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CONSUMER ATTITUDE AND ATTRIBUTION

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ABSTRACT

Drawing on previous theoretical frameworks, this study delineates a conceptual structure for the formation of consumer attitude, its change, its elements, and the way they operate in a single system of information and beliefs. The study also examines the dynamic relationships between consumer attitude and the manner in which consumers obtain and treat their causal inferences in the process of attribution, as a precursor to consumers' behavior and their performance in the marketplace.

To maximize their satisfaction, consumers perform in the marketplace depending on their predictions of product quality, the right price, and the best service they can get within certain circumstances. Predictions used to make purchase decisions are usually based on information consumers collect either directly through a previous consumption experience of the product or its service, or indirectly through receiving external information on the product, on its service, or on its vender. The accumulation of consumer knowledge, whether it is correct or erroneous, would lead to form a set of beliefs, which would develop over time into predetermined positions on the products consumers deal with or issues they are exposed to. These various positions that guide consumers' philosophies on what they think, say, and do are consumer attitudes.
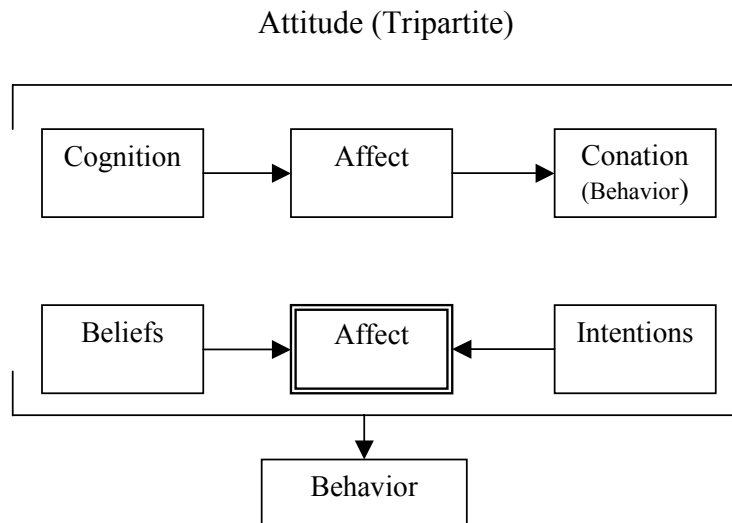
CONSUMER ATTITUDE

According to Fishbein and Ajzen (1975) an attitude is generally defined as "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object" (p.6). This definition implies the essential characteristics of attitude as a behavioral construct. The first characteristic reveals that attitude is not an innate but learned position, where its orientation is determined by positive and negative magnitudes reflecting the state of favorability and unfavorability. It is also a hypothetical and covert construct to underlie and guide an overt behavior, where it is assumed that our attitudes, as predispositionary concepts always serve as precursors to what we do. Based on this logic, attitudes can accumulate as a stock of consistent sources for our behavioral patterns, which can be vividly illustrated by the actual phenomena of "brand loyalty". When consumers exhibit continuous and consistent positive attitude toward a product, they would continue to purchase it unless they face a significant attribution that may divert them from it.

Elements of Consumer Attitude

There are two perspectives on the number and order of the components forming our attitudes (Lutz, 1991). The first is the "Tripartite Perspective" under which attitude includes three integral components tied to each other in a specific order and fully consistent in terms of favorability orientation. They are: *Cognition* which includes all sorts of information and beliefs surrounding a product or an issue; *Affect*, which includes the emotional aspects and the psychological, social, and cultural reactions related to that product or an issue; and lastly, Conation, which deals with the intended, proactive, biased, and actual behavior toward that product or issue. According to this perspective, a consumer attitude toward shoping at Wallmart, for example, can be formed by the intertwined work of these three components: Cognition, which can be represented by consumer

information on the relative low prices offered by Walmart, and his belief that Walmart offers a relatively decent quality of products based on several Consumer Report surveys and tests. Affect, which can be represented by the satisfaction derived from the shopping experience at Walmart due to friendly service and family atmosphere. And finally Conation, which can be represented by the positively intentional position to stick to shopping at Walmart as compared to other department stores no matter what others think or say about this experience.

The second perspective is the " Unidimensional", which conceptually revolve around *Affect* as the central component, where *Cognition* and *Conation* are renamed as *Beliefs* and *Intentions* and given supplemental roles as antecedents and consequences respectively. This change would also be reflected in the order of the components, as shown in the comparative diagrams below, where the entire unity of the central component flanged by the two supplemental would lead to the actual behavior. This is unlike the Tripartite view that makes the realization of behavior in the third component.

Attitude (Tripartite)

Attitude (Unidimensional)

Theoretical Interpretation of Attitude Formation

The three most common among the major theories to explain how attitudes form and how they change are: consistency, learning, and functional theories.

Consistency Theory: Includes a set of sub theories such as Balance, Dissonance, and Affective-Cognitive Consistency. Balance theory is attributed to Heider (1946), and centers on the notion that a consumer usually pursues a "balanced configuration" within the many cognitive and affective elements of his choice.

Figure2: Possible Alternatives of the Balanced Configurations of Consumer-Product Attitude
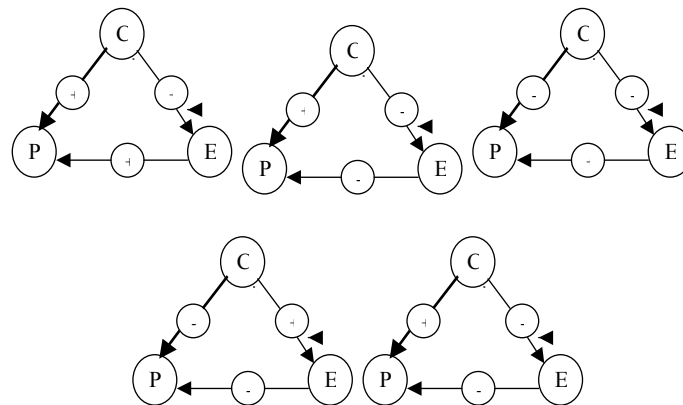

Diagram 2 illustrates such balanced configuration among three elements: a consumer (C), a product (P), and an extrinsic third party element related to both remaining elements. Attitude in this theory is represented by a valence attached to the links between the elements. All valences are assigned a unitary value, either positive (+1) or negative (-1), with no degrees of positivity and negativity. The consumer-product valence is determined by the algebraic multiplication of the other two valences {CP = (CE)(EP)}. Let's assume that the product (P) is the feminine perfume "Glow", which is endorsed by Jennifer Lopez (E). Figure2 shows the possible consumer attitudes toward this product that can be predicted based on the possible valences among the three elements. In the first part of the diagram, we see that if a consumer happens to like Jennifer Lopes (CE=+1), and that Jennifer happens to endorse Glow (EP=+1), then that consumer would have a positive attitude toward Glow {CP=(+1)(+1)=+1}. If the consumer in the second part does not like Jennifer (CE=-1), and she would not endorse the product (EP=-1), the consumer may not have a reason to reject the product, and the predicted attitude would be positive {CP=(-1)(-1)=+1}. However, if this consumer who does not like Jennifer (CE=-1) finds out that she is endorsing this product (EP=+1), then the consumer may find a reason to have a negative attitude toward this product {CP=(-1)(+1)=-1}. The fourth part shows a consumer who likes Jennifer may not find a reason to buy a product that she would not endorse. The last part of the diagram shows that a positive attitude toward the product may occur since the negativity in both of the other two valences secures the irrelevance of these valences to the first. The Dissonance theory is the second in the consistency group. It is attributed to Festinger (1957). The core idea is about the inconsistent association between two or more cognitions such as the discrepancies between what consumer believe in and what they do. This may practically occur when a consumer goes to buy his preferred brand but end up buying another one. The last consistency theory is the Affective-cognitive, which is attributed to Rosenberg (1960). It focuses on how the consumer attitude is related to his underlying values. According to Rosenberg's formulation, a consumer attitude (A) toward a product can be considered as a function of his expectation of the extent to which that product can help or hinder the attainment of his specific values.

$$A = f \left[\sum_{i=1}^{n} V_i P_i \right]$$

Where Vi is a vector of specific consumer values and Pi is a vector of the perceived instrumentalities to satisfy those values. Auto safety, for example, can be a value, and airbags can be the instrumentality to attain it.

Learning Theory: This theory is attributed to Fishbein (1963). Based on the approach offered by this theory, consumers automatically learn about products and form beliefs on their attributes before and after consumption. The formulation of attitudes (At) is mathematically identical to Rosenberg's affective-cognitive method.

$$At = g[^n\Sigma_{i=1} \; b_ie_i]$$

Where is b_i a vector of the subjective likelihood that the product exhibit a certain attribute. An example would be the likelihood that a toothpast includes an anti-decay agent. e_i is a vector of some evaluative aspects associated with those attributes. In this example would show how effective that anti-decay agent is.

The Motivational Theory: This theory is attributed to Smith, Bruner, and White (1956), and its modification is attributed to Katz (1960). According to this approach, consumers form their attitudes toward a product based on basic subjective motives. For example two consumers have two different attitudes toward the same attribute of the same product. An example of that is the sporty look of a car, which means functional beauty for one consumer while it reflects a certain social class aspiration for the other. In his modification, Katz (1960) stated four major functions that attitude can serve: The utilitarian and instrumental, the ego-defensive, the value-expressive, and the knowledge function.

THE ATTRIBUTIONAL APPROACH TO CONSUMER DECISION MAKING

Two major outcomes can be gained from the last section on attitude. The first is that consumer attitude toward a product is learned, either directly through self experience with the consumption of a product or its service, or indirectly through receiving external information about the product or its service. The second is that attitude is an antecedent to behavior. Therefore, it becomes essential to know about the way information is received and the manner in which it is processed, and the nature of the messages obtained. Attribution research, according to Folkes (1991) illuminates the relationship between consumers' attitudes and their behavior in the marketplace. It is concerned with all aspects of causal inferences such as what sort of inferences consumers make, how they arrive at them, and what the possible consequences of these inferences are. Kelley (1973) believes that attribution theory is about how people make causal explanation and how they use their inferential information. He emphasizes that causal explanations play a significant role in offering an active force in driving consumer action and in making choices among alternative courses of action.

Mizerski, Golden, and Kernan (1979) state that attribution theory can be divided into three approaches: Person-perception, which is credited to Heider (1944; 1958), Jones and Davis (1965), and Kelley (1967). The main idea for this approach is that consumers form and validate their perceptions through other individuals, or as Heider believes, that they act as "naïve psychologists" in their attempts to analyze the behavior of others. Jones and Davis later, believe that consumers actually shift their concerns from the actions of others to the effects of those actions, which prompted them to call this modification the "action-attribute paradigm". The second approach is the Self-perception, which is attributed mostly to Bem (1965; 1967; 1972). Bem suggests that consumers judge their own attitudes and beliefs by observing their own behavior and the conditions under which they feel it occurs. The third approach is the Object-perception, which is credited mostly to Kelley(1967; 1971; 1972; 1973). The analysis of variance (ANOVA) is the basic framework operating in this theory, where two kinds of information are used in the attributional process: information obtained from a single inference or observation, for which configuration principles are evoked, and information obtained from multiple inferences and observations extended over a period of time, and for which the covariance principle is evoked to analyze the causal

attribution. The covariance principle for the potential causes and their effects represents the conceptual core of Kelley's approach.

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NUTRITION MARKETING AND THE WORLDWIDE OBESITY EPIDEMIC

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ABSTRACT

Nutrition used to market food products on a wide scale is a relatively new phenomenon. In the early 1990's very few products used nutrition marketing (health claims or nutrition information on labels beyond minimum requirements) to market their products. Over a 15-year period, the use of nutrition marketing grew exponentially. Marketing of both with nutrition marketing and traditional marketing (which does not containing health claims or additional nutrition information) is thought to affect consumer food consumption. Given the serious rise in obesity and specifically childhood obesity, the practice of traditional marketing of non-nutrient dense foods to children has instigated a worldwide debate regarding legal policy and food industry responsibility. The debate on traditional marketing of non-nutrient dense foods to children should not overshadow the need to understand the role nutrition marketing (potentially on nutrient dense and non-nutrient dense foods) in the worldwide obesity epidemic. Given the debate and the potential legal and public opinion ramifications, marketing professionals need to be aware of the history, the potential benefits, and the moral and legal ramifications of nutrition marking. This awareness can be achieved through a review and discussion of current literature.

AN EXPLORATORY INVESTIGATION OF THE BRANDING STRATEGIES OF THE TOP 50 GLOBAL MBA PROGRAMS

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ABSTRACT

Ingram, Gopalan, and Loughman (2004) assessed the branding strategies of BusinessWeek's top 50 MBA programs based on information contained in the websites of these programs. They proposed a typology that identified five specific branding strategies. The Ingram et al study included only U.S. based schools and their full-time MBA programs. Given that MBA degrees are offered in many countries, we decided to assess branding strategies of the top 50 Global MBA programs ranked by Financial Times (2006 ranking). 28 MBA programs were based in the U.S. while 22 programs were from other countries. Three researchers performed a content analysis of the brand name, logo, and text information contained in the web-pages of these MBA programs Our analysis revealed that branding typologies that originate in the U.S. have limited application overseas and that there are several strategic branding differences between U.S. and European programs. We discuss current and emerging branding trends for global MBA programs.

INTRODUCTION

MBA programs have emerged as the one of the key ways by which business schools (hereafter referred to as B-Schools) build their reputation. Starting in the late 1980's, many business newspapers and magazines (*Financial Times, Wall Street Journal, BusinessWeek, U.S. News and World Report*) started ranking MBA programs thereby directly or indirectly assigning a rank to the respective B-School as well. Increasingly, potential students, alumni, and members of the corporate community pay careful attention to these rankings (Merritt, 2003). B-School deans have realized that reputation management is a critical component impacting rankings and have responded aggressively by using a variety of marketing measures, one of which is to "brand" their MBA program (Argenti, 2000; Gioia & Corley, 2002).

THE MBA PROGRAM-BRANDING AN INTANGIBLE COMMODITY

Branding has historically been a major concept in strategic marketing and is used to achieve multiple purposes. While consumers associate strong brands with tangible goods, the increased emphasis on a knowledge-based economy has a variety of services attempting to acquire and retain customers through strategic branding. And educational institutions are no exception (Gray, Fam & Lanes, 2003). But branding MBA programs is not an easy task. The MBA degree is not a physical commodity-it has no shape, substance, form, or odor. It is a service provided by universities to their consumers (Nicholls, Harris, Morgan, Clarke, & Sims, 1995). Additionally, there are many types of MBA programs within a university (full-time, part-time, executive). Does branding impact all types of MBA programs? In the United States, many B-Schools are housed within universities.

When branding MBA programs, is it done independent of the University in which the school is housed? Or is the University's brand "imposed" on the B-school? To what extend are dual branding strategies followed?

Ingram, Gopalan, and Loughman (2004) sought to answer some of the branding questions raised earlier by assessing the branding strategies of the *BusinessWeek's* top 50 MBA programs based on information contained in the websites of these respective programs. They concluded that MBA programs have utilized various types of branding strategies with varying degrees of success.

At one end of the spectrum, MBA programs were branded only with the University's name/logo/symbol (**U**). At the opposite end, MBA programs were branded only with the School's name/logo/symbol and verbiage with no reference to the University (**S**). In the middle was a hybrid approach embracing a dual branding whereby both the University and School's identities received equal attention (**D**). Two other strategies included the (**Us**) and (**Su**) branding strategies. Under the "**Us**" strategy, the University received more emphasis and importance assigning a secondary importance to the School while in the "**Su**" strategy the School's identity is given more importance than that of the University.

OBJECTIVES AND METHODOLOGY

The Ingram et al (2004) study that was discussed in the earlier section was based on *BusinessWeek's* ranking which included only U.S. based schools and their full-time MBA programs. Given that MBA degrees are offered in many countries and international students are a vital part of any MBA program, we felt that an assessment of branding strategies of MBA programs needed a *global* perspective (Adenekan, 2004; Ewing, 2005). To address this issue, we decided to assess branding strategies of the top 50 Global MBA programs identified by *Financial Times* in a special report. (Note: the FT 2006 rankings were for 100 global MBA programs. We limited our analysis to those MBA programs that were ranked in the top 50).

We adopted the Ingram et al branding typology as a framework to conduct our assessment. Each researcher conducted his/her assessment of the branding strategy and separately reached his/her conclusions. Following the separate assessment, all three researchers, examined the degree of similarity/difference between their findings. When two researchers were unable to reach an agreement, the third researcher's conclusion *along* with a meticulous assessment of the web text was used to arrive at a result.

RESULTS

Our analysis revealed that of the 50 MBA programs that were assessed, 10 MBA programs followed a "University only" branding strategy; 10 followed a "School only" approach; 6 adopted a dual/hybrid branding strategy; 5 chose to focus on the University assigning secondary status to the B-School; and 7 chose to emphasize the B-school while relegating the University to play a secondary role. We concluded that two U.S. based MBA programs did not have a discernible branding strategy. A significant result was that we were unable to identify a branding strategy for 10 MBA programs, using the Ingram et al typology.

BRANDING STRATEGIES OF U.S. BASED MBA PROGRAMS

The "University only" branding strategy (**U**) reflected a tremendous amount of consistency in all aspects of communication (brand name, logo, symbol, and text). This type of strategy is similar to the product strategy of family branding, where a single brand (for example Samsung) identifies several related products such as mobile phones, digital cameras, plasma TVs, etc. Harvard,

Stanford and Illinois deploy this strategy because of the strong reputation that these Universities have in the public's minds.

The "School only" (**S**) strategy was employed by several MBA programs, including Wharton (University of Pennsylvania), Tuck (Dartmouth) and Kellogg (Northwestern). These MBA programs are indicative of the individual branding strategy, whereby the school's brand name is a unique identifier for the product (MBA degree) offered.

The dual/hybrid (**D**) strategy was only used by 6 MBA programs all based in the USA. Dual branding attempts to create take advantage of customer appeal by having two powerful name brands "clubbed" together. In our analysis, we found that effective dual positioning was done by the "MIT-Sloan" and "UCLA-Anderson" MBA programs. Not only were the font size and logo consistent with the dual branding approach, the text in the web site reinforced this branding strategy.

The "**Us**" (University-primary, school-secondary) classification of branding strategy is employed by MBA programs offered by UNC (Kenan-Flagler) and Duke (Fuqua). This strategy tends to accentuate well known University strengths and wide spread name recognition with the MBA program. The University name tends to hold a great deal of prominence with the external community, while the school brand tends to have a drawing among its internal constituents (students, alumni, faculty).

The "**Su**" (School primary, university secondary) branding strategy is being practiced by Smeal (Penn State) and Marriott (BYU). This type of strategy allows a lesser known brand to establish itself over time by being associated with a more well-known brand. It is possible to theorize, that in the future, some of these types of MBA Programs may completely remove the University name, as the school name becomes more acceptable by its consumers.

BRANDING STRATEGIES OF EUROPEAN, ASIAN, CANADIAN, AND U.K. MBA PROGRAMS

A key finding was that the Ingram et al branding typology, which was derived from an assessment of U.S. MBA programs did not lend itself well when analyzing European MBA programs. From a structural perspective, European MBA programs are quite different from U.S. B-schools that are housed in universities and do not operate as independent entities. Therefore we concluded that we were unable to categorize them with the Ingram et al branding typology. However, B-Schools located in Canada and the U.K. follow an organizational structure similar to the U.S. Therefore, it was easier to diagnose their branding strategies using the Ingram et al typology.

We noticed that the European MBA programs sought and achieved accreditations from many agencies as they were geared towards attracting a wider audience from a number of countries besides the host country. Multiple accreditations help in enhancing a "global" brand image, and increased admission and graduation requirements reinforce the global branding associated with the MBA program.

Several European MBA programs emphasized their location as part of their overall branding strategy (as an example, London). Two U.K. based MBA programs, specifically include London next to their name (Imperial College in London and the CITY of London while France based HEC has "Paris" in its logo. The location of the program is based on the idea that the "destination" impacts branding. (Yan, 2003; Gray, Fam & Llanes, 2003; Lin and Kan, 2004).

CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

Our assessment yielded several interesting insights of current and emerging trends. Competition amongst educational institutions and programs is becoming increasingly global and is not confined within national borders—in this context branding one's institution or program is a key

to gaining a competitive advantage in the global marketplace (Black, 2002). The vast majority of U.S. based MBA programs that made the top 50 ranking do not emphasize either multiple accreditation or rich multicultural experiences as part of their branding strategy. Perhaps this an area they need to reconsider as there are more global competitors on the horizon (who are offering MBA degrees) and it has become increasingly difficult for many international students to obtain a student visa to enter the U.S. after September, 11 2001.

We also observed different organizational structures with respect to graduate business programs. While U.S., U.K., and Canada appear to follow a university-based structure that houses a B-School-- Spain, Switzerland, France, and other countries offer a MBA program from a stand-alone entity solely created for graduate business education. Is it easier for these latter institutions to create a brand name given that they do not have to work under a university structure or framework? Or is it more difficult to engage in a branding strategy as these institutions have to operate without a University structure and with fewer resources? These questions also leave the door open for future studies to develop a newer, broader global branding typology. Clearly, additional research is needed to answer these questions. The European structure appears to be prevalent in India where there are many B-Schools like the prestigious IIMs (Indian Institute of Management) that have a strong Asian reputation and now are now seeking to establish a global presence. As Asian MBA programs continue to acquire prominence, they will create increased competition for U.S., European, and Australian MBA programs (Elliot, 2005).

Branding is part of a larger strategy—to create and maintain a unique corporate identity. Therefore, it is imperative that all parts must fit well. We urge that all information contained in the website including color, brand, logo, symbol, verbiage are consistent with one another to support the overall corporate identity (Gioia, Schultz, & Corley, 2000).

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ARE SALES MANAGERS PREDISPOSED TO SELF-MONITORING?

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ABSTRACT

Frequently when people are in unfamiliar situations they look to others for cues to determine appropriate behavior, a process described as self-monitoring. The research reported here examined the self-monitoring construct with a national sample of sales managers and compares the results with previous research of salespeople. The results indicate that sales managers with a higher predisposition to self-monitoring (modify facet) were the higher performers. Significant differences by gender are reported. Sales management experience was a significant predictor of performance in the male subset, but not with the female subset. The sensitivity facet of self-monitoring was significantly influenced by sales management experience in the female sample.

CONTRACTS, NORMS AND FAIRNESS

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ABSTRACT

Companies are beginning to focus on maintaining long-term relationships with customers. Fairness in relationships has been found to be associated with maintaining long-term customer relationships and loyalty to the relationship (Brown, Cobb & Lusch, 2005). Whether or not a customer perceives a relationship as fair can be dependent upon the customer's perception that the outcomes they receive are equitable given their contribution to the relationship (Brown, Cobb & Lusch, 2005). Firms often spell out expectations of both parties in detailed explicit contractual agreements. However, it is difficult to contractually provide contingencies and solutions for every possible situation that can arise in a buyer-seller relationship. Consequently, firms develop unwritten and implicit norms that also govern the perception of fairness in the relationship. Implicit in relational contracting is the expectation that firms cooperate during the performance of the contract (Collins, 1986, p. 160). Cooperative norms are critical for the establishment and maintenance of long-term buyer-seller relationships. They create value in the buyer-seller relationships for both customers and suppliers (Frey and Schlosser, 1993).

Suppliers will perceive a relationship as being fair if there is a process to resolve disputes that is consistent, accurate, and ethical. If contracts provide explicit details, and the buyer lives up to those promises, then the customer should perceive the relationship to be fair. If the selling firm's actions are perceived to be consistent with normative rules of behavior, the buying firm is likely to perceive the selling firm's behavior as being fair. Consequently, it is hypothesized that the greater the extent to which explicit contracts govern the relationship between the buying and selling firm, the more likely the buyers are to perceive the relationship as being fair. Additionally, it is hypothesized that the greater the extent to which cooperative norms govern the relationship between the buying and selling firm, the more likely the buyers are to perceive the relationship as being fair.

In order to test the hypothesized model, data were collected in a business-to-business setting. Responses were received from 234 key informants. The model was tested using structural equation modeling. Results of the structural model indicate the model fits well. The chi-square of the structural model was 28.01 with 24 degrees of freedom (p < .260). Other goodness-of-fit indices also performed well. Specifically, GFI =.96, AGFI = .92, and CFI =.99, RMR =.05, RMSEA=.04. Findings indicate that cooperative norms that develop in a relationship are a key indicator of buyer's perception of fairness in that relationship. However, explicit contractual agreements do not have an effect on buyer's perceived fairness in the relationship. The results suggest that cooperative norms which develop in a buyer-seller relationship are far more important than explicit contracts in governing the customer's perception of fairness in the relationship.

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INFLUENCES ON INTER-FIRM STRUCTURE AND BUYER-SALESPERSON BEHAVIOR

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ABSTRACT

Marketing literature has begun to address the issue of maintenance and enhancement of customer relationships. Channels research has examined this phenomenon at a firm-to-firm level, while the buyer-salesperson perspective has examined it at the individual level. The problem with both the buyer-salesperson perspective and the channels perspective is that the analysis of the buyer-seller relationship is incomplete. Buyer-seller relationships exist between firms but are conducted by individuals. Failing to include both perspectives yields a myopic understanding of buyer-seller relationships. Interactions between individuals should be examined and interpreted in terms of the larger context of the group in which they are embedded (Makoba, 1993). In other words, the individual level interaction between the buyer and salesperson can best be understood in the broader framework provided by the inter-firm relationship. Social exchange can be examined simultaneously at interpersonal and inter-group levels (Makoba, 1993). However, no framework has yet been proposed that permits an empirical investigation of such an integrated approach.

This research develops a theoretical model to describe existing relationships between buying and selling firms, and the individuals involved in those relationships. The proposed model posits that the external environment influences inter-firm structure. Inter-firm structure refers to the mechanisms that govern or control the relationship between two firms. The external environment refers to factors outside of the inter-firm relationship. External environment affects the way firms structure their relationships (Achrol and Stern, 1988). Environments are perceived by firms as being certain or uncertain (Achrol and Stern, 1988). This perception influences the way inter-firm relationships are structured (Achrol, Reve and Stern, 1983). Therefore, the model maintains that the external environment influences the inter-firm structure that is developed between two firms. This model also posits that purchase situation factors influence inter-firm structure. The purchase situation has been shown to influence the way in which the buyer conducts business (McQuiston, 1989). Therefore, it is expected that the purchase situation will have an effect on the structure that is developed between firms.

Finally, the model asserts that the inter-firm structure combinations (or governance structures) influence buyer-salesperson behaviors. Support for these assertions is found in group achievement theory (Stogdill, 1959) and social exchange theory (e.g. Shaw, 1971). Once individuals begin to form a relationship, they establish group norms that did not exist prior to the interaction (Dwyer, Schurr and Oh, 1987). Over time, the individual members accept common norms and expect other members to conform (Stogdill 1959, p.78). Group norms control the behavior and the actions of individual members (Thibaut and Kelley, 1967). Once group norms are established, they tend to be stable over time and are likely to persist even when group membership changes (Shaw 1971, p.236; Thibaut and Kelley 1959, p. 135). Norms in an established group influence the behavior of new and existing members. Therefore, norms (an inter-firm structure component) influence the behavior of individual members (buyer-salesperson behaviors). Consequently, it is posited that the inter-firm structure that is developed between two firms will effect the way in which the buyer and salesperson behave.

The proposed theoretical model should be tested to provide empirical evidence that external environmental factors influence inter-firm structure. Additionally, empirical evidence should be gathered to test the assertion that inter-firm structure plays a role in determining how the relationship is governed and controlled, both at a firm level and at an indivudal level.

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SERVICE COMPANIES: DERIVED VALUE THROUGH INCREASED INNOVATION FROM CUSTOMER GENERATED IDEAS

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ABSTRACT

This paper focuses on new service development and considers if service companies experience increased innovation as a direct result of their affiliation with their customer base. Customers usually are at the center of the service encounter and are familiar with the context of the service (Alam and Perry, 2002). Does this lead to greater idea generation on behalf of the customers and do they serve as significant sources of idea generation resulting in increased innovation for companies?

New services make up a preponderant of new businesses that are formed. According to a review by Baldwin and Peters, which spanned several leading nations, services account for approximately 60 – 80% of respective countries GNP's, putting services in the leading role in terms of economic growth (2001). With the globalization of industries and the rapid changes in technology there is growing pressure being put on companies to continually change and improve their market offerings (Menor, 2000). Companies are being called upon to be more innovative and come up with new ideas and products in shorter periods of time (Sundbo, RUC, and Gallouj, 1998; Flint, Larsson, Gammelgaard and Mentzer, 2005).

One of the most important factors indicative of success in business is its level of innovation (Drucker, 1974; Flint, Larsson, Gammelgaard and Mentzer, 2005). According to a Coopers and Lybrand survey, companies are betting on new product development to be a catalyst in their growth and overall success (1985). In addition, a significant share of innovation being carried out in business is related to new service development (Jong and Vermeulen, 2003). However, new service development research is severely lacking as most product development research has concentrated on goods and technology (Alam and Perry, 2002, Menor, Tatikonda and Sampson, 2002). It is hoped that this paper will address this gap in the current literature regarding new service development and customer input.

This study is based on hypotheses suggesting that customer involvement is more beneficial to service firms' innovation than goods manufacturers' innovation. The fundamental differences between goods and services are documented as possible reasons for this difference. Not only do services differ from products in terms of intangibility, heterogeneity, perishability and inseparability, but the customer is at the focal point of the service development, and is crucial to the service delivery (Alam and Perry, 2002). Due to the intimate involvement of the customer with the service encounter, the customer's input in the service innovation process may be more beneficial than in tangible products (Normann, 1991).

The focus of this study is a sample of 40 firms: 20 service firms and 20 goods firms. Surveys were administered to all of firms in the sample and analyzed. The results demonstrate the importance of customers as a source of idea generation leading to increased innovation process, increased radical innovations and increased incremental innovations to service firms.

AN EXAMINATION OF THE SELF-CONCEPT OF MANAGEMENT AND ITS RELATIONSHIP TO LEADERSHIP

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ABSTRACT

Theories about self management and individual advocates of self management claim that there are an astounding number of critical elements that must exist before effective self management can be obtained. Specifically, this paper addresses six key ingredients of self management: strengths and feedback analysis, performance and vision, values and goals, contribution, relationship responsibility and lastly, effectiveness.

INTRODUCTION

Today is an age of unlimited opportunity. If someone has ambition and intellect, they can soar to the top of their particular career, regardless of their starting point or position. What must be remembered is that with opportunity comes responsibility. Drucker (1999) says employees must act as their own chief executive officers; companies today are not managing their employees and their careers. He expresses his strong belief that it is up to the individual to carve out their own place in the working world. The individual must know when to change course and when to keep engaged and productive during a work life that may span some 50 years. To do those things competently, a deep understanding of self is required.

Manz (1990) argues that more emphasis needs to be placed on individual control and responsibility of people in organizations. Managers and professionals, who often have a great deal of responsibility, freedom and discretion in their jobs, have always had an acute need for effective self-management.

In agreement with Drucker, Goleman (2000) deems that a significant importance must be placed on recognizing emotions and their effects, as well as being aware and acting in accordance with strengths and limits, and keeping a strong sense of self-worth, values and capabilities.

Theories about self management and individual advocates of self management claim that there are an astounding number of critical elements that must exist before effective self management can be obtained. Specifically, this paper addresses six key ingredients of self management: strengths and feedback analysis, performance and vision, values and goals, contribution, relationship responsibility and lastly, effectiveness.

STRENGTHS & FEEDBACK ANALYSIS

Individuals must concentrate on their strengths. They must place themselves in situations where personal strengths can produce positive performance and results. Drucker (2000) proclaims that most people think they know what they are good at, but they are usually wrong. More often, people know what they are not good at. The problem is that one cannot build performance on weaknesses; people are able to only perform from strengths (Drucker, 2000). One of the most effective ways to discover strengths is through feedback analysis. According to Drucker (2000), this feedback analysis is crucial in determining individual's strengths. Generally speaking, individuals normally interpret feedback negatively. Roberts (2005) and her colleagues state that it is a paradox

of human psychology that while people remember criticism, they respond to praise. The former makes them defensive and therefore unlikely to change, while the latter produces confidence and the desire to perform better (Roberts, *et. al*, 2005). Individuals who recognize and play on strengths are most likely to reach or perform at their highest potential. Timm (1993) asserts that getting feedback, even if it comes from a tough critic, may be the most important way of receiving direction and control that assists in leading to better self management.

Drucker (2000) stresses several implications for action following from the feedback analysis. First, concentrate on strengths. Placement in situations where strengths can produce results is critical. Second, work on improving these strengths. The analysis will show the areas of improvement or arenas where new skills are needed. Additionally, the feedback will show where gaps in knowledge exist. Drucker (2000) makes a valid point when he says, "Mathematicians are born, but everyone can learn trigonometry." Third, look into areas in which intellectual arrogance can be causing ignorance and overcome it. "Many people – especially people with great expertise in one area – are contemptuous of knowledge in other areas or believe that being bright is a substitute for knowledge. Taking pride in such ignorance is self-defeating. Acquire skills and knowledge needed to fully realize strengths" (Drucker, 2000). In his 1999 article, Drucker uses an example to illustrate this ignorance by saying, "first rate engineers, for instance, take pride in not knowing anything about people. Human beings, they believe, are much too disorderly for the good engineering mind. Human resource professionals, by contrast, often pride themselves on the ignorance of elementary accounting or quantitative methods altogether."

Since every individual changes over time, physically, mentally, and emotionally, new data becomes available and new circumstances emerge. Levinson (2005) stresses that "rigidly sticking to old positions can keep one from seeing and making changes that might be beneficial."

People should use the feedback analysis to determine their strengths and the situations in which they can enact these strengths for desired performance and results. Wasting effort on improving areas of low competence is not suggested. "Energy resources and time should go instead to improving first rate performance to excellence" (Drucker, 2000). In addition to recognizing strengths and how to utilize them effectively in certain situations, Brigham (2000) recommends using feedback analysis to recognize bad habits and find ways to remedy them in order to make the most of the particular circumstances. Drucker (1999) emphasizes the importance of knowing strengths but more so on performance and the different ways one performs and the individual's ability to create a vision.

PERFORMANCE & VISION

Asking the question how one best performs is essential to do, to understand and to embrace. Drucker (1999) says that few people actually know how they get things done. Performance style is said to be formed long before an individual enters the workplace. How a person performs is a given, the same as what a person is good at or not good at is also a given. Since performance is linked to personality, the style can be modified but not fully changed. A few common personality traits typically are indicators of how a person will perform.

According to Drucker (1999) the first thing an individual needs to know is whether he or she is a listener or a reader. Most people generally tend to be one or the other but very few people are both readers and listeners. It is very unlikely that listeners can be made into effective readers and vice versa.

Understanding how one learns is another key component to effective performance. Various styles of learning include learning by writing, learning by talking or hearing, learning by listening and learning by reading, to name a few. Drucker (1999) claims that not everyone learns in the same ways and many do not learn in the ways they are forced to. This conflict in learning and teaching styles is thought to be a major impact of poor student performance in many cases.

"Am I a reader or a listener? And how do I learn? Are the first questions to ask. But they are by no means the only ones to ask. To manage yourself effectively, you also have to ask, do I work well with people, or am I a loner? And if you do work well with people, you must then ask, in what relationship" (Drucker, 1999)? Many individuals work best in group situations involving interaction with other individuals. For example, many individuals are best suited for roles as a mentors or coaches. Others, perhaps if their learning styles classify them as loners, work best without the involvement of others.

Deciding if you are more effective or comfortable as a decision maker and/or leader or an advisor and/or subordinate is also very important in determining in what role you can best perform. Drucker (1999) gives the example of the number two man (the man directly under the CEO or President, second in command) in corporate America. This person often fails when promoted to the number one position. This is largely because of the individual's performance style. Many number two men are extremely effective and achieve great things as the number two man because they are better off being advisors as opposed to the decision maker. He or she knows what decision should be made but cannot accept the responsibility of actually making it (Drucker, 1999).

It is recommended that one not try to change him or herself especially when it comes to performance styles. The likelihood of success is not high. Accepting and working hard on improving upon the way one performs is a better solution. One of the ways to improve upon performance style is to create a vision, not only for yourself but for others in which you may work with.

Lewis (1998) says, "The successful vision is a dream that inspires the individual as well as the employees and gives each of them something to strive for." Bennis (1989) cited in Melendez (1996) stated, "on the assumption that leaders are people who are able to express themselves fully…They also know what they want, why they want it, and how to communicate what they want to others, in order to gain their cooperation and support; they have a vision." Two key components of effective self management and leadership are vision and inspiration. Everyone who is a leader needs to know how to create a vision, or guiding purpose, that provides direction toward a desired outcome (Segil, 1999). According to Drucker (1999), a successful self manager relies on skills, understanding of self in terms of performance styles and learning styles, the ability to articulate a vision, and knowledge to contribute practically and successfully to their work. Every self manager is also required to operate under a personal and professional value system to achieve success (Drucker, 2003).

VALUES & GOALS

Weiss (1999) contests that everyone has a value system and individuals move toward things that they valued. An understanding of personal value systems is critical to the development of self management. "Values are crucial to personal excellence. Personal effectiveness and balance requires individuals to hold a set of clear personal values. Without values, self management becomes little more than choosing from an array of equally worthy (or unworthy) activities" (Weiss, 1999).

Levinson (2005) lists three common personal/workplace values that individuals place priority upon. Self-identification is the first common work value or priority. Many people need to feel as though the work they are doing on the job is meaningful, inspiring, as well as fitting or right for them. Money seems to be an obvious value in terms of what it allows the individual to do or feel. Another value recognized by Levinson (2005) is job security. There is a significantly larger amount of individuals that hold office jobs as opposed to independent entrepreneurs. Individuals who value job security want tenured positions.

The quality and depth of self leadership is reflected in ones values and goals, these must both be clear because they reveal who the individuals are as leaders (Lieder, 1996). Working from a clear

sense of personal purpose coupled with an awareness of contribution creates an environment for success.

CONTRIBUTION

"Throughout history, few people had any choices. The task was imposed on them either by nature or by a master. In large measure, so was the way in which they were supposed to perform the task. But to start out with the question "What should I contribute?" gives freedom. It gives freedom because it gives responsibility" (Drucker, 1999).

According to Drucker (1996) thinking about what an individual can contribute is basically looking for unused potential in the job. Individuals who do not think in terms of their contribution are not only likely to aim too low, but likely to aim at the wrong things or areas within their job. Several individuals see their contribution too narrowly and do not credit themselves enough with the contribution they are currently making. attests that to answer the question of contribution, the individual must consider three distinct elements: (1) What does the situation require?, (2) Given the individual's strengths, their performance style, and value system, how can the greatest contribution be made in order to achieve goals and perform? (3) What results have to be achieved to make a difference? These questions lead to "action conclusions" which encompass what to do, where to start, how to start, and what goals and deadlines should be set To effectively contribute one must take responsibility for his or her relationships. (Drucker, 1999).

RELATIONSHIP RESPONSIBILITY

In a typical work environment, individuals are most effective when working and interacting with others. Drucker (1999) says that whether people are a part of a group or independent, managing oneself requires assuming relationship responsibility. He reveals to two key components of taking responsibility for relationships. The first part of this responsibility is to be accepting that every individual is their own person. No one person is identical to another, especially in terms of learning styles, performance styles, values, and importantly, their strengths will be different too. To be most effective when working with these people who have different strengths and styles, one must be understanding and patient but imperatively, get to know the strengths and styles of each of these people so that conflicts can be minimized and performance can be maximized.

In accordance with Drucker, Levinson (2005) gives a couple ideas and rules that when followed or at least considered can help improve ones performance in relationship settings. Qualifying responses is the first element. What this means is when one expresses their opinion by using the phrase "so far as I know" it eliminates speaking with ultimate authority (Levinson, 2005). Secondly, being a good listener will take one far. "Using these skills can facilitate accurate communications and improve relationships" (Levinson, 2005). Taking genuine relationship responsibility will not only improve the individual's self management skills, but the relationships that the individual has with others will also improve and advance. With improved self management skills and enhanced relationships the individual is on the right track to effectiveness.

EFFECTIVENESS

People can always manage themselves. "Indeed, executives who do not manage themselves for effectiveness cannot possibly expect to manage their associates and subordinates. Management is largely by example. Executives who do not know how to manage themselves effectively in their own jobs and work set the wrong example" (Drucker, 1996). They need to be very aware of their strengths, values, performance styles, learning styles, and efficiently manage and take responsibility for their relationships. When this self attentiveness and composure is displayed in the manager or

executive and projected outward to subordinates, task outcomes and the steps that are taken to produce these outcomes seem much smoother and require less effort.

Drucker (1996) clearly states, "To be reasonably effective is not enough for the individual to be intelligent, to work hard or to be knowledgeable. Effectiveness is what executives are being paid for, whether they work as managers who are responsible for the performance of others as well as their own, or as individual professional contributors responsible for their own performance only."

The following two statements must become habits and routine to become an effective and self managed executive (Drucker, 1996):

- Effective executives focus on outward contribution. They gear their efforts toward results rather than toward work. They start out with the question, "What is my contribution?" rather than with the work to be done, let alone with its techniques and tools.
- Effective executives build on strengths, their own strengths, the strengths of their superiors, colleagues and subordinates. They do not build on weaknesses. They do not start out with things they cannot do.

Effective management starts with managing oneself. Unless individuals can create order within themselves, they will be unable to organize and lead others.

CONCLUSION

Self management, when spelled out, and the benefits detailed, it is a concept that seems so obvious and necessary. Drucker (1999) explains, "Managing oneself is a revolution in human affairs. It requires new and unprecedented things from the individual. For in effect it demands that each individual think and behave as a chief executive officer." As society and the business world change rapidly, as well as the emergence of leaders and leadership roles become more available, self management is a task that many individuals need to embrace and conquer before stepping into this new world or new role. Baillie (2004) states, "Understanding oneself and the impact of others is an essential step to maximizing personal leadership and management skills. Delving into personality traits, passions, values, drivers and motivators can help build strengths and compensate for weaknesses, make better business decisions and ultimately become a better leader. Self management is a life long journey."

Until one can truly realize and appreciate their strengths and values, understand and act upon their learning and performance styles, be conscious of their contribution, assume relationship responsibility and make the necessary changes to create effectiveness, these components of self management will never work as a fully functioning circuit like they can and should.

CROSS-CHANNEL RETAILING, CONSUMER BEHAVIOR, AND IMPLICATIONS FOR MARKETERS

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ABSTRACT

As e-commerce becomes mainstream, the need to understand consumer behavior and develop effective marketing strategies will continue to challenge firms seeking to leverage the online channel. This is no more evident than in multi-channel retailing approaches. Integrating multiple customer touch points has been an important operational and marketing objective for decades. Many firms have struggled to provide seamless, brand-consistent experiences across retail outlets, call centers, telesales, websites and channel partners, regardless of company size or industry. Competitive organizations, however, can implement cross-channel retailing to support customer loyalty and increase return on investment. Intelligent cross-channeling allows organizations to better analyze customer buying, understand one channel's effects on another, and identify sales and margin contributions as well as customer conversion.

Today, to be successful, retailers must view convergence of channels as a way of business and not just a passing trend. These channels must include all aspects of retailing, such as direct-to-customer, e-commerce pure play, and brick-and-mortar. In order to successfully emerge in the multi-channel retail environment, an organization must identify and understand the needs of the multi-channel customer.

Multi-channel shoppers have unique perceptions of convenience and risk that marketers should seek to understand in developing a multi-channel strategy. Multi-channel shoppers are sensitive to how their shopping experience is managed through product availability, product return mechanisms and order fulfillment channels.

Multi-channel retailers face issues in responding to the needs and expectations of cross-channel shoppers. The importance of integration in various aspects of the marketing effort is a theme that runs throughout the issues examined. Investment decisions regarding channel infrastructure and information technology are critical to supporting a multi-channel environment attractive to the cross-channel shopper. Thought must be given to how channels are structured in order to prevent channel cannibalization or conflict that is detrimental to profitability and customer satisfaction.

This paper seeks to build upon previous research on the topic to identify key cross-channel retailing issues as they relate to both the consumer and the retailer. The paper offers a set of research questions aimed at guiding potential future inquiry into consumer behavior and marketer response in the multi-channel retailing environment. The questions stem from the themes that emerge in the review of the literature and subsequent list of key issues facing consumers and retailers in the multi-channel environment.

MULTIPLE MEASURES OF LOYALTY: VALIDITY AND RELIABILITY TESTS

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ABSTRACT

The author employs multiple indicators to measure retailer brand loyalty in fast-food burger outlets. Validity tests and reliability tests are performed. The authors find that the six measures are coherent regarding construct validity, exhibiting high relationships to each other in two dimensions: preferences and usage. Additionally, regarding reliability, support is provided that the different measures can be considered equivalent alternative forms for which to measure loyalty.

INTRODUCTION

General business wisdom suggests a company focus at least a proportion of marketing efforts on the development, maintenance, or enhancement of customer loyalty (Dick and Basu 1994). This emphasis is important because a company with a large number of brand loyal buyers will be more secure in its markets and should have a higher market share than other firms without this asset (Lehmann and Winner 1997; McDowell and Dick 2001; Raj 1985; Robinson 1979; Smith and Basu 2002).

Having more brand loyal buyers than competitors has many advantages, including a greater response to advertising (Raj 1985), larger purchase quantities per occasion (Tellis 1988), and reduced marketing costs (Rosenberg and Czepial 1983). Brand loyal buyers are important because, as markets become more mature, increases in share become more expensive and improving customer loyalty is a means of increasing and maintaining share (Gounaris and Stathakopoulos 2004). With estimates regarding the number of 'truly' brand loyal buyers for certain retailers hovering around twenty-five percent, one can begin to imagine the importance of the battles for the consumer that we witness every day in consumer markets (Pleshko and Heiens 1997).

Many definitions of loyalty exist. But, it is generally described as the propensity of a buyer to purchase the same brand repeatedly. Faithfulness, consistency, and a lack of switching all describe buyer loyalty (c.f. Etzel et al 2004). Dick and Basu (1994) point out that loyalty is not only a behavioral phenomenon, but also an attitudinal phenomenon with preferences/attitudes being important in the conceptual definition. Two problems in studying loyalty are the difficulty with measurement and the lack of definitional clarity (Badinger and Rubinson 1997). Single indicators and/or single dimensions of loyalty are used in most studies, leaving questions of reliability and validity. A more specific focus on the definition and measurement of loyalty should improve future studies using this concept.

The purpose of this study is twofold. First, the authors offer and describe six parallel forms of measurement for store loyalty. Second, the validity and reliability of these loyalty indicators are tested in a sample of consumers who use fast-food outlets. Ideally, multiple indicators should provide more reliability and confidence in the conclusions drawn from any statistical analysis.

PROPOSED INDICATORS OF LOYALTY AND MEASUREMENT

Validity and reliability concerns must be considered when collecting data for any construct. Regarding validity, researchers must derive accurate measures of the concept under study. This is normally addressed in the initial stages by considering content validity and construct validity (c.f.

Cooper and Schindler 2001). To show content validity, the loyalty measures should cover the range and dimensions considered relevant to the construct. Therefore, for loyalty, both attitudes and behaviors should be included and also a specific type of loyalty outlined, if desired. Therefore, the indicators represent two dimensions related to loyalty: (a) a behavioral dimension, called *usage* and (b) an attitudinal dimension, called *preference*.

The author proposes the use of five behavioral indicators (#1,#3,#4,#5,#6) and three attitudinal measure (#2,#7,#8). The eight indicators are [1] *Loyalty-% of total use for each store* (L%OFTOT), [2] *Loyalty-% regarding self report category* (LSLFR%), [3] *Loyalty-% use of outlet* (LUSED%), [4] *Loyalty-% most-used store* (LMOST%), [5] *Loyalty-% 2nd most used store* (L2MST%), and [6] *Loyalty-% last purchase* (LLAST%), [7] *Loyalty-% most preferred* (LMPRF%) and [8] *Loyalty-% 2nd most preferred* (L2MPRF%). These are described in paragraphs to follow.

The overall indicators for each of the loyalty items included in the study are derived by summing across multiple variable components and across respondents. This procedure results in a sample total for *each* indicator, all of which are percentages. Table 1 shows the specific numbers for each of the constructs. The definitions and measures for each of the constructs are explained in the following paragraphs. Note that only the first six indicators are included in this study. The final two indicators, LMPREF% and L2MPRF% are not available.

Items/Brands	#3	#2	#6	#1	#5	#4
L%OFTOT	19%	26%	28%	28%	30%	42%
Rank	1	2	4	3	5	6
LSLFR%	9%	7%	9%	7%	9%	17%
Rank	3	1	4	2	5	6
LUSED%	23%	31%	56%	70%	76%	84%
Rank	1	2	3	4	5	6
LMOST%	2%	7%	16%	22%	16%	38%
Rank	1	2	3.5	5	3.5	6
L2MST%	4%	9%	10%	21%	29%	28%
Rank	1	2	3	4	6	5
LLAST%	3%	7%	8%	16%	25%	41%
Rank	1	2	3	4	5	6

Table 1
FAST FOOD BURGER OUTLETS: Loyalty Statistics and Rankings

Loyalty-% of total use each store (L%OFTOT) is defined as the percentage out of his total times the respondent uses each brand, if they are users of that brand. Respondents are asked to write the number of 'times' they use each brand over a specified period of time. Note that the buyer may not use brand A most often, but the information for brand A is still included. It is calculated for each respondent for each brand used and then the overall sample average percentage is calculated. Thus, for respondent X who uses brands A and B: L%A = (times A)/(times A + times B …+ times N) and L%B = (times B)/(times A + times B …+ times N).

Loyalty-self report category (LSLFR%) is defined as the percentage of respondents classified as loyal to a particular retail brand out of the total users of that brand. First, respondents are assigned to the brand which they use the most often. This is derived from the 'times' question as with L%OFTOT. Additionally, a two-item interval scale is used to determine if the respondent considers himself to be loyal and/or have a favorite brand. From the scale, respondents are assigned to a high loyalty category based on high scores on the scale. Thus, respondents are classified as

loyal to the brand they use most often *only if* they also score high on the scale. Otherwise, they are classified as not loyal. This indicator might be closest to Dick and Basu's (1994) typology.

Loyalty-% use of outlet (LUSED%) is defined as the percentage of respondents who use each brand. This information is also derived from the 'times' question, as with L%OFTOT, however only use/not use data is taken. It is calculated for each brand as the total users of the brand in relation to the total sample. Thus, LuseA = (sum of users of A)/(total sample size). It is included because we use brands which we prefer.

Loyalty-% of most-used store (LMOST%) is defined as the percentage of times that each brand is used as the primary brand in the category for a respondent. This is also derived from the 'times' question. A specific brand is the most-used for a respondent when the largest number of 'times' is indicated. Thus, for respondent X, if times A>times B, times C…, times N, then brand A is assigned to respondent X as most used store. The overall indicator is a summation for each brand of those respondents most using each store. This is included because it is logical for users to buy most often from their favorite brand.

Loyalty-% 2nd most used store (L2MST%) is defined similarly to LMOST%, except we are interested in the brand with the second highest 'times used'. This is included as it is possible for buyers to be loyal to more than one store.

Loyalty-% last purchase (LLAST%) is defined as the brand from which the respondent last purchased. Respondents are asked to check a box next to the brands. This is included because good predictors of future behaviors are recent past behaviors. The indicator is a percentage calculated by summing, for each brand, all the respondents who indicated that they bought from a specific brand last. Then, this summation is divided by the total respondents to get the indicator. Thus, LLast%A = (total purchased A last)/ (total respondents).

Definition and measurement suggestions for the two indicators which are not included are the following. *Loyalty-% most preferred* (LMPRF%) is defined as the percentage of time each brand is listed as the favorite by respondents. This can be measured through rankings or ratings. *Loyalty-% 2nd most preferred* (L2MPRF%) is defined as the percentage of time each brand is listed as the 2nd most preferred favorite by respondents. This can be measured through rankings or ratings.

DATA COLLECTION

The data for the current study are gathered in a large university town in the southeastern USA. The sampling frame is comprised of undergraduate business students, a group of consumers who are frequent users of fast-food hamburger outlets which are the focus point for data collection in this study. Information is accepted only from users of fast-food outlets, thus eliminating nonusers from the study. The data are from self-administered questionnaires collected from three variations of the same research instrument. The purpose of the instrument variations is to minimize any ordering effects in the collection of the data. Three classes are selected for inclusion in the study from the offering at the university by random selection of core course offerings in the business school. This process results in ninety-eight usable responses. As the nonusers were screened during the sampling process and all those selected responded, few unusable surveys were found. For the fast-food retail outlets, there were six chains selected for inclusion in the study. Each of the retail brands had multiple outlets in the accessible geographical market area of the sampling frame. Also, each of the retailer brands had market shares above five percent.

ANALYSIS/RESULTS

To address construct validity, factor analysis with reliability is normally used or, alternatively, inter-indicator correlations are analyzed. Since the indicators are sample summaries,

and not specific to individual respondents, it is not possible to test for validity and reliability using factor analysis and Pearson correlations. The authors use Spearman's *rho*, the rank-order test to investigate construct validity and reliability. The six 'parallel forms' of the same construct should ideally provide similar indications of loyalty towards each of the specific fast-food outlets. This procedure will provide an estimate of reliability referred to as equivalent measures or parallel forms. In other words, the six loyalty indicators should result in a rank for each brand, regarding loyalty, in nearly the same order. Thus, the Spearman rank-order test is appropriate to investigate reliability in this study.

Analysis of the *rho* statistics, similar to inter-item correlations, will also provide evidence for any underlying dimensionality and construct validity. Items with significantly related brand loyalty rankings might be members of the same underlying dimension or factor. Alternatively, items without significantly related brand loyalty rankings would be considered to be either from different underlying factors or maybe one of the items is not related to an underlying dimension. Thus, by looking at the groupings of related loyalty indicators, it should be possible to determine the underlying structure.

Spearman's (1904) test statistic, *rho* or "*r*", is calculated with data taken from 'n' pairs (*Xi,Yi*) of observations from the respondents on the same objects, the fast-food burger brands. In this study, each *Xi* and *Yi* pair would be rankings related to combinations of the loyalty indicators. Refer to Table 1 again to see the rankings of each indicator from highest "6" to lowest "1". The rankings, not the indicator values themselves, are used to calculate the statistic. The *r*-values and the *p*-values for each statistical comparison are shown in Table 2.

Table 2				
FAST-FOOD BURGER OUTLETS: Spearman Rho statistics				
LSLFR%	LUSED%	LMOST%	L2MST%	LLAST%
L%OFTOT	.829 (<.10)	.943 (<.02)	.857 (<.10)	.886 (<.05)	.943 (<.02)
LSLFR% -	.714 (n.s.)	.571 (n.s.)	.657 (n.s.)	.714 (n.s.)
LUSED% -	.914 (<.05)	.943 (<.02)	1.00 (<.01)
LMOST% -	.800 (n.s.)	.914 (<.05)
L2MST% -	.943 (<.02)

As an example from Table 1 comparing L%OFTOT and LSLFR%, the ranking of brand #3 on each of these indicators is L%OFTOT= 1 (lowest) and LSLFR%= 3 (middle). The reader can find the remaining pairs of rankings for L%OFTOT versus LSLFR%. These associated "rankings pairs" are used to calculate the test statistic. To calculate the "*r*", the "rankings pairs" are input into the following formula.

$$r = 1 - 6\frac{\sum d^2}{n(n^2-1)}$$

where '*n*' equals the number of paired rankings, in this case six for all the calculations in this study since we have six brands, and '*d*' equals the absolute differences between the rankings for each outlet: (*Xi-Yi*). The test statistic ranges between +1 (perfect positive association) and -1 (perfect negative association). In this study, two-tailed tests are performed, giving the general hypotheses for the paired variables: *Ho***:** independently ranked pairs or *Ha***:** related ranked pairs. Note that due to the power of the Spearman test and the small number of comparisons, that large test statistics are

not always statistically significant. Therefore, the study chooses to use *p*=.10 as the cut-off point for significance.

The calculation of the statistic of association, "*r*" follows for our example. From Table 2, we see that *r*=.829 indicating a moderately significant relationship (*p*<.10) between the order of rankings of L%OFTOT and LSLFR%.

$$r = 1 - \frac{6[(1-3)^2 + (2-1)^2 + (4-4)^2 + (3-2)^2 + (5-5)^2 + (6-6)^2]}{6(361)} = 1 - 6(6)/6(35) = .829$$

Table 2 shows that ten out of fifteen possible pairings are statistically significant. The remaining pairings all show relatively high *r*-values, even if not statistically significant. The large number of significant comparisons between the loyalty indicators is evidence for parallel forms reliability. Thus, support is provided that the different loyalty indicators each provide similar and, therefore, reliable measures of loyalty.

Also from Table 2, one can derive which groupings of loyalty indicators are significantly related. This provides us with an understanding of the underlying dimensionality and shows evidence of construct validity. As per the conceptual definition of loyalty as a two dimensional construct comprised of attitudes and behaviors, it might be expected that the indicators will all group in one of two ways. First, they all group together, exhibiting a single overall loyalty dimension. Or second, they split into two groups, characteristic of attitudes or behaviors. A third possibility is that there will be more than two underlying dimensions, thus not providing support for the validity of our construct as defined.

Two groups are evident and divided as expected. Group 1 refers to a *preference* dimension and includes L%OFTOT + LSLFR%. Group 2 refers to a *usage* dimension and includes L%OFTOT + LUSED% + LMOST% +L2MST% + LLAST%. As noted, L%OFTOT seems to capture both dimensions and might be useful as an overall indicator of loyalty by itself, since it appears to correlate highly with the usage group and the preference group. Note, the single true attitudinal measure does not correlate highly with any of the items in the other group, thus providing evidence for convergence and discrimination within and among the two dimensions – important for construct validity. Therefore, evidence is provided for construct validity through indicator groupings as expected from the content analysis and also with ample evidence for discrimination and convergence.

DISCUSSION/IMPLICATIONS

The outline and testing of multiple indicators for loyalty is the primary purpose of the study. The analysis revealed that loyalty is comprised of two underlying dimensions: a *preference* or attitude factor and a *usage* or behavioral factor. The analysis provided support for the indicators as reliable equivalent forms to be used in measuring loyalty. Additionally, the analysis provided support for construct validity by showing convergence-divergence and a grouping of the variables as predicted by theory. Finally, a single indicator *Loyalty-% of total use* (L%OFTOT) is offered as an acceptable measure to capture both dimensions, if the use of one indicator is desired.

With the provision and testing of reliable and valid multiple indicators, future studies which include loyalty will have a choice of indicators to use in the analysis. If an investigator wants to use a single indicator, due to space or time limitations, then L%OFTOT is acceptable since it captures both dimensions. Otherwise, any of the other indicators can be applied, depending on the preferences of the researchers. Note, however, that the indicators in the study do not specifically address brand insistence or brand preference or brand avoidance.

While the findings are interesting, readers are cautioned about applying the results to other areas. The weak power of the test statistic actually may serve to increase our confidence in the conclusions drawn from the study. However, other complications may arise with a stronger test. As usual, one should wonder whether the findings will also be evident in other retailers, other samples, and other markets. Plus, more study is necessary to evaluate additional indicators of the preference dimension of loyalty. The study provides two possible indicators for this dimension, but did not test them for validity and reliability.

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EXPLORING THE POTENTIAL OF THE HISPANIC AMERICAN FINANCIAL SERVICES MARKET

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ABSTRACT

This study explores the Hispanic American market for financial services in the US. It employs data from the U. S. Census to document the recent growth in the numbers and prosperity of Hispanic Americans, and utilizing the most recent Survey of Consumer Finances, prepared by the Board of Governors of the Federal Reserve System, explores the principal differences between Hispanic and non-Hispanic white households in terms of asset holdings and financial product and service preferences. The purpose of the study is to help marketers of financial services determine if the Hispanic market for financial products and services in the U. S. is large enough and distinctive enough to warrant treatment as a unique and potentially profitable segment.

Findings indicate that the segment has grown rapidly in size and viability over the decade of the 1990s and beyond. However, it is apparent that Hispanic American households differ markedly from their non-Hispanic white counterparts in terms of financial product preferences and investment portfolio composition. The dissimilarity between the two segments is especially evident in the case of relatively more risky, but higher return, financial products. Based on these findings it is clear that providers of financial services should endeavor to reach this increasingly attractive but underserved segment of the market.

... MODELING AND MIRROR NEURON NETWORKS: IMPLICATIONS FOR CONSUMER BEHAVIOR STRATEGIES

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ABSTRACT

This is a conceptual study which looks at the anatomical processes involved in modeling and consumer learning, otherwise known as mirror neurons. These mirror neurons allow the consumer to learn vicariously in a passive environment, which is an ideal scenario as it represents most situations in which the consumer is exposed to a marketing message. The concept of mirror neurons is relatively new even from a Psycho-behavioral analysis point of view, and it is a very new concept for Marketing and Consumer Behavior. Yet, it seems to provide a very tangible explanation which supports general marketing theory as to the process and results of modeling behavior. The concept of mirror neurons also has implications for the development and refinement of a variety of marketing strategies.

INTRODUCTION

The recent discovery of mirror neurons has implications that extend far beyond the medical arena. The implications for Marketing are substantial as we begin to develop an understanding of the anatomical process of learning and modeling and its influence on a variety of promotional activities (Coyles and Gokey, 2005; Wortman, 2005). This concept of mirror neurons came about as an accidental finding while conducting observations on the macaque monkeys (Ferrari et al., 2003). These mirror neurons have been found to fire in the exact pattern and exact cerebral areas when an action is simply observed as when it is physically performed. Neurologists suggest that this unconscious firing is the underpinning for many of our most instinctive reactions and behaviors, including our ability to empathize, to model the actions of others, and the very mechanism that permits the development of language (Arbib, 2002; Rizzolati and Craighero, 2004). During Ferrari et al. (2003) experiment, the monkeys' brains were implanted with electrodes in an effort to document brain activity, as the monkeys performed various activities. One particularly important finding was observed when a scientist simply moved to grab a raisin. The monkey's observation of the scientist reaching for the food triggered similar neuron firing patterns as when the monkey himself made the movement (Ferrari et al., 2003). Subsequent research has shown that this phenomenon also occurs in humans. A common conclusion among these studies suggests that this unconscious internalization may enable humans to learn the observed behavior vicariously. This may be a fundamental bridge for imitation and learning that enables us to learn through observation. Learning and modeling are key strategic elements for marketers as we attempt to influence the attitudes, motivational drive, and future behavior of consumers (Peter and Nord, 1982).

THE MIRROR NEURON SYSTEM

Fundamentally, the mirror neuron system is the activation of components of the brain, primarily those involved with pre motor functions, through impulses initiated by visual observations. The distinction between the mirror neuron system and the other physiological systems that serves as catalysts for reaction and physical response lies in the spinal cord's unresponsiveness to said

mirror impulses. The spinal cord receives and is induced either by the mirror activity occurring in the pre-motor areas or from the direct planning or conscientious desire to react. However, given the varying intensities of the two types of electrical impulses, the spinal cord is embedded with an inhibitory mechanism that serves to decipher between the two, and render the body physically unresponsive to the stimulation incited by mere observation. Therefore, while the person does not physically respond to what it is they are observing, they are still capable of experiencing the internal sensations or vicarious learning (Wolf, 2000).

MARKETING IMPLICATIONS

Learning can result from interpreting the sequencing patterns of the model's actions and then imitate those actions and the expected outcomes that can be achieved (Wohlschager and Bekkering, 2002). As this process is continuously repeated and more observations learned, the individual begins to develop and expand their repertoire of performable activities. When the action being observed is one which resides in or is included in the repertoire of activities that the observer is capable of performing, the impulse is able to influence and penetrate the general mirror neuron network to its full extent (Grezes et al., 2003). To be able to map the observed actions on their motor system, the observer must already internally understand the facets of the brain necessary to physically undergo such an action. If the observer is aware of how to perform that activity, from familiarity, learning or practice, the mirror neuron impulses are able to permeate the complete system and affect not only the visual components but the motor ones as well (Martindale, 2005). Alternatively, when the action being observed is one that is novel to the spectator, either because they have never viewed it before or because they have never physically performed it, the extent of the impulse stimulated is restricted to the visual components of the network, because they are still in the decomposing phase. The viewer's lack of experience and knowledge of the activity forces them to internalize the occurrence to a much lesser extent than they would had they previous knowledge of what the physical sensations triggered would have been (Rizzolati and Craighero, 2004).

This is important for marketing because while the physiological processes that categorize the mirror neuron system are complex, their seamless and unconscious execution within an individual makes it a human function that is fundamentally ingrained. It is this ability to experience the nearly identical physiological effects of the one that is acting and reacting through mere observation and inactivity, which enables us to recreate and perform motions that were once foreign to us, in essence to learn through modeling. Furthermore, this practice of imitating or modeling the behaviors and actions of those around us is one that permits the physical development as well as socialization paramount to human existence (Sonnby-Borgstrom et al., 2003). The internal imitation or modeling of the behaviors does not need to be participatory, as we can observe and learn in a passive but motivated state.

Marketers have known for a long time that motivation and involvement are key factors that influence the effectiveness of promotional messages. But, the mirror neuron networks have illustrated that there is an actual physiological reason that supports that concept. Marketing promotions should be designed primarily to get the attention of the consumer, then to communicate something simple and of value about the product, and possibly include a call to action. Promotions that simply and bluntly tell the consumer to buy this product or that brand fail, because they do not connect with the motivations of that consumer. The successful ones tap into the consumer's psyche by appealing and relating to them on a level that is comfortable and familiar to them (Hirschman, 1986; Hunt, 1983;, Rothschild, 1981).

CONCLUSION

While the nuances of the mirror neuron network as well as the role it plays in humanity's daily interactions and behaviors are only beginning to be understood and explored, there is little dispute that their impact is pervasive. The power that can be contained in this network and its psychological mechanisms is all the more intriguing because of the subtlety with which it believed to infiltrate our most inconspicuous and unconscious behaviors and actions. Therefore, while the notion of being able to subconsciously manipulate and influence the behaviors of the general consumer have been deemed unfounded, it does appear that through mere observations a create deal of internalization can be achieved. This changes the idea that in order to be impacted by marketers one must be entirely engrossed in the promotions or appeals because even passive observations allow for the mapping and decomposing of the actions once assumed to be only cautiously viewed.

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HOW FIRMS SELECT PARTNERS IN NEW PRODUCT DEVELOPMENT BASED ON PARTNERS REPUTATION

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ABSTRACT

Involving partners in firms new product development undoubtedly is one of the most important management challenges today. Past research has focused on issues such as the time of partner involvement, information sharing with partners, and the partners role in firms new product development. This study addresses the partner selection in the management of new product development. Past research indicates that reputation is very important in firm relationship management. Firms can select partners based on partners reputation since a good reputation is an informal guarantee or contract, indicating that the partner can be trusted or relied upon in terms of management, financial performance, and product quality. Further, a good reputation implies a partner positive image in the public, indicating that the partner is more reliable. When search for a partner, many firm use a partner qualification program, in which the potential partners capabilities in product quality and management are evaluated. The partners lacking the required quality are eliminated and searching cost would be reduced. This can prevent the firm from losses due to a locked-in relationship in new product development. In this study, hypotheses will be developed based on literature review. The influence of partner reputation of product quality, financial performance, and management will be evaluated.