can we go back again?" The parent will probably answer, "Yes," and if the amusement park has succeeded in creating positive dissatisfaction the child will immediately ask, "Tomorrow!?" Offerings high in insatiability hew to the old show business maxim "Always leave them crying for more." Contemporary examples of markets successfully practicing insatiability include Intel with its never-ending succession of faster and faster processors that render the previous processor "dissatisfying" and Microsoft. Microsoft's case is particularly interesting, as in large measure its success is almost totally dependent on prompting consumers to regularly upgrade their operating system as its high market share means that few customers can be gained from the competition. These marketers all understand that to be successful an organization must not simply deliver satisfying exchange transactions but must also deliver the impetus for the consumer to engage in additional exchanges. These firms recognize and exploit the positive dimensions of dissatisfaction to the advantage of both the organization and the consumer.

TABLE 1

		Satisfaction - The Experience	
		Positive	Negative
Dissatisfaction - The Motivating State	Positive	Insatiability Customer can't get enough. Amusement parks, computer/video games, psychologically or physically addictive products. Gillette, Microsoft, Intel, Apple, Titanic	Over-promise/Underdeliver Product does not live up to its promise, but we keep believing their promises Over-hyped children products, politicians, The Cubs, Politicians, & Hollywood "bombs"
	Negative	Satiation Is that all there is? - Been there done that. Fads, Planet Hollywood, Pet Rock	Traditional Dissatisfaction The experience is dissatisfying, and the marketer offers no hope of anything but more dissatisfaction Airline travel, cable TV

Satisfaction - Dissatisfaction Matrix

When a firm delivers *positive satisfaction* and *negative dissatisfaction* (or does not hold out the promise to the consumer of further satisfaction through the creation or exploitation of positive dissatisfaction), consumers are satiated. This is a classic condition of "been there - done that" or "Is that all there is?" The meal was good, but nothing else on the menu entices the consumer to come back again. The movie was good but not worth seeing again. The condition of satiation may explain the phenomenon whereby so many firms striving (and achieving) high customer satisfaction have not been able to translate this high satisfaction into consumer loyalty (Reichheld's 1996 "satisfaction trap"). Literally, these firms, by failing to create positive dissatisfaction, do not give the consumer a reason to engage in exchange with the firm again. Therefore, they are vulnerable to the actions of competitors that do create positive dissatisfaction. Products that are high in fad elements (such as this season's hot Christmas toy which is almost guaranteed to be old news by next Christmas) are good examples of offerings high in positive satisfaction and negative dissatisfaction.

Firms that create positive dissatisfaction and negative satisfaction find themselves in the classic case of "over-promising and under-delivering." These firms are excellent at creating

positive dissatisfaction by providing the consumer a reason to engage in exchange but not at providing the satisfying experience they have promised. Oftentimes they even succeed, on the heels of the underwhelming experience, to convince the consumer that next time they will deliver the desired satisfaction. In essence, they keep promising; and the consumer, despite past negatively satisfying experiences, may continue to believe the firm's promises. In some cases they benefit from having created high positive satisfaction in the past. In other cases they benefit from high consumer loyalty/inertia or inferior competitive actions. Over-hyped children's products fall in this category. Politicians consistently under-deliver on their campaign promises, but consumers seem ready to forgive and forget and are all too willing to believe the candidates' new promises. Sports teams also benefit from this phenomenon. Few Chicago Cubs fans root for the team on the basis of past successes. Interestingly enough, from a relationship marketing point-of-view, this is a far better situation to be in than consumer satiation, as the marketer provides the impetus to engage in future exchanges and, therefore, provides the one critical element for a relationship. The power of positive dissatisfaction explains why the phenomenon of over-promising is so common.

Cell four, in which the organization delivers negative satisfaction and negative dissatisfaction, is consistent with the traditional definition of dissatisfaction. The experience is dissatisfying, and the marketer holds out no hope of anything but more dissatisfaction. In the absence of a marketplace failing these firms cease to exist. However, if high barriers to entry can be created or a monopoly position established, the organization can continue indefinitely. Some airlines and utilities seem consistent with this situation.

CONCLUSION

Marketing involves the creation not just of satisfaction but dissatisfaction. The creation of this positive satisfaction and positive dissatisfaction serves to advance, not just firm performance, but also the society and consumers.

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MEETING THE CHALLENGE OF MARKETING INTANGIBLES

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ABSTRACT

A major characteristic that distinguishes services from goods is intangibility. Intangibility means that a service is not physical and cannot be perceived by the senses (Pride and Ferrell, 2010). The intangibility of services makes them more difficult than goods for consumers to evaluate (Kerin, Hartley, Rudelius, 2011). This paper focuses on the challenges of marketing services due to their intangibility.

INTRODUCTION

In most developed countries, services account for nearly 70 percent of gross domestic product (pride and ferrell, 2010). The overwhelming majority of marketing literature discusses the marketing of goods. The principles of marketing texts might have an entire chapter on the marketing of services. It is usually less coverage than one chapter devoted to this important topic.

This paper focuses on the selection of an attorney because it is one of the most important decisions for many consumers and businesses. This research examines the complexity of the decision making process through a review of literature and attempts to analyze the importance of various factors considered in selecting an attorney. These concepts could also be used in selecting a lawn care service, dog walker, roofer, and a multitude of other service providers.

The large number of attorneys from which consumers and businesses may choose will often make the decision more difficult. Categorizing the legal issues one has and selecting the attorney based on the firm's expertise is a daunting and complex goal in the selection process. The process of finding an attorney is similar to finding an accountant, banker, or doctor, which would make the findings in this paper applicable to many other service providers. One is looking for expertise and someone with whom one feels comfortable (rosenberg, 2003).

Many studies have been done on how businesses select attorneys. Many business owners find attorneys through referrals, other company owners, accountants, or bankers (rosenberg, 2003).

The majority of research focuses on how businesses select an attorney. This paper focuses on how consumers select an attorney.

METHODOLOGY

The author administered surveys by means of campus e-mail to the faculty and staff of a mid-sized state university in the Midwest to determine what factors were important in the selection of an attorney. All levels of employees at the university were asked to respond to the survey. There were 1522 surveys sent out and 451 were completed, resulting in a 29 percent response rate. This was intended as a pilot study. A future paper will include a more representative sample of the general population.

Respondents were presented with a list of factors that they might have considered in the selection of an attorney. They were instructed to check-off the factors they considered. The list of factors included television commercials, reputation of the attorney, reputation of the law firm, convenient location, attorney is a friend, attorney is a relative, yellow page advertisement, fee structure, referral from another attorney, referral from a bar association, referral from a friend or relative, and the Internet. Further, the respondents were asked to indicate their level of importance to different aspects of selecting an attorney on a scale of 1 to 5 (1 indicates no importance and 5 indicates the highest level of importance). The survey (see exhibit 1) measures the importance of reputation of the attorney, reputation of the law firm, location of the law firm, and fees.

SURVEY RESULTS AND DISCUSSION

The survey results indicated that 38.5% of the respondents considered referral from a friend or relative in the selection of an attorney. Reputation of the attorney came in second place with 33.8%. Reputation of the law firm came in third place with a figure of 23.4%. The attorney is a friend came in fourth place with a score of 14.3%. Convenient location and referral from another attorney tied with 10.4%. Yellow page advertisements were next with 6.9%. Fee structure and attorney is a relative were next with scores of 4.8% and 3.5%. Referral from a bar association and television commercials were tied at 1.3%. The Internet came in last place with less than 1% of the respondents indicating that they used it in the selection process of an attorney.

The survey results demonstrate the tremendous importance of word-of-mouth communication because the respondents considered the referral from a friend or relative more than any other factor in the selection of an attorney. Reputation of the attorney came in second place, which is often based on word-of-mouth.

Research does support the importance of word-of-mouth communication. Word-of-mouth is more important than advertising because the source is seen as more reliable and capable of providing the potential buyer the impetus to take action (Day, 1971). When differences between brands are ambiguous and objective criteria to assess products are lacking, consumers often draw from the experience of others as a form of vicarious trial. This is particularly true in the case of services such as seeking legal advice, which would be hard to evaluate (Hanna and Wozniak, 2009).

Because of the intangible nature of services, customers rely heavily at times on price as an indicator of quality (Pride and Ferrell, 2010). A client who is measuring the quality of the lawyer based on the fees could be hesitant to use the attorney who charges the lowest fees.

A law firm could consider using a tangible symbol in their promotion. For example, Prudential uses the Rock of Gibraltar as part of their promotion. When the author of this paper was boating past the Rock of Gibraltar one of the passengers asked if it was named after the Prudential Insurance Company. This is an example of a symbol that can stimulate conversation. Later in the paper it will be discussed how marketers can stimulate word-of-mouth. The point is that any service firm could develop their own tangible symbol to be used in their promotion.

The author expected yellow page advertising to be a more important factor in the selection of an attorney. Yellow pages accounts for 5.7% of total advertising expenditures. In 2004, \$13,896 million dollars was spent on yellow page advertising. (www.naa.org/info/facts04). Lorne McLeon has been a practicing attorney for over twenty years. He believes that yellow

page advertising is responsible for 75% of his new business with the remainder being generated by lawyer referrals and from his website (Bowden, 2004). On the other hand conversations with a few local attorneys indicated that they were not surprised by the lack of importance placed on yellow page advertising. They stated that word-of-mouth is the most important factor in attracting clients.

Based on the results of the survey, it is suggested that attorneys concentrate their promotional efforts on developing strategies that stimulate favorable word-of-mouth communication among their target market.

Networking would be very important for attorneys because referral from a friend or relative is the most important factor in selecting an attorney. Networking can be difficult to implement because it can require one to go out of their comfort zone. One suggestion is to attend events where at least 50 people will be in attendance. Spend time with people you do not know to make new acquaintances. It is best to connect with a few interesting people than with everyone at the event. Another suggestion is to listen more than talk. After listening to someone, a decision can be made on whether they are worth pursuing. Another idea is to use current contacts to get new ones. Ask the satisfied clients if they know of anyone who could benefit from your services. A possible marketing strategy for attorneys could include sending handwritten messages or cards to clients. Many people like the personal touch (Farber, 2002)

Attorneys should consider diversity as a way to differentiate their firm. A study indicated that favorable outcomes resulting from diversity include an improved corporate culture, recruitment, client relations, and higher employee retention. An additional benefit is profitability (Daniels, 2004). An increasing number of domestic and overseas clients expect minorities to be on the team working on their legal issues. Holland and Knight, an international law firm, has more minority law partners than any other firm in the country, according to a recent study by the Minority Law Journal (Marketing Roundup, 2002). A diverse legal staff would be a way for a law firm to differentiate their offering from those of competitors.

FUTURE RESEARCH

A future paper will focus on a comparative analysis on how senior citizens select a law firm compared to younger target markets.

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CONSUMERS' WILLINGNESS TO PAY FOR ENVIRONMENTALLY FRIENDLY PRODUCTS

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ABSTRACT

This research examines consumers' awareness, knowledge, and perception of credibility of various types of environmental friendly products currently used by businesses, based on a survey of consumers in the U.S. Midwest region. Using a contingent valuation model, the willingness to pay for environmental friendly products is determined. The differences in consumers' awareness, knowledge, and perception of credibility of various environmental friendly products across consumers with different demographic characteristics (i.e., income, education, occupation, ethnicity, etc.) and psychographic characteristics (i.e., environmental concerns, etc.) are examined.

COST-EFFECTIVE INNOVATION UNDER TURBULENT ENVIRONMENTS DEMANDS UNCOMMON DEVELOPMENT PROCESSES

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ABSTRACT

The ability to develop new products efficiently has become an important consideration in the current atmosphere of constrained budgets and fast-changing environments. New product development (NPD) researchers and practitioners have taken note, but there are limited and conflicting findings on the relationship between the type of NPD framework used for development and the ability to meet cost expectations under conditions of environmental change.

In this study, we examined the impact of adding improvisation to sequential NPD process on meeting cost expectations under different conditions of turbulence. Our results support previous findings, but also demonstrate that turbulence moderates the direct effect, with the penalty for improvisation being less severe as environmental turbulence increases. For the practitioner, our results suggest that when efficiency is paramount, they may consider adopting a “throttled” approach to NPD, loosening control to allow for more improvisation where fruitful, while tightening control in other stages.

INTRODUCTION

Coping with a volatile environment is a job requirement for all modern-day new product development managers as change and uncertainty characterize today’s unpredictable business world (Calatone, Garcia, & Dröge 2003; Lynn & Akgün 1998). A useful taxonomy of new product development classifies approaches according to the degree to which they emphasize control (e.g. Eisenhardt & Tabrizi 1995) and the degree to which they emphasize adaptability (e.g. Miner, Bassoff, & Moorman 2001). Such a classification is useful as it highlights the tension in the literature between the amount of structure necessary to control development, versus the need to adapt to changes (e.g. Deuten & Rip 2000).

However, the problem for business is that NPD approaches that emphasize control may be too rigid for today’s highly dynamic markets (Chakravarthy 1997; Deuten & Rip 2000; Hoopes & Postrel 1999; Iansiti 1995; Imai, Ikujiro, & Takeuchi 1985; MacCormack & Verganti 2003; Moorman & Miner 1998; Rosenthal 1992), while approaches that emphasize adaptability are inefficient (Aram & Walochik 1996; Miner, et al. 2001; Sharkansky & Zalmanovitch 2000). Therefore, in this study, we test an integrated approach to new product development that combines control with adaptability (Nuñez & Lynn 2007). We theorize that coupling these two seemingly divergent approaches offers a way to reinforce the strengths of each approach, while overcoming their respective shortcomings.

While examining an integrated approach to new product development is constructive, this usefulness is diminished if the environment is not considered as well. New product development is the principal means by which firms adapt to changing market and technical conditions (Schoonhoven, Eisenhardt & Lyman 1990), and innovative approaches have emerged as an

effective means by which to manage in unstable environments (e.g. MacCormack, Verganti & Iansiti 2001). Scholars have given the environmental context of a project insufficient consideration in the literature (MacCormack & Verganti 2003). This research attempts to remedy this deficiency by examining the impact of novel NPD approaches on a critical development outcome in a turbulent environment. The following research question drives this study:

How can we best maintain cost effectiveness under various levels of environmental turbulence?

To answer this question, we develop and test a hypothesis that proposes an integrated approach to new product development, and develop a theoretical framework focusing on a significant aspect of NPD processes: cost reduction.

As the rigidity of traditional sequential NPD is considered inappropriate for fast changing environments (Chakravarthy 1997; Deuten & Rip 2000; Hoopes & Postrel 1999; Iansiti 1995; Imai, et al. 1985; MacCormack & Verganti 2003; Moorman & Miner 1998; Rosenthal 1992; Trygg 1993), we would expect sequential NPD to become less important as environmental change increases. However, the structure intrinsic to sequential NPD becomes more significant under fast changing environments when viewed from another perspective. As fast changing environments generate uncertainty (Marsh & Stock 2003), a new product development process focused on meeting cost expectations in highly uncertain environments would need to reduce the level of uncertainty. A factor such as planning reduces uncertainty (Dosi 1988; Sharkansky & Zalmanovitch 2000). Therefore, when viewed from this perspective, sequential NPD with its emphasis on planning, would become more important to meeting cost objectives as environmental instability increases. Consequently, we expect these two perspectives to create equilibrium in fast-changing environments.

While teams may abandon a rigid implementation of sequential NPD under conditions of instability, we anticipate these forces to be tempered by the need for planning to reduce the uncertainty inherent in unstable environments. Thus, we anticipate that development teams will follow the various sequential NPD phases to a medium degree as environmental change increases. We also expect development teams to follow sequential NPD phases closely under low levels of environmental change, as the structure intrinsic to sequential NPD remains important to maintaining cost expectations.

Although improvisation is considered costly (Sharkansky & Zalmanovitch 2000; Miner, et al. 2001; Aram & Walochik 1996; Crossan 1998) and inappropriate for slow changing environments (e.g. Moorman & Miner 1998), it allows the generation of situation specific knowledge (Eisenhardt & Martin 2000) which in, turn reduces uncertainty (Morabito, Sack, & Bhate 1999). Improvisation can also help speed development in fast changing environments (Akgün & Lynn 2002), thus allowing a project to be impacted by fewer changes. Therefore, while we expect improvisation to always negatively impact meeting cost expectations; we expect this penalty to be less severe as environmental change increases. As a result, we expect to see medium levels of improvisation as environmental change increases. Consequently, we anticipate that the regression equations that will result from our statistical analysis will change as the level of turbulence changes. Put more formally:

H: The regression equations will differ for Cost Expectations under varying conditions of turbulence.

RESULTS

The literature notes that the most important contribution of sequential NPD approaches is to control costs. However, as rigid, highly-structured approaches are inappropriate for fast changing environments, we anticipated that development teams would not follow the phases of the sequential NPD approach closely as environmental change increases. Conversely, we expected development teams to rigidly follow the phases of the sequential NPD approach as environmental change decreases, as doing so is important to maintaining cost expectations.

Scholars contend that improvisation is costlier than traditional planning. However, as improvisation can help speed development in fast changing environments, we theorized that it might allow a project to be impacted by fewer changes. Therefore, while we expected improvisation to always negatively impact meeting cost expectations; we expected this penalty to be less severe as environmental change increases.

Our results seem to bear out our theory. In our study, the regression equations do indeed differ significantly for dependent variable *Cost Expectations* under a turbulent environment. For these data, F is 3.080, and is significant (i.e. $Sig F Change (p) < .01$). We can therefore conclude that our regression model overall does predict *Cost Expectations* under a Turbulent environment significantly well. Our Adjusted R^2 indicates that an estimated 15% of the variance in *Cost Expectations* is accounted for by *Sequential NPD* and *Team Improvisation*. Thus, our hypothesis is supported.

DISCUSSION

This study analyzes NPD using two seemingly divergent approaches. Our study supports prior findings indicating that following a structured approach helps NPD teams achieve cost containment outcomes. In our study, we have found that structure adds significantly to maintaining costs, and that it has more influence than improvisation. Nevertheless, our research sought to achieve more than establish a single, dominant approach - our study ventured to address the call by scholars for balancing structure with adaptability. In this respect, our study has broken new ground by establishing highly-structured approaches as a foundation on which to build. Specifically, we have found that under conditions where NPD teams are using a structured approach but require additional flexibility, adding improvisation to structure is productive. For example, a team may consider adopting a “throttled” approach to innovation, whereby control could be loosened to allow for more improvisation where fruitful, while tightening control in other stages. For the practitioner, this implies that by intelligently coupling structure with improvisation, our solution plays to the strength of each, while offering a way of overcoming many of the shortcomings of either approach.

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