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CONSUMERS' CUES FOR PRODUCT QUALITY: AN APPLICATION OF THE SIGNALING THEORY

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ABSTRACT

Under the conditions of imperfect information market, and in the highly competitive world of a large number of brands of goods and services, consumers face a higher degree of ambiguity in evaluating their purchases and reaching the right choices, especially when it comes to assessing the quality of the many products they buy. Due to the impractical nature and high cost of money, time, and energy to conduct search and comparative assessment to each and everyone of the products which consumers deal with, consumers are more likely to depend on certain cues to estimate quality. Drawing on evidence from both the theoretical and empirical research, this paper explores what consumers use as cues to indicate the level of quality of the product they purchase or plan to purchase. The underlying logic of the signaling theory and its applications in business and consumer economics is examined.

INTRODUCTION

In a free market economy, consumers' willingness and ability to buy a certain product would automatically meet, at some point, the producers' willingness and ability to offer the same product, and that is the point where a price is set for the product with the satisfaction of both parties. However, in such a market that is characterized by imperfect information, there is no guarantee that the level of the quality of the product offered by producers would match what consumers want to pay for. That was the point which produced the centuries old and ambiguous relationship between the price paid and the quality gained. High quality product would definitely cost producers more to produce where the high cost would be reflected in a higher price of the product. At the same time, not all consumers are willing to pay higher price for higher quality product despite the fact that all consumers prefer higher over lower quality goods and services. Consumers' experience can also refer to many cases where higher prices may not reflect higher quality product for they may reflect higher production cost due to higher overhead cost or other costs than what goes directly to the making of the product. The fact that the actual level of quality is known only by producers would leave consumers only to guess and estimate or in the best case search for more indicative information or wait until acquiring real experience after consumption. According to Dawar (1999), it was the type of the product that more likely determines the discrepancies in the context and extent of the correlation between the expected and actual qualities. Following Nelson's 1970 notion, Dawar clearly distinguishes between several products. Search goods are those for which the quality can be determined by and during search such as the case of clothing. Experience goods are those for which the quality is only discernible through consumption such as the case of movies and restaurants. Credence goods are those for which the quality is not discernible even after consumption such as the case of automobile repair or surgery.

Since general consumers are less likely to engage in a systematic search process for most of what they buy, and since most of them do not hold judgment until after they have tried the product, the most reasonable and practical alternative for them would be the use of most close cues they can get to signal for the product quality, which would be subjectively differentiated as perceived quality. When assessing product quality, general consumers are more likely to depend on extrinsic cues, especially in light of their inability or unwillingness to address or examine the intrinsic cues. Research have shown that the most influential of such cues are: 1)price of the product

(Farrell 1980; Gabor and Granger 1966; Leavitt 1954; Scitovsky 1944; Spence 1974), 2)warranties, and and 3) advertising campaigns of the product (Nelson 1974; Schmalensee 1978; Wiggins and Lane 1983), and others such as brand name, product appearance, and retail reputation. Drawing on evidence from both the theoretical and empirical research, this paper explores what consumers use as cues to indicate the level of quality of the product they purchase or plan to purchase. The underlying logic of the signaling theory and its applications in business and consumer economics are examined. Better understanding of the antecedents, formation, development, and consequences of the relationship between what consumers perceive as a level of quality against what they actually experience at the consumption of the product phase, especially with the complexity of the market place, may have significant implications on the nature and approach of the effective marketing in addition to the potential benefits for the general consumers through a well designed and better balanced consumer education programs and strategies.

SIGNALING THEORY

According to definitions by Columbia and Wikipedia Encyclopedias, signaling theory refers to a body of theoretical work examining communication between two parties where signals or cues are transmitted to convey information by visible, audible, or other detectable means. The field of applications of signaling theory is as wide and diverse as the field of science from biology to sociology to economics to industrial organization. The applications of signaling theory in economics and business goes back to the early seventies when the 2002 Nobel laureates Akerlof, Spence, and Stiglitz started separately to investigate the economics of information. According to the official report of Stanford University's Graduate School of Business (SUGSB, 2002), where Michael Spence served as its dean, it was George Akerlof who started the ball rolling by analyzing why people were reluctant to buy and sell used cars without a dealer middleman. Used cars come in a variety of quality levels, just like the job seekers whom Spence was thinking about, some turn out to be lemons. The owner of each car knows its quality, but potential buyers do not. Buyers can't depend on reports from the owners. So, given the unknowns, Akerlof theorized that buyers offer less than the seller of a quality car believes it is worth. Seeing this price, sellers of lemons would find great incentives to sell their cars at more than their worth, and at least some sellers of superior quality cars will avoid the market causing the average quality of cars to fall. Gradually, the market becomes a lemon market where better quality cars are driven out. Spence's work suggests one way a seller of a superior quality car could solve the problem, and that is by looking for a signal to convey his private information on the quality of his car to those who may be seeking a higher quality car. For example, knowing the car is in a good shape, the owner could offer a solid warranty to cover the cost of repair if the car mechanically fails within a certain period of time. In this case, owners of lemons would find it too costly to follow and offer a similar warranty to their potential buyers, and may withdraw leaving the opportunity to the higher quality cars to be sold where their warranty offers become a credible signal to bring a premium price. The SGSB report acknowledges Stiglitz's contributions in his analysis of how market players could force others to reveal private information such as in the case of an insurance company which offers different deductibles. As a result, people who seek the higher deductible are more likely to be those of lower risks. In his illustration of a health insurance scenario, Landsburg (2005) explains that if an insurance company knows who is more and who is less health-risk among its clients, it would offer two policies, one for the "healthies" for a low premium and another for the "sicklies" for a higher premium. Since the company would not know the realities, it may offer one policy for all at an average premium. But this average premium would be higher than what the healthies and lower that the sicklies expect. Eventually, healthies will be driven out of the market which becomes an insurance for the sicklies that will be costly for the company which will raise the premium and drive more of the sicklies out. A more reasonable and practical solution would be for the company to adopt a limit policy where the healthies' coverage is cheaper but comes with a limit per customer, whereas the sicklies' coverage is more expensive but has no limit. This limitation signal of quality will push the sicklies to pay according to their need but prevent the healthies from buying more, which could be considered a shortcoming but it is mitigated by the fact that more coverage would not be needed for the healthies in the first place. Landesburg goes further to cite an example of signaling from the animal kingdom. He states that the long and colorful peacock's tail is costly to the bird, but it has survived the pressure of natural selection for centuries because it is part of a signaling equilibrium where the mail bird signals his reproductive advantages to females who would be attracted to a mail bird with the longer and most attractive tail.

It can be concluded that the communication process offered by signaling in the fields of business and economics, is no more than a market compensatory act that is necessitated by the failure of the free market price system to convey and disseminate information in cases when information is distributed asymmetrically, and market outcomes could fail to be Pareto-optimal. Bhattacharya and Dittmar (2001) stated that a good firm can distinguish itself from a bad one by sending a credible signal about its quality to capital market. Such a signal could be attracting more scrutiny from the public. The bad firm would not mimic for that signal is going to be costlier, and such a firm would not want to be attracting attention to its questionable performance.

CONSUMERS' CUES FOR PRODUCT QUALITY

Under the conditions of imperfect information and in the highly competitive world of a large number of brands of goods and services, consumers face a higher degree of ambiguity in judging and reaching the right choices in their purchases, especially when it comes to evaluating the quality of the many products they buy. Due to the impractical nature and high cost of money, time, and energy to conduct search and comparative assessment to each and every one of the products which consumers deal with, consumers are more likely to depend on certain cues to estimate quality. According to Dawar and Parker (1994), both the economics and marketing literature have found that signals or cues mostly serve as heuristics in assessing product quality when 1) there is a need to reduce the perceived risk of purchase (Jacoby,Olson, and Haddock 1971; Olson 1977), 2) the consumer lacks expertise and consequently the ability to assess quality (Rao and Monroe 1988), 3) consumer involvement is low (Celci and Olson 1988), 4) objective quality is too complex to assess or the consumer is not in the habit of spending time assessing quality (Allison and Uhl 1964, Hoch and Ha 1986), and 5) there is an information search preference and need for information (Nelson 1970, 1974, 1978) (p.83). Research has shown that the consumers' most common cues are most likely to include: product price (Dawar and Parker 1994; Gerstner 1985; Leavitt 1954; Milgrom and Roberts 1986; Olson 1972, 1977; Rao and Monroe 1989; Scitovsky 1945; Wolinsky 1983), product warranty (Boulding and Kirmani 1993; Cooper and Ross 1985; Emons 1988, Olson 1977, Rao and Monroe 1989), product advertisement (Kirmani and Wright 1989, Milgrom and Roberts 1986), brand name (Akerlof 1970; Darby and Karni 1973; Dawar and Parker 1994; Olson 1977; Ross 1988), product appearance (Dawar and Parker 1994; Nelson 1970; Olson 1977) , and retail reputation (Dawar and Parker 1994; Cooper and Ross 1985). As noted by Dawar and Parker (1994), the relative importance of these signals and cues generally follow their specificity. The more specific a product cue, the more likely it will provide information that is useful in assessing the quality of that product.

PRODUCT PRICE:

Earlier in the fourties, Scitovsky (1944) recognized that consumers have long been considering product prices as the most commonly used signals of their own perceptions of quality, a matter that has been confirmed by empirical research in a form of a significant positive relationship between price and consumer's perceived quality of product (Gabor and Granger 1966; McConnell 1968). According to Jacobson and Aaker (1987), such a strong association between price and quality may reflect the underlying facts of either price being an indicator of quality or just referring to higher quality products being sold at higher prices, or both. In their empirical test, they found a positive impact of quality on price, coupled with a feedback association from price to quality of comparable importance. Therefore, they concluded that price appeared to be a signal for quality.

PRODUCT WARRANTY:

In studying product warranty as a signal for product quality, Boulding and Kirmani (1993) distinguished between two kinds of firms offering the warranty. High bond credibility firm is the one which incurs a high cost if the signal is false, and low bond credibility firm is the one incurring low costs as a result of false signal. They empirically confirmed that a firm producing high quality product would have a positive incentive to send a better warranty signal for a higher market return. On the other hand, the low quality product seller would have a disincentive to choose a good warranty for the increased warranty redemption costs. Therefore, the warranty can, in effect, serves as a telling signal of the qualities of products carried by both firms.

PRODUCT ADVERTISEMENT:

Following the self-perception theory, people may interpret the efforts they expend on a task as a sign of their true attitude toward that task (Bem 1972). On a similar notion, Kirmani and Wright (1989) stated that if a marketer invests a great deal in presenting a new product, it is because this investor strongly believes that it is a high quality product with extraordinary sales potentials. However, products and the effects of advertising expenditures on them are not equal. Nelson (1970, 1974,1978) distinguishes between "search product" and "experience product". The characteristics of search product are evident on inspection making the potential gain from misrepresenting them in an ad very little. Therefore the advertisements on such products can only be informative. Characteristics of "experience products" are hard to discover unless through consumption of the product which would make seller's claims of high quality unverifiable before purchase. As a results, advertisements on experience products would have a little chance to serve as a consumer cue for product quality. Milgrom and Roberts (1986) further constructed a theoretical model to formalize Nelson's insights but was not able to fully verify the intuition that a high quality producer would have a higher marginal benefit from attracting an initial sale and that this would provide the basis for the high quality firm's willingness to advertise more.

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CLASSIFICATION OF BRANDS: THE CASE FOR B2B, B2C AND B2B2C

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ABSTRACT

This article classifies brands into three main classes, based on the characteristics of the target group(s). It will be argued that individuals play three archetypical roles ranging from naive consumer, the informed citizen and the decision making professional (A source for this would be excellent). These roles in turn are crucial in establishing the class a brand belongs to, and consequently influences the way the brand needs to be operated.

The first class is the well established field of business-to-consumer (b2c) brands, most directly linked with the archetype of the naive consumer, supported by the notion of the individual as the informed citizen. The second class of brands is business-to-business (b2b) brands where the characteristics of the decision making professional play a central role. Both the role of individuals as informed citizen and naive consumer influence the b2b brand, but to a lesser extent than the requirements linked to the individual's role as a decision making professional. As a third class business-to-business-to-consumer (b2b2c) brands is introduced. Brands in this category are predominately b2b in origin, but have found ways to appeal to the typical naive consumer to strengthen their brand proposition.

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FACTORS AFFECTING CONSUMERS' ADOPTION OF NEW WIRELESS INTERNET PERIPHERALS

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ABSTRACT

It is widely agreed on the fact that usefulness of new products is one of the factors most commonly used by innovators to justify the adoption of new devices. When considering technological products, early adopters are traditionally considered as experts and hard users. This hypothesis is challenged in this paper. To do so, we tested Bruner and Kumar's (2005) model in two different markets, Canada and France, using Structural Equation Model. 254 questionnaires were collected from actual users of mobile devices. Results showed that, both usefulness and fun were significant predictors of attitude toward the act (use of mobile devices for surfing the internet). Our results also showed that usefulness and fun significantly vary across the two considered markets: Canada and France. The current research results were compared with those found by previous studies undertaken in a laboratory design setting. Theoretical and managerial implications that marketers should consider when developing new devices are presented.

Keywords: Mobile internet devices, Technology Adoption Model, Product Lifecycle, M-commerce.

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Many observers agree on the fact that one of the next important evolutions in the information technology area is mobility. Indeed, the widespread adoption of mobile phone for chatting through short message system, despite the different technical limitation it has, shows the opportunity of developing an important new array of services that are based on mobility. Nowadays, these services are accessible for the consumer at any time and almost everywhere around the globe.

The adoption of mobile devices to access the internet is growing at a steady rate. Experts forecast that the number of Mobile Wireless Internet users reach 484 millions by the year 2005. According to one study undertaken by *The Face of the Web*, the number of wireless Internet users in 2004 grew by 29%. Although the wireless population growth is largely driven by the two biggest Internet markets, the U.S. and Japan (fuelling 69% of user increase), the Wireless Internet is also gaining some popularity in Western Europe, South Korea, Urban China and Canada. The latter's mobile industry has experienced a rapid growth and demand is expected to increase for the foreseeable future. About 18 millions of Canadians have access to a wireless device in 2006. In France, penetration rate of mobile devices is about 80%, (48 millions). The use of Wireless multimedia services in France has increased by 25% in 2005

Factors affecting consumers' attitude toward using new wireless devices

The adoption of new technologies is an area that is widely studied, especially in the information system field. In recent research, Technology Acceptance Model (Davis 1989) is found to be one of the most used models to explain technology acceptance (Pagani 2004, Nysveen Pedersen, Thorbjornssen 2005). The model was mainly developed in the information technology in order to predict the user's acceptance of new technologies introduction. It is based on five variables: Perceived Usefulness, Perceived Ease of Use, Attitude toward Use, Intention to Use and Actual Use. It supposes Usefulness is partly predicted by the ease of use; both of them are explaining intention to use and actual use, attitude toward use being a mediator of this relationship. Later, Venkatesh et al. (2003) compared and tested different models and found that performance expectance (that may be compared to usefulness), effort expectance (that may be compared to ease of use) and social pressure are the only significant predictors of behavior intention. They tested the effect of self efficacy, computer anxiety, and facilitating conditions. They found that all these effects were not significant. They explained that these effects may be captured by the effects of effort expectance and performance expectance.

We then postulate:

H1: Usefulness affects positively the attitude toward the act of using mobile devices for surfing the Internet.
H2: Ease of use affects positively the usefulness of mobile devices for surfing the Internet.
H3: Attitude toward the act affects positively the intention to reuse the same device for surfing the Internet.

On the other hand marketing literature provides evidences that utilitarian motives are not sufficient to explain consumer behavior toward a product. (Childers et al., 2001). Then usefulness should not be considered as the only predictor of attitude toward new products/technologies.

When applying this model in the mobile device adoption context, researchers generally intend to include several variables. We can classify these variables into different categories:

Economic variables: perceived cost (Wu Wang, 2005), Perceived financial resources (Wang and Al 2006) and price (Pagani 2004).
Risk related variables: Perceived risk (Wu, Wang, 2005), perceived security (Fang et al., 2006), and Credibility (Wang and Al 2006).
Hedonic variables: Fun (Pagani 2004, Bruner and Kumar 2005), Enjoyment (Pagani 2004), Perceived Playfulness (Fang et al., 2006) Perceived Enjoyement (Nyvseen et al., 2005)
"other" variables : Compatibility, (Wu, Wang 2005), Self Efficacy (Wang and Al 2006) Perceived expressiveness and Normative pressure (Nyvseen and al., 2005)

We propose that these variables can not be considered in an equal way: risk related or economic variable's effect on behavior is probably mediated by the perceived usefulness of the product/service.

In this study, our purpose is to replicate the Model adopted by Bruner and Kumar (2005) but in a more realistic context. Then we test the relative effect of utilitarian motivation (which represents usefulness) and the hedonic motivation (which represents fun) on the attitude toward the act and then on the intention to re-use the same device.

H4: Fun affects positively the attitude toward the act
H5: Ease of use affects positively Fun
H6: Visual Orientation affects positively Ease of use.

The other originality of this study is that it is performed on two French speaking markets: French market and French Canadian market. This comparison is interesting since we avoid (or minimize) bias related to translation. In addition, we considered markets that are different in term of product/service penetration and growth rates. Canada is probably one of the slowest adopting countries for wireless technologies (Jang et al 2005). Only 18 millions users in 2006 (about 56% of total population) compared to 48 millions (about 80% of total population) in France.

The externality effect (innovation in the networked economy)

Another theory that is often used to understand the adoption of information systems is the Metcafe Theory : This theory suggests that the utility of a network grows more rapidly than the number of individuals that are connected. If the network encompasses 2 individuals there's only one possible relationship. If the network encompasses 4 individuals (twice than the first case) the number of relationships goes to 6 (6 times the first case). This shows that a network is used, the more it would be attractive for new members. On the other hand, this also means that innovative networked technologies have not only to overcome traditional brakes to innovation adoption (high price, lack of information, etc.) but also the non attractiveness of the netwok. This suggests that in growing markets product usefulness will be lower than in mature market.

H7 : French users will consider mobile devices more useful than Canadian users
H8 : Canadian users will consider mobile devices more fun than French users

Methodology

The main difference between our study and the one we are replicating (i.e. Bruner and Kumar, 2005) is that the latter is based on a laboratory design where students were requested to use computer simulation to familiarize themselves with some mobile devices that they were not using. Such design was necessary since the study was performed when such devices were so rare that a real life study was not possible. In this study we are interviewing actual users of mobile devices. Contrarily to Burner and Kumar's (2005) study, our design raises the problem of auto selection bias since respondents were not randomly assigned to the experimental conditions. The other difference is that the first study included handheld devices but also portable computers. These latters were excluded in our study in order to keep our purpose as homogenous as possible.

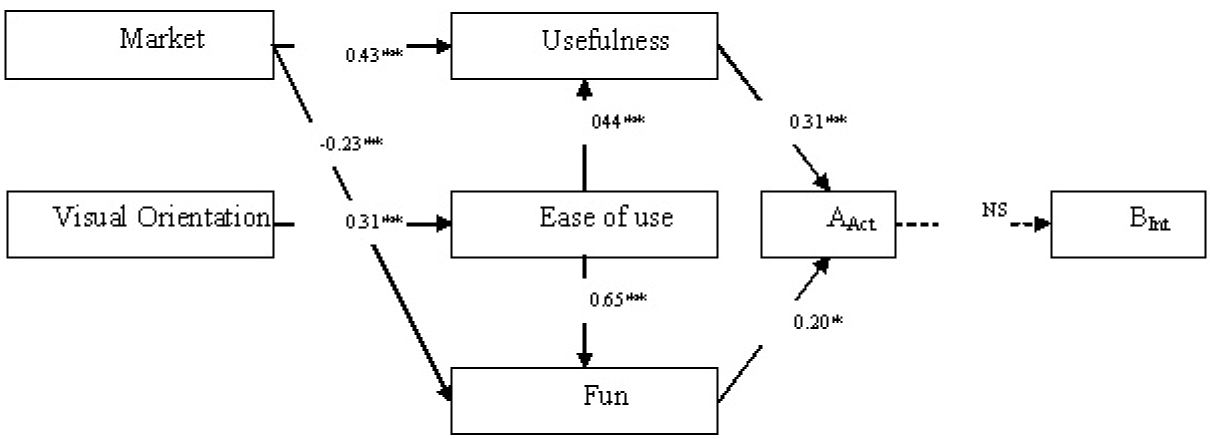
The questionnaire was divided into seven sections. It began with questions that identify the type of the device used by the respondents (e.g., PDA, Smartphone, Blackberry) and the degree of the respondents' familiarity (i.e., usage experience) with the device. The second section dealt with the purpose of use of the device. For each usage purpose (i.e., sending/receiving e-mails, downloading games, downloading music, watching TV, making online transactions, etc.), respondents had to state their usage rate. Section three measured the extent to which respondents consider the "ease", "usefulness" and "fun" aspects of the device. Section four measured the user's visual orientation. All items of sections three and four were rated on a seven-Likert interval scale. Section five measured the attitude of respondents toward the use of the mobile device. Section six measured the respondents' intention to repurchase the same device in the future. Items of sections five and six were measured by a bipolar scale. The final part of the survey dealt with background information on gender, age, marital status, education level, and occupation/profession. All the items used in this current research were adopted from a previous study undertaken by Bruner and Kumar (2005).

Results

The study is based on a convenience sample. Collection was performed in train and bus stations, in big and small cities in order to have a variety of respondents' profiles. The Final sample encompasses 254 respondents 83 from Quebec, 171 from France. About 40% were between the ages of 25 and 34. The majority of the respondents (53 %) have at least an undergraduate university degree. Of the sample, 17 % were student and 25% were middle managers

The purpose of this section is to test the model and the proposed hypotheses of the research. Data is analyzed primarily through Structural Equation Model using AMOS. The maximum-likelihood (ML) method is selected as the method of model estimation. The analysis tests used are root mean-square residual (RMR), goodness-of-fit index (GFI), Tucker-Lewis index (TLI), and comparative fit index (CFI). Acceptable fit for the RMR is .05 or less (Hu and Bentler 1999). For TLI, GFI and CFI, the acceptable fit is .9 or higher. Results of the current study shows that RMR=0.07, CFI=0.93

Regression results and model fitness



Three main results of the study are:

1) The convergence between our results and those of Bruner and Kumar shows that, *Fun* (which probably encompasses hedonic motivations) is a factor that should be taken into account when developing new technologies and trying to predict consumers attitude toward new products.
2) We expected that the *attitude toward the act* will predict the *intention of using* the same device in the future. Our research results do not confirm this relationship. This may be due to the fact that in a technology changing environment, consumers may show a lack of self confidence which may explain the independence between attitude and intention to behave favourably.
3) The usefulness' level was greater among French Canadian users than among French users. On the other hand, *fun* was greater among French users than Canadian users. Although this result contradicts our hypothesis, we argue that the externality effect stipulates that network's value is greater for users in mature markets. This effect has probably to be balanced with the price effect. Thus, in growing markets (such as Canada) the costs of using such a technology is higher than in mature market. Users then should be more sensitive to the intrinsic benefits of the product.

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SELECTION OF SALES PERSONNEL: LOVE AT FIRST SIGHT

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ABSTRACT

Today's sales businesses are facing a new type of hiring crisis – a crisis of hiring the right person for the job and the organization. Hiring the right salesperson, however, might be as simple and economical as trusting our adaptive unconscious or thin-slicing. Previous research has indicated that strangers can often predict personality characteristics from mere glimpses of targets. If one can accurately predict personality characteristics from thin-slices, then perhaps one can accurately predict the success or failure of job performance (e.g., sales). This study examines that proposition using car sales personnel. The findings indicate that judges are better at selecting the "worst" salesperson and that the ability to correctly determine the "best" and "worst" salesperson is positively correlated with age (older) and gender (female). Lastly, there was no significant evidence that training improved a person's ability to correctly identify the "best" and "worst" salesperson.

INTRODUCTION

Today's businesses are facing a new type of hiring crisis – a crisis of hiring the right person for the job and the organization. The first year cost of a bad hire typically runs 2.5 times the person's salary, not counting the intangible costs and damage to organizational productivity and morale (Kruger, 2004). In Collin's (2001) best selling book, *Good to Great*, he suggests that the single most important thing that makes a company great is to "get the right people on the bus." Similarly, Thomas Wolfe's book *The Right Stuff* (1979) suggested that the selection process is crucial to job performance and as such, should be a sophisticated evaluation of many factors. As such, organizations have been developing long, detailed, and often expensive, selection techniques. This thought process fits well with our culture that is innately suspicious of rapid cognition or quick judgments. Malcolm Gladwell (2005) notes in his best selling book *Blink*, that: "Our culture suggests haste makes waste, look before you leap, stop and think, and don't judge a book by its cover. In short, we believe that we are always better off gathering as much information as possible and spending as much time as possible in deliberation."

Hiring the right salesperson, however, might be as simple and economical as trusting our adaptive unconscious—using a paradigm of love at first sight. For example, Timothy D. Wilson (2002) writes in his book *Strangers to Ourselves*: "The mind operates most efficiently by relegating a good deal of high-level, sophisticated thinking to the unconscious. Similarly, Ambady and Rosenthal (1992) indicate that people are unexpectedly accurate in forming impressions of others from mere glimpses or thin slices of expressive behavior. Their study of teacher effectiveness demonstrated that students, unfamiliar with the teacher, had no trouble in accurately predicting teaching performance based on three, silent, five second videos (1993). These provocative findings suggest several applications in the area of personnel selection; particularly in the hiring of sales personnel.

The purpose of this study is four-fold: (1) determine whether strangers can accurately predict the performance of sales personnel from thin slices of selling behaviors, (2) determine whether some people are consistently better predictors than others, (3) determine those non-verbal cues used for accurately predicting sales performance, and (4) determine whether people can be trained to accurately predict sales performance

LITERATURE REVIEW AND HYPOTHESES

Personality variables in general have been extensively researched in the sales literature in an attempt to find those key variables (e.g., personal characteristics and personality traits) that determine successful sales performance (Pruden and Peterson 1971). By and large, however, research has failed to find any one variable or groups of robust variables that were predictive of salesperson performance across four basic types of sales personnel: retail, life insurance, industrial sales, and consumer selling (Comer & Dubinsky, 1985). The emergence of the Big Five model of personality, however, has renewed interest in the use of personality to predict sales performance (Barrick & Mount, 1991; Smith et al., 2001; Vinchur et al., 1998). For example, the predictive validity of Conscientiousness and Extraversion is greater in jobs high in autonomy compared to jobs low in autonomy (Barrick & Mount, 1993). Such findings are important when predicting performance in sales positions, which often demand high levels of self-management and autonomy (Vinchur et al., 1998). In addition, Extraversion has been found to relate to job performance in occupations where interactions with others are a significant portion of the job (Barrick & Mount, 1991; Mount, Barrick, & Stewart, 1998). Additionally, Conte and Gintoft (2005) found that the variable of extraversion was significantly correlated with the supervisory ratings of customer service (r = .27, p < .01) and sales performance (r = .20, p < .01) across a wide range of sales jobs. Similarly, Stevens and Macintosh (2003) found that both extraversion (r = .31) and conscientiousness (r = .17) were significantly correlated (p<.01) to sales performance.

Allport and Vernon (1933) demonstrated that people's expressive styles were quite consistent and accurate across a variety of situations. Asch (1946) pronounced that the ability to form quick impressions of others is a critical human skill. He stated, "This remarkable capacity we possess to understand something of the character of another person, to form a conception of him as a human being….with particular characteristics forming a distinct individuality is a precondition of social life." Goffman (1979) was surprised to find that even fleeting glimpses of expressive behavior (<5sec.) by strangers held a great deal of information and proved highly accurate indicators of future behavior.

While people often use thin-slices of personality to predict one another's behavior, thin-slicing has seldom been used as a predictor of employee effectiveness for a particular vocation. In fact the only example of this type of research is the Ambady and Rosenthal (1993) study of teacher effectiveness from student thin-slices of silent videos.

In order to determine why these student judges had these predictive powers, it is necessary to isolate the characteristics of observable stimuli. There are two classes of cues that judges can use to make personality inferences at zero acquaintance: physical appearance cues (e.g., sex, clothing) and nonverbal behavior. Of the four prior studies that investigated the zero-acquaintance effect, only Albright et al. (1988) examined the processes used in inferring personality traits at zero acquaintance. They found that physical attractiveness correlated with judgments of Extraversion. Ambady and Rosenthal (1993) noted that both Extraversion and Conscientiousness were more accurately predicted in thin-slicing that other personality characteristics. Building on the previous literature of thin-slicing strangers' nonverbal behavior, this study will investigate whether strangers can accurately predict the performance of sales personnel. Given that sales performance is significantly correlated with extraversion and conscientiousness (Stevens & Macintosh, 2003) and that extraversion and conscientiousness can be accurately assessed by thin-slices of nonverbal behavior (Ambady & Rosenthal, 1993), it seems reasonable to test hypotheses of whether strangers can accurately predict the best and worst sales personnel. Also, it's important to test whether training can improve the accuracy of thin slicing.

METHOD

Three local area car dealerships and their sales personnel were used to test the various hypotheses. The sales managers were each asked to provide six sales personnel from which one person would clearly be their "best" and one person would clearly be their "worst." The "best" salesperson was defined as the person who the manager would give the next sales opportunity to if his or her life depended upon a sale. Similarly, the "worst" salesperson was defined as the person who they would least want to have their life dependent upon for the next sale. A 10 second silent video clip was made that best represented the salesperson and was similar to the actions of the other targets. A random cross-section of undergraduate students (70), faculty/staff members (16) were asked to participate in this study as judges; each judge was given a five dollar coupon to the local coffee shop for their participation.

The judges were given a ranking sheet containing a space to justify theirs choice and a facial diagram to indicate specific cues. Then the judges were shown the 10 second video clip followed by a 30 second rating period for each salesperson. At the end of the six video clips the judges were shown a still picture of all six salespeople for 30 seconds in order to recheck their rankings and to have them rank the sales people by attractiveness. After the first series of clips from one dealership was ranked, the judges were given a second set from another dealership. Next, the sales managers at the various dealerships identified who were actually the "best" and "worst" sale people in accordance with the previously agreed to definition. In turn, the judges' rankings were compared to those of the sales managers. The judges' justification comments were gathered and analyzed from those who correctly selected three out of the four sales people, i.e. best at dealer 1, best at dealer 2, worst at dealer 1, and worst at dealer 2. These comments were refined into a short teaching script to be given to a new set of judges that would rank the employees of the third dealership.

RESULTS

A summary of the hypotheses testing is presented as follows. The test results for H1 were mixed. The results at one dealership supported the hypothesis that the judges would do a better job of selecting the "best" salesperson and the findings at the other dealership did not. Because of the mixed results, the findings failed to support H2, i.e. that the judges would do a better job than the expected value of selecting the "best" at both dealerships. Also, the results of H3 were mixed. The results at one dealership supported the hypothesis that the judges would do a better job of selecting the "worst" salesperson and the findings at the other dealership did not. This result was particularly disheartening, because a vast majority of the judges of the second dealerships personal jumped on the wrong target as the "worst" salesperson. Because of the mixed results in H3, H4 was not supported. In other words, judges were unable to predict the "worst" salesperson across both dealerships at a rate any higher than would be expected by chance. Lastly, propositions H5 and H6 were not supported. Training the judges on visual cues that seemed to represent effective and ineffective sales behavior failed to increase their success rate beyond what had been previously achieved without training.

DISCUSSION

While the hypotheses weren't very well supported, the results were still very striking and supportive of some previous research on thin slicing. For example, the findings s supported McLeod and Rosenthal's (1983) research that judges were far more accurate at predicting behavior from short video thin-slices versus still pictures. Similarly, the findings supported Hall's (1984) notion that women were more accurate interpreters of nonverbal cues. Also, we believe that the accuracy of selection was enhance because the targets were viewed doing an activity in their work environment. Colvin and Funder (1991) suggested that the predictive accuracy of strangers and acquaintances would be similar when the strangers viewed the targets in their behavioral environment. Further, they posited that the strangers' predictions would be less accurate as the targets were viewed in dissimilar situations from which the behavior was to be predicted. This issue of predicting behaviors while the target is in his or her behavioral setting might give us some insight to why there were so many inaccuracies in the youngest age group. A follow-up interview with this group revealed that the majority had never sat down with a salesman in a car dealership. Another reason for inaccuracies might be that the target (salesperson) unconscientiously changed his or visual signals in the presence of the video camera. For example, in our estimation, the "best" sales person at one of the dealerships was clearly evident when talking with them in person. However, when this salesperson was video taped, they came off as very stiff. This stiffness was picked up by the judges as being the sign of an ineffective sales person.

Additionally, we think it is interesting to note that the judges were far more accurate at selecting the "worst" salesperson from the group. This is similar to Emery's (1998) finding that it was significantly easier to pick out the "worst" member of a production team by personality tests than to select the "best" member. Perhaps this is because most sale personnel follow the 'best practices' of salesmanship and therefore are harder to distinguish from each other. On the other hand, the "worst" salesperson may be more accurately selected because he or she fails to exhibit what the judges believe to be the best practices. Additionally, the uncanny accuracy of selecting the "worst" salesperson might be related to the judges' lack of respect for the target in the first few seconds. Previous research indicates that "respect" is a key factor in the successful communication or selling of ideas (Emery, 2002). Also, it is interesting to consider that in every day circumstances, people might not be as accurate as they are during thin slicing sessions. In other words, the fact that the judges are told that they only have a few seconds to make a judgment may focus their attention better than if they spent a much longer time with the targets and then were told what type of evaluation was needed.

Another interesting finding is that, unlike several previous studies, attractiveness was not a factor related to the judges' selection of the most effective salesperson. Previous zero-acquaintance studies demonstrated that attractiveness correlated with extroversion and that extroversion was necessary to be an effective salesperson (Lamont & Lundstrom, 1977). This relationship, however, may not be generalized across all types of sales. For example, customers purchasing a "high ticket" item such as, a car may look past the first impression as long as it's acceptable. In other words, effective sales personnel selling "high ticket" items need to possess skills (e.g., product and closing expertise) beyond good visual signals.

CONCLUSION

It appears that the human's capacity for accurately predicting behavior from first impressions is even more amazing than Asch (1946) would have believed. However, as amazing as these results are, this study suggests that some of Gladwell's (2005) inferences in *Blink* need to be qualified. For example, the thin slicing accuracy of strangers may be very dependent on the target's occupation and whether the judges rank or rate their observation. The accuracy of thin slicing seems to reinforce the claim by many senior executives that they want to participate in the interview process because they think they can tell effective employees at first glance. However, the results of these claims are seldom verified. In fact, Jack Welch, former CEO of General Electric, says "hiring great people is brutally hard. New managers are lucky to get it right half the time. And even executive with decades of experience will tell you that they make the right calls 75% of the time at best" (2007).

Additionally, these findings also suggest that car sale personnel be made aware of the possible impact of their nonverbal behavior and perhaps even trained in nonverbal skills. But there is little unequivocal evidence that sales effectiveness can be improved by training in nonverbal skills. In generalizing the results of this article, certain caveats should be kept in mind. First, judgments based on thin slices are probably most accurate for interpersonal or affective variables (Ambady & Rosenthal, 1992). Second, such judgments should be based on actual observations (not taped) of the person in the situation to which the criterion is applicable. Third, aggregate judgments should be used rather than judgments by single individuals.

Future studies might examine other behavior cues such as sound. Perhaps a salesperson's voice is a key factor to their success or failure. Along these same lines, it would be appropriate to examine the linkage between a judge's learning style (e.g., visual or auditory) and their accuracy. For example, are visual learners better at visual thin slicing? Furthermore, future studies should examine whether these results generalize to other occupations. Also, researchers should examine the characteristics known to be accurately detected by thin slicing and compare those to valid characteristics of occupations.

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A detailed list of references is available upon request from cemery@erskine.edu

AGEISM AND MARKETING

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ABSTRACT

This presentation is designed to introduce ageism to marketing scholars. Ageism may be defined in several different ways, but all definitions share stereotyping of older people. Ageism is widely studied within social sciences, with contributions from psychology, sociology, gerontology, and the physical sciences. In the business literature, there is a strong and developing human resources stream that looks at ageism, discriminatory behavior, and other human relations elements.

There are several overlapping theories about the causes of ageism. Role theory provides insight into our expectations about how people behave and how those role-specific behaviors create and reinforce stereotypes. Social separation theory helps us understand how modernization has changed patterns of interaction between age groups and the negative implications of those changes. Other scientists see ageism as an autonomic response based heavily on physical appearance and primal needs.

This widespread interest in ageism has had little influence on the marketing field. Mature consumers have received a lot of attention, but the impact of ageist attitudes and stereotypes of older people is relatively unexplored. For example, a recent online database search identified 235 scholarly, peer-review journal articles published in the past six years, but none with both marketing and ageism.

This is surprising since there are many contributions that marketing scholars could make to the ageism literature and many insights that could be gained about ageist attitudes and marketing. For example, ageist attitudes are complex combinations of affective and rational responses, much like customer satisfaction. Further, ageist attitudes will predict purchases in many categories, including the rapidly growing anti-aging product category, and ageist attitudes will affect service encounters and sales presentations.

MALE GENDER ROLE BELIEFS, COUPON USE AND BARGAIN HUNTING

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ABSTRACT

The basic question addressed in this study is whether men today hold more gender neutral beliefs regarding traditionally female role behaviors such as purchasing groceries and clothing, clipping and saving coupons, and finding bargains. A sample of 326 men across age and education levels was surveyed regarding their beliefs as to whether each of twelve behaviors is more appropriate for males, females, or both. The influence of experience as the primary grocery shopper for the household, age, education, and parental coupon use on gender role beliefs were included. A strong relationship between a man's experience as the primary grocery shopper for the household and his belief that a variety of consumer behaviors are gender neutral was found. A higher education level was also found to have a significant impact on egalitarian beliefs, as was the father's use of coupons.

A COMPARATIVE STUDY OF DATA MINING MODELS IN MARKETING

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ABSTRACT

This paper attempts to develop data mining models that identify significant factors affecting the customer relationship management (CRM) in the insurance industry. Sample data is collected from a life-insurance company. The prediction of 'customer defection/retention' in a CRM, so-called data mining techniques are applied in two machine learning models of decision tree model and neural network model, and two statistical models of discriminant analysis model and logit model. In this case study, it is observed that among the four models, they are almost similar in the accuracy of prediction, but the most optimal one providing the lowest error rate and the lowest sensitivity, is obtained in 'decision tree model'. In addition, some effective marketing strategies and tasks are discussed.

WEIGHT PERCEPTIONS AND EATING BEHAVIORS OF CONSUMERS: STRATEGIES FOR NUTRITION MARKETING COMMUNICATIONS

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ABSTRACT

Weight-related problems have become one of the most prominent public health concerns in the US. Obesity and eating disorders are seen as societal problems at different age and socioeconomic groups, and represent a significant burden to the society. They both have serious costly health and economic consequences. Weight perception, which refers to the perception of one's body shape, is an important dimension of body image, and plays a significant role in related behaviors such as dieting and obesity or eating disorders.

This exploratory empirical study investigated the weight-related perceptions and eating behaviors of university students. The findings indicated that more overweight students had negative perceptions about their weight than their non-over weight counterparts. Furthermore, overweight respondents engaged in more high fat eating behavior than the non-overweight group. Four segments were identified by the authors based on actual weight status and weight perceptions of the respondents. After analyzing the profile of each segment, appropriate health communication messages should be created and sent through right channels to influence and change attitudes and behavior of the targeted consumers.

INBRANDING: DEVELOPMENT OF A CONCEPTUAL MODEL

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ABSTRACT

With the rapid changes in the global economy and the sophistication of customers, industrial businesses are being forced to employ more active marketing and branding strategies, strategies that will provide them with the opportunity to be faster and more flexible in responding to the changing competitive conditions in the supplier industry and constantly changing customer needs. The purpose of this article is to introduce and differentiate ingredient branding from other branding opportunities, specifically, distinguish co-branding from ingredient branding, then, postulate InBranding as a new term for ingredient branding with special emphasis on the component producer and clarifying the supplier versus manufacture based perspectives. Brand literature on these differentiations does not exist yet and therefore this article aims to fill this gap.

Key terms:

Ingredient Brand, component branding, InBrand, Brand Management, Conceptual Model

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ACADEMIC FREEDOM AND PUBLISHED PAPERS THAT OFFEND CONTRIBUTORS

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ABSTRACT

This paper discusses the ramifications of university professors who write papers that offend donors. The issue gets more involved when nontenured faculty members are pressured from the foundation director to not offend contributors. Strategies for untenured professors and research that could alienate contributors are explored.

INTRODUCTION

Professors Alan Fredricks and James Henderson wrote a paper on a classroom assignment. Alan has tenure and James is untenured. Students in Henderson's finance class were assigned the task of going to a financial institution to calculate a car loan. The students needed to determine if the loans were calculated correctly. Many of the loans were not properly calculated with the majority of the mistakes being made in favor of the financial institution.

Alan brought a copy of the paper to Bertie Kaufman, the president of Kliptown Bank. It was Alan's hope that the local bank president would fund future research on local financial institutions. The paper did not mention any of the financial institutions by name.

BACKGROUND

Bertie Kaufman complained to Audrey Thomas, the foundation director at the university about the paper. Audrey Thomas sent an e-mail to Henderson and Fredericks criticizing them for two things they did wrong. The first error was offending Bertie Kaufman by mentioning the 3-6-3 Rule in the article. The 3-6-3 rule states that bankers borrow at 3%, lend at 6%, and are on the golf course by 3 o'clock (Gavin, 2001). This was upsetting to the professors because the U.S. Supreme Court has consistently held that academic freedom is a first amendment right (Edwards, 1987).

The second mistake according to Thomas was not checking with the foundation or chancellor before submitting the article and request for funding to the bank. Thomas concluded the e-mail by informing the professors that she was gently slapping their hands.

James Henderson replied to Audrey Thomas' e-mail. He informed her that the 3-6-3 is a standard textbook phrase when discussing the era between the New Deal and deregulation. The bank president was probably unhappy with the paper because it pointed out that a number of the bank loans were calculated incorrectly. Henderson pointed out that the paper was accepted for publication in a double blind referred journal. None of the reviews had unfavorable comments about the research. Further, the vice chancellor had commented that such research activities are a credit to the department, college, and university. A final point is that the foundation director does not have the authority to slap the hands of faculty members because faculty members do not report to the foundation director.

Bunny Moranski, the chair of the department fully supported the faculty members. She was an excellent chair who demonstrated her management skills by getting her two faculty members to realize they did nothing wrong and she would do everything in her power to remedy this upsetting situation.

Warren Rothman, the chancellor also fully supported the faculty members. In fact, when Rothman heard about Thomas' actions he immediately went to see Moranski in person in her office. Rothman was very active in writing papers and realized that Thomas' actions could anger the entire faculty. Many of the faculty praised the chancellor for the proactive manner in which he handled the situation.

STRATEGIES

Henderson and Fredricks were concerned that all of this excitement could hurt their reputations on the campus, so they met to discuss their options. It was of concern because Henderson did not have tenure. The grapevine was in full swing and many on the faculty knew of their situation. It seemed that most of the faculty had the correct information, which is not surprising because at least 75 percent of the information that is heard through the grapevine is accurate (Wall Street Journal, 1988).

Many of the faculty were irate when they heard all of the facts. They raised concerns about attempts to restrict the free flow of ideas. It was suggested that Fredericks and Henderson file a grievance against Thomas for overstepping her bounds. The chair of the faculty senate said that he would support Fredericks and Henderson.

Fredericks and Henderson decided to do nothing. They felt that the foundation director did them a favor because everyone on campus knew that they were doing quality research that was appearing in appropriate journals. Henderson did receive his tenure.

FUTURE RESEARCH

This paper is the first one that this author is writing on academic freedom. Ideas that will be generated from the audience when this paper is presented will help steer the direction with the next paper. A future paper will discuss incidents of academic freedom that did not have such a happy ending. This author is in the process of organizing a panel on academic freedom for an upcoming conference because it is an important topic that is not getting the coverage that other topics are receiving.

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AN INVESTIGATION OF THE DOUBLE JEOPARDY CONCEPT IN CONVENIENCE STORES

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ABSTRACT

The authors investigate the "double jeopardy" (DJ) concept in the domain of convenience store retailing. The authors find that DJ is not evident, with none of the six loyalty indicators showing a significant relationship with market share. DJ could normally be a major obstacle to small-share stores in their attempts at improving and maintaining market share. However, the absence of DJ is a positive aspect for small-share firms. The prohibitive advantages of market share leaders, derived from DJ, may not be so large in the convenience store industry. The downside of no DJ effect is that efforts toward increasing loyalty by small-share businesses may not lead to larger shares in the long run. Increased loyalty should still result in a more successful and secure business.

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 vital customer asset (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 1982), larger purchase quantities per occasion (Tellis 1988), and reduced marketing costs (Rosenberg and Czepial 1983). This is especially important since, as markets become more mature, increases in share become more expensive and improvements in customer loyalty are a means of increasing and maintaining share (Gounaris and Stathakopoulos 2004). However, increasing share is not always easily accomplished through marketing efforts, especially if *Double Jeopardy* (DJ) is evident in the industry (Ehrenberg and Goodhardt 2002).

This study applies the ideas derived from DJ to the area of quick-stop retailing: convenience stores. The quick-stop industries have evolved from the small neighborhood mom-and-pop groceries and service stations into today's multi-purpose conveniences stores located on nearly every city block. This evolution has changed the way buyers shop for repetitively purchased, inexpensive items such as fuel, soft drinks, candy, and items for the home. Plus, competition has increased, with many more stores than in the past. Oftentimes these stores are national or regional brands with large market in each of their served markets. Therefore, the establishment of a (hopefully) large and loyal customer base is vital for the survival of each store. With estimates regarding the number of 'truly' brand loyal buyers for these and related consumer retailers hovering around 25% (Pleshko and Heiens 1996), the relevance of the double jeopardy phenomenon to this industry might be critical to the long-run survival of small and medium size stores. In this study, the authors attempt to identify whether the DJ phenomenon is evident in convenience store retailers. This will be tested by analyzing the relationship of loyalty and usage constructs to market share.

THE DOUBLE JEOPARDY PHENOMENON

The fact that competitive markets oftentimes exhibit similar market structure characteristics (market share), which in turn was found to be correlated with the number of brand loyal buyers, was first noticed by McPhee (1963). A firm which fails to hold a strong relative competitive position runs the risk of being on the wrong end of this widespread phenomenon called "*Double Jeopardy*" (DJ). Double jeopardy is broadly characterized as a phenomenon whereby small-share brands attract somewhat fewer loyal consumers, who tend to buy the brand in smaller quantities, whereas larger-share brands are purchased more often by customers who exhibit more loyalty (Ehrenberg and Goodhardt 2002; Badinger and Robinson 1997, Donthu 1994; Martin 1973; Michael and Smith 1999). Thus, less popular brands are punished twice for being small. That is, (i) they have fewer buyers who show (ii) less loyalty to the brands they buy. McPhee (1963) explained that DJ occurs when consumers select between two brands of equal merit, one having a larger market share and the other having a smaller market share. This does not signify a weak small brand or a strong large brand. Rather, it reveals that the smaller share brand is less popular than the larger share brand for some reason (Ehrenberg and Goodhardt 2002; Ehrenberg, et al. 1990).

Although long established, the DJ phenomenon has a variety of issues as yet unsettled (Ehrenberg and Goodhardt 2002). For instance, though previous research has found an obvious relationship between brand share and loyalty, whether loyalty is a cause or a result of high share remains unclear (McDowell and Dick 2001). Likewise, research has focused mainly on the issue of DJ for the product brand while the relevancy for the company brand, the service brand, or the retailer brand is rarely discussed. Thus, the main issue - why two equally regarded brands or products or retailers differ in their relative shares of the market? - is still not truly defined. Although three possibilities have been offered as explanation: (i) a familiarity effect (c.f. Ehrenberg et al 1990, McPhee 1963), (ii) an experience effect (c.f. Tellis 1988, Raj 1982, Brown and Wildt 1992, Johnson and Lehman 1997, Narayana and Markin 1975, Nedungadi 1990), and (iii) a design effect (c.f. Ehrenberg et al 1990, Keith 1960). The familiarity effect suggests that one brand is simply more popular than another. The experience effect suggests that buyers prefer those brands with which they have had successful previous experience. The design effect suggests that buyers prefer brands which have attributes that best match their wants.

DATA COLLECTION

The data for the current study are gathered from a buyer group 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 convenience stores for fuel, soda, and other quick-stop items. Since the setting is a university town, the stores depend on students for business. Therefore, students are an appropriate sample. Information is accepted only from those consumers who use convenience stores in the area. The data are from self-administered questionnaires collected from three variations of the same research instrument, the purpose of which is to minimize any ordering effects in the collection of the data. Three classes are selected for inclusion in the study from the offerings at the university. The three different questionnaire versions are administered within each class. This process results in ninety usable responses. As the nonusers were screened during the sampling process and all those selected responded, few unusable surveys were found.

Many convenience stores are initially included in the study. The stores are identified by speaking with the buyers and looking through the yellow pages to locate quick-stop outlets within a geographically acceptable area of town for the university. An 'others' category was included to catch those stores not specifically listed on the questionnaire. There are twelve convenience stores (different companies) in the general area that are included on the questionnaire and the initial analysis. Four of these stores are eliminated after data collection due to either a small number of users or a small market share. This resulted in the eight remaining convenience stores that are included in the final analysis. In order of market share from lowest to highest, the stores are: store#8, store#10, store#4, store#6, store#3, store#5, store#2, and store#9. All eight of the convenience stores have market shares above 5%.

MEASUREMENT

The study includes a variety of constructs for market share, loyalty and usage. The overall indicators for the single market share indicator and the six loyalty/usage indicators are derived by summing across multiple variable components for each indicator. These overall measures are all percentages. Table 1 shows the specific numbers for each of the constructs.

Table 1
Convenience Stores Double Jeopardy Analysis

Items/store#	#8	#10	#4	#6	#3	#5	#2	#9	*rho*	*'p'*
Market share (%)	6.6	7.2	7.6	8.8	9.1	9.5	12.1	19.1		
Rank	1	2	3	4	5	6	7	8	n/a	
Loyalty-%-of-use	27	32	30	29	35	24	21	34		
Rank	3	6	5	4	8	2	1	7	-.024	n.s.
Loyalty-%-SR	13	14	17	9	16	11	12	9		
Rank	5	6	8	2	7	3	4	1	-.574	n.s.
Use-of-%	33	31	27	48	34	42	48	6		
Rank	4	3	2	7.5	5	6	7.5	1	.136	n.s.
Most-used-%	6	8	10	10	13	7	9	16		
Rank	1	3	5.5	5.5	7	2	4	8	.542	n.s.
2nd-most-used-%	10	8	5	11	10	13	9	16		
Rank	4.5	2	1	6	4.5	7	3	8	.554	n.s.
Last-Purchase-%	11	13	4	8	9	9	9	18		
Rank	6	7	1	2	4	4	4	8	.143	n.s.

Market Share is defined as the visits (uses) for store 'A' divided by the total visits (uses) for all stores. The respondents are asked how many 'times' they visit each store per month. These 'times' are summed for each store. Thus, shareA = (times for storeA)/ (summation of times for stores A, B, C… N). The possible range is from one to ninety-nine percent.

The six loyalty indicators include constructs representing both attitudes and behaviors, as suggested by Dick and Basu (1994) and are described as follows. (1) *Loyalty-%-of-use* is defined as the % of total times (uses) the respondent uses each store if they are users of that store. (2) *Loyalty-%-self-report* is defined as the percentage of respondents classified as loyal to a store. Respondents are assigned to the store they use the most often only when they score highly on a two-item perceptual scale related to loyalty. (3) *Use-of-*% is defined as the percentage of respondents who use each store out of the total sample. (4) *Most-used*-% is defined as the percentage of respondents who use each store as their primary store. (5) *2nd-most-used-%* is defined in the same manner as most-used-% above, except respondents are assigned to the store indicated as the one with the second highest times used. (6) *Last-purchase-%* is defined as the store that the respondent last visited. The possible range for all the loyalty indicators is from zero to one hundred percent.

ANALYSIS/RESULTS

The Spearman (1904) rank correlation coefficient is used to analyze the association between market share and the variables under investigation. The variable values, rankings, test statistics, and p-values are shown for each construct of interest and each convenience store in Table 1. To calculate the *rho* ("*r*"), the "rankings pairs" are compared between market share and the other variable under study. The test statistic is calculated as follows: $r = \{1–[6Sum(d)^2/(n)(n^2-1)]\}$, where 'n'=8 and '*d*' equals the absolute differences between the rankings for each outlet: (*Xi*-*Yi*). In this study, two-tailed tests are performed, giving the general hypotheses for the paired variables: *Ho***:** ranks are independent pairs or *Ha***:** ranks are related pairs. Remember, all the analyses use market share as the comparison variable.

The findings related to the convenience stores, based on the *rho* statistics, reveal a mixed directionality: some are positive and some negative. However, none of the indicators of loyalty/usage are significant. Thus, evidence is *not* provided to show that the double jeopardy effect exists in convenience store retailers.

DISCUSSION/IMPLICATIONS

The findings of this study reveal that the concept of double jeopardy (DJ) does *not* apply to convenience store retailers for the given market segment. Previous studies have shown the DJ effect to be more predominant when using attitudinal measures (Bandyopadhyay and Gupta 2004). The current study mostly uses estimates of behavioral data, along with a single attitudinal measure, to investigate DJ. Additionally, the findings are inconsistent with other research suggesting a stronger DJ effect in low-involvement products, such as convenience stores (Lin and Chang 2003). However, it might be that the type of product/store is a mitigating factor in the null finding (c.f. Murphy and Enis 1986). As convenience stores are not 'preference stores', but rather are 'convenience stores' with the absence of large amounts of store preference in consumers, then the strong DJ effect for low-involvement products might only hold for 'preference' products with stronger brand names. However, the inclusion of multiple indicators for loyalty is a definite improvement over previous efforts to study DJ, providing more confidence in the conclusions related to DJ. Thus, it may be that this study is more accurate than other investigations into the subject due to the use of multiple indicators to measure loyalty. Limitations in the test statistic may be another possible explanation for the null finding in the majority of the loyalty variables.

What does this mean for convenience stores? The absence of a DJ effect is good news for smaller stores. A strong DJ effect would be an obstacle in attempts to gain share for smaller-share stores. Supposedly, over the long run, smaller share brands would find it difficult to remain in business due to their smaller loyalty base. Over time, the non-loyal buyers of the smaller stores would gravitate to the larger stores for one reason or another (maybe popularity or variety). In time, the small-share stores would have an even smaller customer base with an even smaller loyalty base. This is the critical result of stronger DJ effects: small share brands have a poor prognosis for the long run. Thus, in the *absence* of a strong DJ effect – as this study finds, smaller convenience stores might be able to compete over the long term with larger, more powerful national and regional stores through the use of a variety of marketing strategies, which may lead to acceptable and comparable (to larger convenience stores) levels of brand loyalty: a key to survival in the long run, but not to market share gains in this industry.

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THE EVOLUTION OF PRINT ADVERTISING PRACTICE: A CONTENT ANALYSIS OF NEWSWEEK MAGAZINE ADVERTISING

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ABSTRACT

The purpose of this research is to provide a glimpse of how advertising practice has changed across a generation. As the values and lifestyles of consumers evolve, and as the regulatory, technological and cultural environment shift, advertising practices react to these changes. It has often been said that advertising mirrors society, and if this is true, then this analysis will offer some insights as to how we, as consumers, have changed from one generation to the next.

This research investigates how print advertising practice has changed over the last 25 years. Newsweek magazine advertisements from 1979 and from 2005 were content analyzed to examine how they differed from one generation to the next. The products advertised as well as the models that appeared in the ads, along with various other executional elements of the ads, were considered.

Forty-four issues of Newsweek from 1979 were used in the analysis, and 48 issues from 2005. A total of 3,662 ads were included in the analysis; 2,107 from 1979 and 1,555 from 2005. The ad content was coded for the type of product advertised, characteristics of the headlines and body copy, the use of celebrity endorsers, cartoon characters, and the gender, racial composition and apparent age of the models in the ads.

Results suggest that print advertising practice has changed substantially, not only in terms of the product categories that are advertised, but across many of the executional elements of the ads. With regard to the products, it appears that changes in the external environment, specifically technological and regulatory changes, have resulted in a substantial increase in advertisements for some product categories – notably pharmaceuticals, financial products and business equipment, and substantial decreases in others – beer, wine and liquor, cigarettes and automobiles, pars and accessories.

With regard to the models used in the ads, the use of celebrity endorsers increased across the two generations, and the percentage of women as central ad characters increased dramatically from the 1979 ads to the 2005 ads. The racial composition of models also changed, and generally seems to reflect the changing composition of American society in that the use of African-American, Hispanic and Asian/Pacifica Islander models increased from 1979 to 2005. Finally, the apparent age of models has also changed across the two generation. Although the results are somewhat mixed, it appears that ads from the 2005 Newsweek generally made greater use of both child and mature adult models and relatively less use of young adult and older models.

Plausible explanations for these results are discussed along with suggestions for future research using this unique data set.

EMPLOYMENT DIFFERENCES REGARDING THE IMPACT OF FAMILY & TECHNOLOGY ISSUES ON SALES CAREERS

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ABSTRACT

The purpose of the study was two-fold: first, to compare part-time employees' perceptions to those of full-time employees toward work-family conflict stress; and second, to compare part-time employees' perception of the impact of information technology and security issues on salespeople's lives with how full-time employees see the impact.

A snowball sample resulted in 150 usable questionnaires. Significant differences between full-time and part-time employees were identified in terms of length of employment, use of technology at home for work, and attitudes toward computer usage and security issues.

INTRODUCTION

In the work world today, employees and employers have many stresses placed on them. It is clear that juggling work and family impacts job satisfaction and performance. What is unclear is how full-time employees differ in their perceptions when compared to part-time employees. One could hypothesize that some people work part-time so that they are able to handle family pressures from either small children or elderly parents. However, it is unclear if this is true. Confounding work-family conflicts (WFC) is technology stress that has been viewed negatively or positively regarding the impact it has on the lives of employees. In recent years, employers have become alarmed about of maintaining data and equipment security, particularly given the ease of use in different locations and times.

LITERATURE REVIEW

Headlines like "On-the-Job Satisfaction Declines: Pay. Stress, Changes in Expectations Cited" (Geller, 2005) and "More dads resist business travel" (Armour, 2007), demonstrate that workers are concerned about the impact of the work environment on job satisfaction as well as the work-family tightrope that most parents and/or caregivers of elderly parents must walk. Fathers are beginning to demonstrate stress when they try to spend time with their families which conflicts with work demands (Stout, 2005).

A growing area of WFC research involves caregiving issues (e.g., see Kossek & Ozeki, 1998; Boyar, et al., 2003). "According to the National Partnership for Women & Families, 67% of Americans under 60 expect to care for an aged relative in the next 10 years, up from 25% who were caregivers in 1997" (Park 2005, p. 86).

From the employer's perspective, research on the cost to Canadian organizations showed: the cost of unscheduled WFC absences averages $3,350 per year, per employee; nearly a quarter of these absences are due to a child care breakdown; and one-third of working parents consider leaving their employment due to child care issues (McCormick-Ferguson, 2004). One concern is that even if employers offer flex time and other help for caregivers, they may not be taking advantages of these for fear of negative job performance evaluations.

This study hypothesized that integrated technology would help WFC by providing flexibility in job location and/or improved contact with family. It was uncertain if these technologies help resolve some of the work-family conflict, or change it into different stresses and/or conflicts. According to Todd Duncan in an article review about his book *Time Traps: Proven Strategies for Swamped Salespeople*, technology time saver devices may actually be a "technology trap" that wastes time (Johnson, 2006). Security in information technology has never been more important due to recent legislation and publicity about security breaches which can lead to reduced customer trust in the organization. Thus the responsibility of securing portable devices and data used for work is being pushed down on the employee (McQueen, 2006).

The purpose of the study was two-fold: first, to compare part-time employees' perceptions to those of full-time employees toward work-family conflict stress; and second, to compare part-time employees' with full-time employees' perceptions of the impact of information technology and security issues on salespeople's lives.

METHODOLOGY

The original questionnaire was developed and pretested in late 2003 (see Authors, 2004). The researchers revised the questionnaire in early 2005 to drop some questions and include these: sales field or industry worked in, how much personal control over daily activities, percentage of work involving technology used at home, ethnicity, anyone in the household going to college, if spouses were caregivers, and if any children had health problems.

A non-probability snowball sampling process was used to collect the data during the Spring 2005 semester at a southern regional university. Students enrolled in one graduate and two senior-level undergraduate marketing courses were asked to complete the survey for bonus points. Each student was also asked to give the survey to four other people they knew and to mark each survey with a code (initials and course number) in order to receive additional bonus points. Care was taken to ensure that the students had not cheated by doing surveys themselves. A total of 150 usable surveys were returned by the late-April deadline.

RESULTS

Slightly over half (50.7%) of the 150 respondents were men, over half were younger than 25 (56.4%), and eighty-five (56.7%) were single. Almost 82% of the respondents were Caucasian. Sixty-nine participants (46.3%) reported having one computer at home. Roughly two out of five indicated that their home computers were networked. All but five people had Internet access from home. Of those 144 with Internet access, 76 (52.8%) used a cable modem. Only nine out of the 144 with access did not have e-mail service. Sixty-one (41.2%) had some amount of college education. Over 62 percent indicated that someone in their home was going to college. All but five of the respondents lived in Louisiana.

Almost 85% indicated that both parents were still alive. Sixty-one (46.2%) reported that they lived less than 20 miles from their parents. Over two thirds indicated that their spouse's or significant other's parents were both still living. Forty (43.5%) reported that they lived less than 20 miles from their spouse's parents. Thirty-six participants (24.5%) said they have children; of these, 44.4% have one child. Fourteen (41.2%) reported that they have one child under the age of 18.

Nineteen out of 24 parents indicated that they lived less than 20 miles from their children. Eleven people indicated that they were the primary caregiver. Four respondents indicated that their partners were the primary caregivers for their parents. Six parents indicated that they had children with significant health problems. Eighty-two (56.2%) were classified as being employed part-time (< 40 hours) and 64 (43.8%) were employed full-time.

Over a third of the respondents are required to travel as part of their jobs. Twenty-four people (43.6%) had to travel more than once a week. Of the 55 who had to travel, roughly half said their travel required an overnight stay. Respondents averaged 34.18 hours of work per week. Two-thirds reported that they had more control, to a degree (3.6 mean), over their daily activities than did their bosses. Almost half (48.6%) said that they did not use technology at home for their work. Most of the participants (60.3%) indicated that their use of the Internet for work had remained the same compared to six months before.

Respondents tended to agree with positive self-related statements (able to do things, family has resources, take a positive attitude, satisfied with myself) and spousal career statements (spouse content with his/her job, I'm content with spouse's job). They tended to disagree with negative self-related statements (feel useless, feel like a failure), work-home conflict statements (spouse's career conflicts with mine, family problems, feel tense when get home), and all four health-related career-impact statements (health issues affecting career plans). Finally, respondents were indecisive about: personal concerns reduce my productivity at work; and contentment with city they live in.

With regard to technology issues, respondents tended to agree or agree strongly with these issues: using computers is more important in my job today; have to login with a password at work; have to use a password when logging in to the company's computer system from home; family members use the home computer for non-work activities; concerned about home computer security; and having anti-virus software up-to-date at home. However, respondents were indecisive about: company is overly concerned about computer security; I'm concerned about computer security at work; company gave me adequate computer training; being careful about having anti-virus software up-to-date at work; my spouse uses the home computer for work; and time spent on computer takes away from family time.

Crosstabulations/chi-square tests and t tests were used to analyze the data by employment. Since we did not hypothesize any directional differences, two-tailed probabilities were used. The open-ended field/industry responses were first coded into nine categories, including "none" (self-identified students). Part-time employees tended to work in hospitality/ restaurant or miscellaneous fields. Full-time employees tended to work in retail, information technology, government/B2B, and transportation fields ($\chi^2 = 34.24$, df = 8, p = .000, cell size problem), and tended to travel more as part of their jobs ($\chi^2 = 19.47$, df = 1, p = .000).

Full-time employees tended to be 25 or older ($\chi^2 = 61.49$, df = 4, p = .000, cell size problem), married or divorced ($\chi^2 = 31.9$, df = 3, p = .000, cell size problem), and have earned at least a bachelor's degree or had higher schooling ($\chi^2 = 9.7$, df = 4, p = .046). Full-time employees tended to have only one parent alive or else both were dead ($\chi^2 = 6.62$, df = 2, p = .037, cell size problem), and thus tended to live more than 20 miles from their parent(s) ($\chi^2 = 8.40$, df = 4, p = .078). Full-time workers tended to have children ($\chi^2 = 14.94$, df = 1, p = .000), and to have more computers at home (1.97 vs. 1.59, t = 2.362, p = .02).

Full-time employees have been with their present employers an average of 49.85 months, versus 25.83 months for part-timers (t = 3.308, p = .001). For those who have been with their present employers less than two years, full-timers have been in the same field/industry for 4.33 years vs. 2.42 years for part-timers (t = 1.706, p = .10). They also worked an average of 47.59 hours per week, as compared with 23.25 hours for part-timers (t = 17.363, p = .000), have more control over their daily activities (3.76 vs. 3.47, t = 1.729, p = .086), and spend 24.23% of their work using technology at home (versus 9.27%, t = 3.503, p = .001). Full-time employees disagreed more with the statement, "I certainly feel useless at times" (1.62 vs. 1.88, t = -1.758, p = .081), while disagreeing less with the statement, "The health of my spouse/significant other has affected my career plans" (1.63 vs. 1.34, t = 2.193, p = .031).

Those employed full-time tended to agree more with these statements: "Using computers is more important in my job today than it was five years ago" (3.47 vs. 3.13, t = 2.273, p = .025); "At work I am required to login using a password to access my organization's computer" (3.60 vs. 2.89, t = 4.089, p = .000); "If I access my organization's computer from home I must login" (3.67 vs. 2.47, t = 5.479, p = .000); "Time I spend working on the computer takes away from my time with my family" (2.55 vs. 2.24, t = 1.958, p = .053); "My company is overly concerned about computer security" (2.70 vs. 2.26, t = 2.46, p = .015); "I am concerned about my organization's computer security" (2.42 vs. 1.93, t = 3.137, p = .002); and "My company provides computer training that is adequate for my needs" (2.78 vs. 2.40, t = 2.066, p = .041).

LIMITATIONS, CONCLUSIONS & FUTURE RESEARCH

The revised questionnaire was not pretested before data was collected. The sample is not a representative sample, since it was a snowball, non-probability sample. The study also is affected by the use of borrowed scales and the appropriateness of added items (Engelland, Alford & Taylor, 2001). The employment variable was created because the researchers did not clearly identify students versus salespeople, so this is a weakness. The scale items also need to be carefully examined through exploratory factor analysis and reliability analysis.

Those who are working full-time indicated a better recognition of the security issues involved with their use of technology than did those working part-time. This better recognition and appreciation of issues could be due to the fact that they spend more time with technology on a day to day basis as part of their daily tasks, and the greater likelihood of using technology at home for work duties. They are around technology more and it plays a greater role in their lives, especially as they have more flexibility in setting their own schedules, and as they use it while traveling. An interesting question about flexibility was posed by Chesley: "Do people with more job flexibility also have greater access to technology, or does the technology create the flexibility?" (2006, p. 600). As with Chesley, we don't know the direction of causality; we do see the relationship in our findings. There is also a career field connection as well, as the full-time respondents tended to be in careers where one would see a heavier use of technology and more likelihood of travel (e.g., information technology, business-to-business, transportation). Thus the type of sales-related career does have a bearing on technology use.

With regard to work-family conflict and health-related issues, we did not see a lot of significant findings here. There are indications of productivity, care-giving and health-related family concerns indicated in the ambivalence of responses to some of the statements (see the Results Section). Perhaps there's reluctance on the part of the respondents to reveal their true feelings of concern about these issues, a reticence that tends to characterize people of southern Louisiana, where people tend to share personal concerns only with immediate family members.

The next step for the authors is to conduct exploratory and confirmatory factor analyses on the data in order to evaluate the usefulness of the scales we have developed. A larger and more geographically diverse random sample would be the next step after the factor analyses. Additional diversity could be obtained by expanding the study beyond salespersons. We encourage other researchers to test our survey findings in other geographic areas of the country, and internationally as well.

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REFERRAL MARKETING NETWORKS: DESCRIPTION, UTILITY, AND MANAGERIAL IMPLICATIONS

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ABSTRACT

Increasing role specialization and the partial disintegration of the traditional family structure, community entities, and social groups have led to buyers (consumers and businesses alike) to look for expert advice that had been provided informally through local social networks such as family members and peers. Also, for many customers, shopping has become an undesirable or even aversive experience (Solomon, 1986). As a result, the customer may be more willing to turn to a marketing data generator for quick and reliable data about goods and services through "referral marketing networks." In spite of the apparent utility of referral marketing networks, very little research exists on this subject. This article examines referral marketing networks in the chain of consumption and the strategies for effective referral marketing networks, points in the referral marketing network process where business networks may intervene on behalf of the consumer, the risk factors associated with it, how to increase its effectiveness, and the managerial implications of referral marketing networks for promotional activities.

INTRODUCTION

The complexity of selecting and buying the broad variety of goods and services in today's marketplace has caused customers as well as businesses to change the way they interact with the markets. Increasing role specialization and the partial disintegration of the traditional family structure, community entities, and social groups have led to buyers (consumers and businesses alike) to look for expert advice that had been provided informally through local social networks such as by the family and peers. Also, for many customers, shopping has become an undesirable or even aversive experience (Solomon, 1986). As a result, the customer may be more willing to turn to a marketing data source for quick and reliable data about goods and services. We refer to the process through which these data are collected and a purchase decision made as "referral marketing." The intent of this article is to examine referral marketing network in the chain of consumption and the strategies for effective referral marketing networks. These referral marketing networks potentially exert control over both tangible and symbolic aspects of marketing channels. They play a role in determining actual goods purchased, as well as defining the symbolic qualities of those goods. The aims of this paper are to (1) define referral marketing networks, (2) highlight some successful referral marketing stories, (3) examine points in the referral marketing network process, (4) discuss risk factors to be overcome in referral marketing networks, and (5) examine the marketing implications of referral marketing networks for promotional activities.

DEFINITION OF REFERRAL MARKETING NETWORKS

Some terms marketers have used to refer to referral marketing include the following: Avalanche marketing, buzz marketing, cascading style marketing, centrifugal marketing, exponential marketing, fission marketing, grassroots marketing, organic marketing, propagation marketing, ripple marketing, self-perpetuating marketing, self-propagating marketing, stir marketing, viral marketing, wildlife marketing (ViralBuzz, 2007), and word-of-mouth referrals. Each of these concepts means something to a marketer willing to tow the line of a particular concept. For the purposes of this paper, we define referral marketing as "a process of developing business networks through which information flows to prospective customers whereby clients are produced with little or no overt marketing activities." Referral marketing can take many forms and can be differentiated on such dimensions as dyadic communication—interpersonal communication between consumers, and business networks--a marketer may intervene on behalf of another marketer on clientele. Referral marketing also involves networks within the confines of an informal marketing communications.

SOME EXAMPLES OF SUCCESSFUL REFERRAL MARKETING STORIES

Several companies have been successful through the referral marketing process. Perhaps the king of referral marketing success stories is *Hotmail*, a company now owned by Microsoft, that promotes its e-mail service and its own advertisers' messages at the end of every *Hotmail* user's e-mail notes. Other success stories include the following: *A Tisket A Tasket*, New York—a custom gift basket business whose phenomenal success to word-of-mouth accounts; *Custom Tennis Court Painting*, Los Angeles—a business that paints tennis court fences and stanchions; Butterfield & Robinson, a consumer adventure company that relies almost entirely on consumer referrals to fill its 200-plus biking and walking tours abroad; *Body Shop International*, London, Great Britain, a franchised chain of all-natural toiletries, with a chain of over 350 shops in 34 countries. (*The Wall Street Journal*, 1989); movies such as the low-budget *Educating Rita* by Columbia Pictures--a 1983 hit movie about a teacher who falls in love with his student; the Academy award-winning *Crash*—a movie that depicts the complexity race relations in the United States; Paramount Pictures' *Terms of Endearment; b*ooks such as *The Road Less Traveled* by M. Scott Peck (Simon and Schuster Publishers), was on the nation-wide bestseller list for over 175 weeks (*Forbes*,1987).

In spite of these success stories, and its significant influence on marketing, referral marketing is still a relatively understudied marketing concept.

POINTS IN REFERRAL MARKETING NETWORKS

Studies in decision-making traditionally have regarded the consumer as an active problem solver (cf. Bettman, 1979). The consumer recognizes a need, searches for information, evaluates alternatives, makes a choice, and reacts to the outcomes of that choice. Generally, greater information search is assumed to occur under such conditions as high risk, high price, or low experience with the product (Assael, 1984). The consumer actively weighs alternatives and expends cognitive effort to reach a product decision (Lutz & Bettman, 1977). As the consumer progresses through the traditional stages of decision making, he/she interacts with the marketing environment to obtain product information, physically or vicariously evaluates product alternatives, and actually makes a transaction. These activities correspond to the following three levels on the traditional hierarchy of effects as enumerated by Lavidge and Steiner (1961): *cognition/beliefs, affect/evaluation,* and *conation/purchase*. At each stage, the potential exists for the consumer to yield responsibility to a referral marketing network as follows:

First Point of Intervention: Market Information (Cognition/Beliefs): The consumer who uses a network to scout the marketplace is trading control over alternatives for market information. For example, the consumer may consult a friend on features, performance, reliability, and financing arrangements when trying to buy an automobile. In the process, the consumer is tacitly consenting not to consider those options omitted by the friend. The price for retaining control over which product possibilities will become candidates in one's choice set is the time spent making phone calls, walking from one dealership to another, and talking to salespeople, as well as the mental effort required to sort through a myriad of competing possibilities. In some cases, much of the purchase-related information is miscomprehended and/or underutilized (cf. Jacoby, Hoyer, & Sheluga, 1980); provided on a non-individualized basis (Hollander, 1971); or too generalized for consumers to base their purchase decisions (Solomon, 1986). In contrast to the generalized advice offered by the media, referral networks are increasingly positioning themselves for individualized consultation and personalized service. Brody (1985), for example, notes that many people seek out nutrition counselors as the result of a ". . . fashionable new consumerism that seeks non-traditional personal services, from hair analysis to psychic predictions."

Second Point of Intervention: Market Guidance (Affect/Evaluation): The consumer is confronted with the need to evaluate possible choices and at this stage may again exit the system to obtain guidance from the referral source. The customer is likely to do so if there is some risk involved which warrants guidance from an outside expert. The major issue here is the degree to which the referral source actually helps in evaluating the merits of purchase alternatives. In some cases the referral source performs the descriptive function of information search by screening purchase options and thus filtering numerous possibilities into smaller, more manageable choice set (e.g., vocational counselors, dating services, or travel agents).

Third Point of Intervention: Market Manipulation (Conation/Purchase)—At this stage, the consumer must actually enter the marketplace and complete the transaction. Despite the consumer's intentions, his or her purchase activity may be thwarted by such logistical or extraneous factors such as stockouts or lack of accessibility to appropriate outlets; unwillingness to bear the psychic costs of coping with crowded shopping malls, aggressive salespeople; or perceived inadequate negotiation skills or discriminatory abilities.

RISK FACTORS TO BE OVERCOME IN REFERRAL MARKETING NETWORKS

The amount of each kind of risk that consumers perceive depends on both the characteristics of the consumer and the type of product or service under consideration. Settle and Alreck (1989) succinctly outlined five distinct types of risks that buyers face when they make a purchase decision: *Monetary risk*--Consumers' fear of getting less value for their money; *Functional risk*--Consumers fear that the product or service will not do what it is supposed to do; *Physical risk*--Consumers' fear of being hurt by the products they purchase—product liability issues. *Social or Occupational risk*--Consumers' perception of the social value of goods and services. *Psychological risk*--Consumers' post-purchase remorse. Each of these risks may have a differential impact on the utility of referral marketing networks.

THE MARKETING IMPLICATIONS OF REFERRAL MARKETING NETWORKS

There are marketing implications of referral marketing networks at each of the three points of intervention. At the market information stage, the marketing implications include (1) *Shifts in information flow* whereby a business network may rely on a different set of information sources than will the end user to form impressions of competing product alternatives, locate available goods, and make purchase recommendations; (2) *Changes in negotiating power* whereby the referral source demands access to goods and services on advantageous terms because of his or her ability to sway preferences; and (3) *Credibility and impartiality* whereby the referral source provides advice without demanding or requesting for any type of compensation from the consumer since he or she does not have a vested interest in the consumer's choice of one product alternative over another, and thus, ensuring that the referral source's decisions maximize the consumer's welfare (Anderson, 1982). At the market guidance stage, the marketing implications include (1) *Positioning* whereby referral sources may consider the benefits sought by the consumer and position themselves accordingly; (2) *Targeting* whereby advertisements and promotional pieces are aimed at the referral source; and (3) *Range of product and services considered* whereby increasing emphasis on tactical uses of products for impression management may result in a conservative bias in product selection, as referral sources recommend safe choices.

At the market manipulation stage, the marketing implication is the need for *post-purchase consumer satisfaction*, particularly when there is an opportunity for the consumer to blame the referral source for a product failure or takes personal credit for positive marketplace experience.

In a typical referral episode, the referral source has to be as effective as possible in making the customer accept his or her word and subsequently act on it. Marketers have several options to use on referral sources which can ultimately lead to desired positive outcomes--positive communication about the seller's products and/or services. These include:

1) Measuring customer needs and satisfaction--A direct assessment of customers' needs and levels of satisfaction through surveys or other relevant instruments will prove that the seller is sensitive to the needs of the customer.
2) Reinforcing customers' opinions--Because of the uncertainty surrounding a purchase decision, especially for first-time buyers, sellers must not allow customers to have post-purchase remorse.
3) Delivering quality products or service--A taken-for-granted assumption by some sellers is that consumers are passive, that they do not really know what they want. Therefore, a seller must ensure that the product or service he or she delivers must be top quality. The seller must also strive for a high standard of performance.
4) Developing customer prestige--Every customer considers him/herself special. Consumers also like to be bearers of news. Once customers become knowledgeable about the innovations, they are most likely to become loyal customers of the product or service. Becoming "instant experts" is also ego-boosting for referral sources.
5) Selecting an appropriate message: Whatever message is transmitted, the seller must ensure that it enhances referral marketing. People must be willing to talk about it. The message must also be such that it can be passed on to someone else--a built-in , respectable story or idea.

Clearly more research is needed to determine which of the three points of intervention are susceptible to which risks; which products are susceptible to which risks; and the intersection of product type, perceived risk, and communication strategy for effective referral marketing networks.

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MANUFACTURERS' REPRESENTATIVE PROFESSION A MODEL ABOUT THE IMPACT OF AGENCY SUCCESS AND MARKETING METHODS ON WILLINGNESS TO HIRE RECENT COLLEGE GRADUATES

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ABSTRACT

Professional careers as manufacturer's representatives constitute a growing opportunity within sales for many businesses especially in global markets. These sales representatives act as independent agents possibly on behalf of several non-competing manufacturers. These representatives represent mostly in selling interrelated products and/or services within their assigned sales territories. Multifaceted sales organizations (agencies) generally employ multiple representatives. Recent college graduates may like to pursue an entry-level sales position, with these sales agencies, yet the owners of these agencies may perceive the practice of hiring recent college graduates as an obstacle due to training time, costs and lost sales due to inexperience. The purpose of the paper is to investigate the impact of agency success, job expectations from manufacturers' representative and the degree of importance of marketing methods on the agency's willingness of hiring recent college graduates.