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# A SIX CONTINENT STUDY OF CUSTOMER SERVICE

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**Austin Doerr, Indiana Wesleyan University**

## ABSTRACT

*Customer service is important to entrepreneurs because it is the core to a successful business. More and more businesses are realizing this importance and adapting their business strategies to accomplish this. As international business becomes more popular, it is vital that organizations are current on the definition of customer service within different geographical regions of the world. The study identified several models used to evaluate customer satisfaction in these geographical areas and gives insight on how service firms can provide the highest level of customer satisfaction to consumers of different cultural backgrounds. In our findings, companies are sharing their accomplishments with quality customer service and stressing the imperativeness of customer service in a growing company. Strengths and weaknesses are shared which guide other businesses to the help they are seeking. This paper is original because of the subjective content as well as contribution and confirmation of ideas through several other professional authors (Carraher et al. and Carland et al.).*

## METHODS

The samples for the current study come from all continents with the exception of Antarctica. From Australia & New Zealand the sample consists of 434 with 52.5% being male and an average age of 23. From Asia the sample is 23.1% male and consists of 652 customer service people with an average age of 21.64. From Africa the 410 individuals include 48% males with an average age of 25.35. From Europe there are 869 individuals with an average age of 24.11 and is 53% male. The 1434 individuals from North America were 54.7% males with an average age of 25. From South America we had 526 individuals and were 55.2% male with an average age of 21.55. For measures we used the Big Five Measure of McBride, Mendoza, & Carraher (1998) as modified by Carraher (2000, 2002, 2004, 2006, 2008, 2009, 2010) and Schoenfeldt's (1989; 1999) behavioral measure of customer service. For the Australian and European samples all of the personality dimensions are statistically significant. For North and South America all but Conscientiousness are statistically significant. For Asia all but agreeableness were significant while for Africa all but Openness to Experience were significant. All of the regression equations were statistically significant and the % of variance in customer service explained varied from 24.8 to 36.8.

## CONCLUSION

Customers are pleased with services when their expectations are met and exceeded. In order to ensure this happens, service managers need to be aware of the parts of the service delivery experience that are open to cultural influences. If management takes the lead in the customer service efforts, the rest of the company will follow. Employees need to be trained on how to handle customer complaints as well as being aware of their nonverbal communication. Customer loyalty programs are an avenue that propels businesses forward in their retention of their customers. Tips on how to achieve quality customer service were explained in detail as well. Demands from consumers have been heightened and businesses are learning to cope with these new demands of knowledge and expertise, not just low prices. Companies who want to retain customers and gain new ones will be on the excellent side of customer care and service. The relationship between culture and service quality is not a new concept. Edvardsson and Gustavsson (1988), Edvardsson (1989), and Riddle (1992) all consider culture as a factor that influences the evaluation of the service encounter. Riddle states that the “complexity of cultural variables is a reason why cultural factors have not yet received the attention they should in the service marketing literature.” The model developed by Edvardsson (1989) and Riddle (1992) identifies the process of service delivery and includes culture as a dominate factor that impacts both customers and employees. Riddle suggests that the challenge lies in the ability to balance the need for “continuous cultural customization with the need for standardized service production” (Riddle, 1992).

In the end, it does not matter what model of evaluation one uses to determine that cultural differences is inevitably important to companies. To be successful, companies must have the ability to provide service to their customers in a way that the customer expects. If a company cannot drive down the concept of service quality, then the company will more than likely not sustain itself. As global markets emerge, it is becoming very difficult for companies to distinguish themselves from competitors; however, if a firm can set themselves apart by being excellent in every area relating to customers, such as customer satisfaction and value perception, than the firm can leverage themselves against competitors and will successfully achieve a competitive advantage.

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# **MARKETING SUPPLY CHAIN USING B2B BUY-SIDE E-COMMERCE SYSTEMS: DOES ADOPTION IMPACT FINANCIAL PERFORMANCE?**

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## **ABSTRACT**

*Research suggests that new information technologies can improve the functionality of business processes, leading to improved firm profitability. However, new technologies are not equal in their contributions to a company's bottom line. Further, there is some debate as to whether early adopters of new technology benefit over later adopters. This study examines the financial performance of firms that modify their marketing supply chain by adopting business-to-business (B2B) buy-side e-commerce systems. Analyses show that early adopters outperform their non-adopting industry peers in the post-adoption period. Superior performance in adopters' return on assets (ROA) is driven by increases in profit margins rather than by improved asset turnover. The results are consistent with the claim that B2B buy-side improves company performance through lower purchasing and administrative costs. Early adopters of B2B buy-side systems received a competitive advantage over industry counterparts due to greater market transparency and better transactional efficiency.*



# **DEVELOPING COUNTRY TEEAGERS' CONSUMPTION RELATED COGNITION THROUGH INVOLVEMENT IN REALITY TELEVISION: A MULTI-ITEM MEASUREMENT SCALE**

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## **ABSTRACT**

*The aim of this paper is to develop and confirm a multi-item measurement scale for consumption related cognition development through teenagers' involvement in Reality Television (RTV). Various researchers have proposed product knowledge, consumer role perception, purchasing intentions as the domain items for teenagers' consumption related cognition. Using a multi-step process, this research refined and adapted a multi-item measurement scale for developing country teenagers' consumption related cognition through RTV involvement. These were then tested and confirmed using exploratory and confirmatory factor analyses techniques.*

## **INTRODUCTION**

Teenagers worldwide are an emerging market segment that is receiving increasing attention from researchers (Bhosale & Gupta 2006; Lueg & Finney 2007). Specifically, as a teenager consumer socialisation agent; electronic media receives maximum attention (Dotson & Hyatt 2005). Consumption related cognition, on the other hand, is often identified as one of the common outcome components of the consumer socialisation process (Chan 2003; Moschis & Moore 1979; Schmoll et al. 2006). Reality Television (RTV) is a contemporary electronic media vehicle. RTV has generated a lot of interest among teenagers because of its interesting content (Lundy & Jacobson 2008). Furthermore, the nature of participants (Jacobs 2008), format (James 2007), and reward system (Driscoll 2007), makes RTV different and exclusive from other TV programs. Understanding the role of RTV in the development of consumption related cognition of teenagers in a developing country is critical for further theory building in the field. It is particularly important due to the huge size of the teenaged market segment and impressive growth of electronic media in developing countries (Bhosale & Gupta 2006; Quraishi, Bhuiya & Mohammad 2004). Accordingly, the key problem this research will address is:

*How to measure developing country teenagers' consumption related cognition development by RTV?*

## **CONSUMPTION RELATED COGNITION**

As already mentioned, consumption related cognition is considered as one of the common outcome components of the consumer socialisation process (Chan 2003; Moschis &

Moore 1979; Schmoll et al. 2006). Cognition is defined as “knowledge that is acquired by a combination of direct experience and information from various sources” (Schiffman et al. 2005 p. 617). Theoretically, cognitive development as an outcome of teenagers’ socialisation process by the media is mainly explained from the perspectives of displacement, cultivation and observational learning theories. According to displacement theory, the cognitive development of teenaged children does not depend on the amount of TV viewing but rather on the content of TV (Anderson et al. 2001). On the contrary, cultivation theory suggests that frequent TV viewing increases the likelihood of the development of consumption related cognition that ultimately alters viewers’ behaviour (Brown 1993; Brown & Steele 1995). Cultivation theory mainly suggests that teenagers’ learning from TV is strongly associated with the volume of their watching and involvement with TV (Gruber & Thau 2003). Furthermore, cognitive development of the consumer through the media also has been discussed by social learning theory, particularly by observational learning theory (Gruber & Thau 2003). Observational learning theory posits that people learn from observing others’ behaviour and practice accordingly if rewarded and reinforced (Bandura 1977; Ward & Rivadeneyra 1999). In particular, teenaged children through observation or by imitating their favourite characters from TV develop their consumption related knowledge, ideas and skills that influence their consumption related behaviour (Lueg & Finney 2007; Moschis & Churchill 1978).

TV as a consumer socialisation agent consolidates consumption related knowledge, skills, capacity and consumer role perception in to the consumer socialisation process. In particular, teenagers’ information seeking experiences about various products and services are triggered by TV (Eastin 2005). Furthermore, TV provides information about the market condition which creates teenagers’ awareness and helps their recalling capacity of various products and brands (Bartlett, Griffiths & Badian 2008; Ward & Wackman 1974). It is also likely that teenagers get product usage instructions (Moschis & Moore 1978) and develops product and brand recognition ability (Zuckerman, Ziegler & Stevenson 1978) from TV.

As one of the most contemporary forms of TV vehicles, RTV brought a lot of exclusive features with it (e.g., nature of participants, content, format, rewards, program layout) (Bown 2008; Frutkin 2008; Lundy & Jacobson 2008; James 2007; Jacobs 2008). Therefore, the more teenagers’ involvement in it, it is expected the more it will lead to their consumption related cognitive development. In particular, from the perspective of cultivation theory, teenagers’ involvement (e.g., time spent, attention, likings) with RTV may develop their consumption related cognition, as RTV shows provide product related knowledge and help to recall and understand product usage instructions (Ward & Wackman 1974; Zuckerman, Ziegler & Stevenson 1978). Furthermore, from the perspective of displacement theory, various content of RTV (e.g., informational, entertainment) may also influence teenagers’ brand related knowledge, consumption related skills and activities. Cognitive development also occurs as a result of vicarious rather than direct experience, through a process of imitating the behaviour of others called modelling. Therefore, imitating the role models from RTV and observing different contents, as well as getting involved in RTV are assumed to be the solid ground of teenagers’ cognitive development that may reflect their consumption related behaviour.

Since the research on consumer socialisation within the context of RTV is rarely examined, the domain of scale items to measure consumption related cognition has been mostly adopted from current research findings on consumer socialisation research by the media.

## **METHODOLOGY**

While some measurement items of teenagers' consumption related cognition through RTV involvement have been identified from the current literature, the measurement items are not directly applicable to developing country teenagers without some refinement and verification as they were related to various other electronic media vehicles and not directly to RTV and are generally developed country based. To develop measurement scales for developing country teenagers' consumption related cognition development by RTV, the widely used three-stage procedure suggested by Churchill Jr. (1979) was followed and was also supplemented with confirmatory factor analysis (Bristol & Mangleburg 2005; Shrum, Burroughs & Gainesville 2005). Qualitative research was conducted to help refine the teenagers' consumption related cognition through RTV involvement construct and its measurement variables that have been developed based on the current literature, and quantitative methods to test the construct.

Exploratory factor analysis was considered a test of dimensionality, with the aim to produce a set of items that reflect a single underlying factor or construct. To assess the internal consistency reliability, a popular approach, coefficient alpha was used, at the exploratory factor analysis stage. Confirmatory factor analysis using AMOS was carried out to give a truer estimation of reliability and formally test the uni-dimensionality of the scale (Hoyle 1995).

Data for both qualitative and quantitative phases of this research was gathered from Bangladesh, a typical developing country. At the qualitative stage, two separate Focus Group Interview (FGI) sessions involving 10 Bangladeshi teenagers in each were conducted. The data was analysed using content analysis method (Weber 1990). Data for the quantitative phase of the research was gathered from Bangladeshi teenagers using a structured questionnaire. A total of 400 respondents were surveyed with equal representation of each gender.

## **REFINEMENT OF MEASUREMENT SCALE**

Findings of this phase of research show RTV provides a lot of consumption related information to teenagers. Teenagers generally acknowledge that information provided by RTV about products and services keep them updated about the market condition. However, sometimes it does fail to provide sufficient and exact information which is required by the teenagers. Most of the teenagers mentioned that during the time of RTV shows, the name of various products and brands are shown on the TV screen. Furthermore, anchors and participants often provide information about products, as do judges of various RTV shows. Most of the teenagers agreed that RTV creates brand awareness that generates their interest to know more about new products. Teenagers pay close attention while watching their RTV favourite shows. These favorite RTV shows often develop teenagers' product usage instruction capacity and creativity about new fashion and styles. Most of the participants agreed that RTV helps them to understand product

usage instruction by mentioning features and the nature of products. Sometimes anchors also describe how to use particular products such as a mobile phone, and MP3 etc. Furthermore, FGI findings show, RTV helps teenagers recall product and brand names. RTV is also a good source of information about products and brands that are available in the market. Teenagers can get an idea about the sources (e.g., shopping mall, outlets) of products and brands that are shown on RTV. Moreover, FGI findings show that teenagers keenly observe and follow what brands and products are used by the participants, anchors and judges of RTV. In particular, judges or any special guest of RTV create awareness about new products among the teenagers. Also, teenagers like to share and discuss with others what participants, anchors and judges are wearing, commenting on and promoting in RTV. Teenagers sometimes say positive things about products and services to others which are recommended by their favourite celebrities. Moreover, some of the participants think RTV celebrities influence their buying decisions as they like certain music and film celebrities.

Most of the multinational and local big companies in Bangladesh sponsor RTV to promote their brands. Teenagers can easily recall the sponsoring brands of RTV that ultimately create brand image. Overall, these big brands are more successful in creating awareness about new products and services in the market. Teenagers selectively follow fashion and styles shown on RTV and then they adopt it according to their tastes and personalities.

It appears that RTV also helps teenagers recall different products and brand names. Teenagers think that RTV is a good source of knowledge about new products and services in the market, but they strongly consider their peer group's opinion and knowledge before making buying decisions. Teenagers generally however, agreed that RTV is a good source of information because it creates awareness about different products. However, quite often RTV fails to provide the desired information to make buying decisions. Teenagers think RTV provides a lot of information, but not always accurate information. On the basis of the FGI findings, the measurement domains and variables of the construct teenagers' consumption related cognition through RTV involvement were refined, adapted and rejected for further quantitative testing.

### **ASSESSMENT AND CONFIRMATION OF MEASUREMENT SCALE**

To assess and refine the measurement scales in terms of reliability, uni-dimensionality and validity, there are two main approaches like; exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) (Hurley et al. 1997). The issue on which type of factor analysis (e.g., EFA or CFA) to use in a particular situation is the subject of a debate among researchers (Hurley et al. 1997). This research employed a combination of both EFA and CFA to form a two-phase approach. The first phase involved employing EFA for scale assessment and refinement and the second phase involves employing CFA for scale validation (Fabrigar et al. 1999)

EFA was applied using principal component analysis extraction method. A total of 9 variables earlier identified through literature review and refined through qualitative research making those adoptable to a developing country were submitted for the exploratory factor analysis (EFA). After this stage, a number of variables that had poor factor loading (less than

.50) were dropped from further analysis. This included variables ‘RTV develops teenagers’ creativity’, ‘opinion of RTV celebrities influences’, and ‘prefer RTV sponsored brands’. This solution presents satisfactory solution concerning both the explanatory variance percentage and correlation between items. To give a truer estimation of reliability and formally test the unidimensionality of the scale a confirmatory factor analysis was performed on the same sample. All factor loadings were significant. The coefficient alpha for the consumption related cognition of CFA model was 0.81 indicating that the variables are a reasonable measure of level of consumption related cognition. Standard regression weights of all the variables were more than 0.6. Goodness-of-fit indices also indicated that the measurement model fitted data well with value of GFI, AGFI, NFI, TLI, RMSEA and CFI all above required thresholds. Composite reliability of .96 also indicated the reliability the underlying variables of ‘consumption related cognition’.

### CONCLUSIONS, IMPLICATIONS AND FUTURE RESEARCH

In this research a widely used multi-step process of developing measurement scales of marketing constructs have been followed. After initially, identifying the measurement items of consumption related cognition by RTV from the current literature, the same were refined and adapted for a developing country through qualitative research. These scale items were then tested using two-stage quantitative measures resulting in the confirmation of a six-item measurement scale for the developing country teenagers’ consumption related cognition by RTV. Table 1 shows the tested six-tem scale.

<b>Construct</b>	<b>Measurement Items</b>
<b>Developing Country Teenagers’ Consumption Related Cognition through RTV Involvement</b>	1. I understand product usage instruction from RTV 2. RTV helps me to recall about certain products 3. RTV make me aware about particular brands 4. RTV provides me a lot of product information 5. RTV is a good way to learn about what products/brands are available in market 6. Advertisements shown in RTV gives me new product ideas

This research has identified and tested the multi-item measurement scale for the construct developing country teenagers’ consumption related cognition by RTV. These measurement items can now form the basis for various further researches, particularly on developing country teenagers’ RTV involvement and its effect on their consumption behavior. Understanding consumers’ taste and preferences is the key issue for any marketer. Most of the international and local businesses give maximum priority and effort to understanding customers’ consumption behaviour through consumption related cognition, attitudes and values. Accordingly, the findings of this research will be of interest to brand marketers and marketing communication planners in Bangladesh and other developing countries. Media strategist and sponsors also can get a clear indication of what are the different ways RTV helps developing country teenagers’ consumption related cognition development, which might be useful for their marketing strategies.

This research has been conducted in Bangladesh only. There are many other developing countries in the world. As only one of the developing countries, Bangladesh does not represent all the economic and cultural indicators of all the developing countries. Accordingly, the findings of this research may not be treated as completely applicable to the rest of the developing countries, and needs to be tested further from the perspective of individual countries. This research has the potential to open up a new area of empirical research. Particularly, findings from this research are relevant only for the TV vehicle, RTV. RTV being a most contemporary vehicle in the electronic media area, such findings may or may not be representative of other TV vehicles. Further research is required to re-test such scales for possible refinement and future usage for other media studies and confirm its applicability.

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# HOW BUSINESS FACULTY EVALUATE TEACHING EFFECTIVENESS

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## ABSTRACT

*This paper discusses the factors considered by business faculty when evaluating teaching effectiveness. Variables include level of preparedness, speaking clearly, knowledge of subject, relating subjects to real world, enthusiasm for subject, availability outside of class, fairness in grading, approachability, self-confidence, professionalism, sense of humor, discussing research findings in class, making students feeling comfortable asking questions in class, and encouraging students to think. This paper also identifies strategies that could be used by business professors to help them do a better job of being perceived as a quality teacher in the eyes of their peers.*

## INTRODUCTION

The author selected this topic because he is a professor of business courses who is very interested in learning how business professors evaluate the quality of teaching among their peers. He is interested in mentoring new faculty who are going through the retention and tenure process. Professors are providing a service and it is recognized that it is more difficult to evaluate services than it is to evaluate goods (Kerin, Hartley, Rodelius, 2010).

A number of studies have been conducted over the years to identify attributes on effective business teaching. Accessibility was found to be the main factor contributing to teaching effectiveness in one study (Bergman and Dobie, 1999). Enthusiasm for subject and preparedness for class were identified as key attributes for effective business teachers (Hooper and Page, 1986). Report, delivery, fairness, knowledge and credibility, organization, and preparation were found to be important factors in teaching effectiveness of marketing professors (Faranda and Clark, 2004). Supportiveness and personality of the professor were found to be important attributes (Clayson, 1999).

## METHODOLOGY AND SURVEY RESULTS

A focus group interview was conducted at a public university with six professors participating with the purpose of identifying and discussing variables business faculty consider when evaluating the teaching effectiveness of their peers. The representative sample consisted of three female and three male professors. Some of the professors were starting their teaching career and others were experienced professors.

After the focus interview was completed, the author wrote a survey that was administered to a group of business faculty members at two international conferences. One of the conferences was in Florida and the other in Las Vegas. The survey asked the faculty members to measure the

importance of different variables in evaluating the quality of business professors. A rating of 1 to 5 was used for each variable, with a rating of 1 signifying very unimportant and a rating of 5 indicating that it is very important when evaluating faculty.

The most important factor considered by business faculty when evaluating teaching effectiveness of their peers is level of preparedness with a score of 4.85. The next two factors are knowledge of the subject with a score of 4.79 and fairness in grading with a score of 4.6. Speaking clearly was next with a score of 4.59. The least important factor is discussing research findings in class with a score of 3.21. Exhibit One summarizes the survey results.

### **IMPLICATIONS**

The business faculty members need to convey an impression that they are well prepared. Arriving to class a few minutes early and setting up in an efficient and neat manner should convey an air of preparedness. Following this suggestion would be beneficial on the days where faculty members are being evaluated by their peers. It is hoped that the students would write comments in the teaching evaluations about the level of preparedness. The faculty throughout the semester could remind the students in a subtle way about their level of preparedness.

Business faculty should focus on demonstrating their knowledge of the subject because this is the second most important factor. This should not be done with an emphasis on discussing research findings because it was perceived as being the least important factor in evaluating teaching effectiveness. One suggestion for demonstrating knowledge would be to use a wealth of real world examples. The faculty could also discuss their consulting experiences in class. It would be especially applicable if the companies are local because the other professors can have a better understanding of the situation.

It would also be important that faculty members have a reputation of being fair graders. There are suggestions for faculty to reduce the likelihood of students complaining to the department chair about grading. Each student should be given credit for a question when it is pointed out by one student that it lacks validity. Students react favorable with professors admit to making a mistake and taking correction action.

### **FUTURE RESEARCH**

The author has administered the same survey to students in business classes. There will be a paper that discusses the similarities and differences in how students versus professors evaluate effective teaching. Another plan is to administer the survey overseas to compare the findings and discuss the implications.

<b>Exhibit 1 Level of Importance in Evaluating Teaching Effectiveness of Business Faculty by Business Faculty</b>	
<b>VARIABLE</b>	<b>RATING</b>
Level of preparedness	4.85
Knowledge of subject	4.79
Fairness in grading	4.60
Speaks clearly	4.59
Encourages students to think	4.45
Makes students feel comfortable	4.48
Asking questions	
Enthusiasm for subject	4.46
Relates subjects to real world	4.43
Professional	4.37
Easily approachable	4.24
Self-confident	4.05
Availability outside of class	3.71
Good sense of humor	3.67
Discuss research findings in class	3.21
Note: 1 signifies not important and 5 means very important	

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# **“NEW PERSPECTIVES ON THE ANIMOSITY MODEL OF FOREIGN PRODUCT PURCHASE: ARE ANIMOSITY AND ETHNOCENTRISM DISTINCT CONSTRUCTS?”**

**Charles W. Richardson, Jr., Clark Atlanta University**  
**Kendra Harris, North Carolina Central University**  
**Lydia McKinley-Floyd, Clark Atlanta University**

## **ABSTRACT**

*The globalization of markets continues to be limited by key social factors still present in the mind of the consumer. One of those factors is ethnocentrism, which protects local products against foreign products. Another factor is animosity, which distinguishes foreign products between those that are favored and those that are rejected on the basis of a specific country of origin. Initial research presented evidence that animosity is a separate and distinct construct from ethnocentrism. Additional research has supported the notion that international animosity and consumer ethnocentrism are distinct constructs that play different roles depending on the set of products available to consumers. However, it may be the case that these constructs are more closely linked, specifically, both having significant impact on consumer's judgments of product quality. This research extends the existing literature by examining potential revisions to the Animosity Model of Foreign Product Purchase, and investigates the impact of animosity on product judgments. American consumers were surveyed regarding their attitudes towards Japan and Japanese products. Results indicate that animosity does indeed impact product judgments, implying that the constructs of ethnocentrism and animosity represent greater consistency of consumer attitudes than previously described.*



# **AN EXAMINATION OF FACTORS INFLUENCING PUBLISHER'S ACCELERATED REVISIONS TO INTRODUCTORY BUSINESS TEXTBOOKS**

**Brian A. Zinser, Lake Superior State University  
Gary J. Brunswick, Northern Michigan University**

## **ABSTRACT**

*Based upon evidence and recent trends which seem to indicate that textbook publishers are accelerating the rate of textbook revisions, the authors provide an examination of the factors which appear to influence this faster rate of textbook revisions.*

## **INTRODUCTION**

The cost and affordability of an undergraduate college education in the United States is often a topic of conversation. While the context of cost typically centers on tuition and fees, the cost of college textbooks is also a concern. Estimates of what a typical undergraduate student pays for books ranges from \$700 to \$1,100 per academic year (Mui & Kinzie, 2008).

Textbooks are essentially a durable good and like most durable goods, a market exists for used books. In most industries producers end up competing with used versions of the new products they sell. However, in the collegiate textbook market, publishers are a durable goods monopolist (Iizuka, 2007). They have the ability to plan obsolescence of previous editions, thus eliminating competition of used books from new book sales. Iizuka's empirical analysis of the textbook industry found that publishers have a tendency to accelerate revisions when competition from the used book marketplace increases. Furthermore, Koch (2006) notes that publishers tend to accelerate revisions to textbooks that sell well and release "new editions."

The basic premise of textbook marketing in a capitalistic economy is that for-profit publishers facilitate the creation, production, distribution, promotion, and pricing of textbooks to facilitate satisfying exchange relationships with customers. As long as publishers obey existing laws and regulations, they are free to manage their product portfolio of books and other learning resources, including additions and deletions of titles as well as modifications of existing titles in the form of "new editions."

However, because of the rare structure of the college textbook market and social value of higher education, this practice of planned obsolescence presents an interesting set of issues for examination.

## LITERATURE REVIEW

### Durable Goods Monopolist and Planned Obsolescence

Iizuka (2007) identified two product management strategies a durable goods monopolist could use to reduce potential competition from used goods; reduce durability or “kill off” used goods. In his review of the literature, he found several authors who had theoretically studied whether durable goods producers who compete with their used goods reduce a product’s durability below socially-optimal levels. Depending upon assumptions used, some authors found that producers have no incentive to reduce while others found producers have an incentive to reduce durability below socially-optimal levels.

Durability is probably not a product attribute that can be easily engineered by book publishers. A publisher can “kill off” used books through planned obsolescence. Some authors including Swan (1980) have argued that a new product’s price includes all future transactions and theoretically used products do not compete with new products. Others including Benjamin and Kormendi (1974) and Miller (1974) have found that under certain scenarios a monopolist can increase profits by eliminating the used goods market. Miller specifically examined the textbook market. Waldman (1993) found that there is “too high” an incentive for a monopolist to introduce new technology thus making old technology obsolete.

### The Collegiate Textbook Market

The Government Accountability Office (2005) report on the costs of college textbooks found that between 1986 and 2004 textbook prices rose on average six percent per year compared to an average annual inflation rate of only three percent. In August 2008, California’s State Auditor (2008) reported that textbook publisher invoice prices to retailers had increased 28% from academic years 2004-2005 through 2007-2008, a rate significantly higher than the increase in median household incomes in the United States, and the 15% increase in the book publishers-producer price index during the same period.

The textbook industry distribution channel consists of the publishers, distributors or wholesalers, and college bookstores. The market of publishers is oligopolistic as five companies sell about 80% of all new college textbooks. The market for wholesaling and distributing books is also oligopolistic as four firms dominate the market. Prices in oligopoly markets are generally high compared to costs. Furthermore, these four firms also own or operate more than 1,500 or approximately 35% of all college bookstores and are very active in the used book market, as profit margins tend to be higher for selling used books versus new books (Koch, 2006). Despite the fact that Internet sales of books and course materials has been on the rise, a 2008 Student Watch research report (*NACS overview of Higher Education Opportunity Act Textbook Provisions*, 2009) indicated that only 24% of students reported purchasing books and materials online, often times from college bookstore sites.

The Advisory Committee on Student Financial Assistance (2007) argues that the “market for textbooks and learning resources is broken” (p.9). Although students pay for and are the end

users of textbooks, they have no direct control over the price, format, or quality of the product. Textbooks are selected by faculty members or faculty committees and bookstores simply order them. Because of the relatively rare market structure of the textbook industry in the United States, textbook prices tend to be inelastic. The market structure closely resembles that of the prescription drug industry (Carbaugh & Ghosh, 2005). Koch (2006) notes that the price elasticity of college textbooks has been measured to be as low as  $-.2$ . In contrast, Chevalier and Goolsbee (2003) estimated that the price elasticity for all types of books is  $-3.5$ .

A study by the Connecticut Board of Governors for Higher Education (2006) found that just 58% of faculty members were aware of the cost of the textbooks they required and only 43% used price and affordability as a criterion in selecting a text. Similar research conducted by the Student Public Interest Research Groups (2007) found that only 63% of 287 professors at Massachusetts colleges and universities knew the price of textbooks they assigned.

Although there appears to be agreement among most stakeholders that the costs of college textbooks is out of control and that the economics of college textbook marketing is complex, there appears to be little agreement as to what is the primary cause of the problem. Several possible explanations appear in the literature including higher development costs of textbooks and ancillary instructional support materials, bundling of textbooks and supplementary materials, and the increased frequency in revisions and new editions (Government Accountability Office, 2005; Iizuka, 2007; Carbaugh & Ghosh, 2005; Koch, 2006; Student Public Interest Research Groups, 2007).

According to the General Accountability Office (2005), industry representatives and public interest groups have suggested, and publishers have agreed, the revision cycles have shortened over the last ten years. Ten to twenty years ago, revision cycles were every four to five years; three to four years is now more typical. Furthermore, introductory-level classes have shorter revision cycles than other books because the supply of used books is greater in these types of courses due to the sheer number of books in circulation and the fact that students are more likely to sell introductory books back to bookstores and buyers.

Koch (2006) notes that unit sales of new textbooks is highest in the first year or two of publication and then tend to fall off as used books begin to become available. New textbook prices are reported to be as much as 58% higher than used textbooks and students net cost of a book includes their ability to sell back the book at the end of the semester (California Public Interest Research Group, 2004). Chevalier and Goolsbee (2005) conducted a study of the college textbook market and concluded that contrary to popular beliefs that “the probability that a book will be revised in the coming semester (and thus prevent the student from reselling it at the end of the semester) has a large and significant impact on the price sensitivity of their purchases at the beginning of the semester” (p. 28).

The California Public Interest Research Group (2004) found that more than three-quarters (76%) of all faculty surveyed estimated the new editions were justified half of the time or less. More than 40% of faculty surveyed said that new textbooks were “rarely” or “never” justified. The State Public Interest Research Groups –Higher Education Project (2005) reported similar results noting that more than two-thirds (71%) felt new editions are justified only “sometimes” or “rarely.” To the contrary, the Association of American Publishers (*Why PIRG is Wrong*)

commissioned a poll of 1,029 college professors that reported 80% responded that they think it is important that textbooks be as current as possible.

Since 2004, more than 34 states have had more than 100 bills introduced in their legislatures related to textbook expenses. Six states have approved them (Mui & Kinzie, 2008). In 2006, the U.S. House Committee on Education and Labor members P. “Buck” McKeon and David Wu requested the Advisory Committee on Student Financial Assistance to further study the issue and report back to Congress (Advisory Committee on Student Financial Assistance, 2007). A resulting textbook section was added to the Higher Education Opportunity Act of 2008. Among its major provisions is a requirement for publishers to provide faculty with (1) the net price of a textbook to the campus bookstore and if available the price the publisher would charge to the public, (2) the copyright dates of the three previous editions, and (3) an account of the substantial content revisions of the newest edition (*NACS Overview of Higher Education Opportunity Act Textbook Provisions*, 2009). The new regulations take effect July 2010.

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# **EVALUATION OF COBRANDING STRATEGIES: A UNIFIED FRAMEWORK**

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## **ABSTRACT**

*The article treats cobranding as a case of brand extension. The paper draws on research of brand extensions and integrates in it elements from the conceptual combination literature. The result is a unified conceptual framework for evaluating brand alliances and cobranding strategies. The proposed model is abstract enough to be used in evaluating alternative cobranding strategies. Examples include ingredient or component branding, composite brand extensions, co-promotions, online brand alliances, advertising alliances and dual branding. Unlike previous research, the model does not distinguish between a primary and a secondary brand. Thus, the model is flexible enough to account for any asymmetry effects that may arise from such a distinction between the primary and secondary brand. A common conceptual framework will make it possible to organize existing knowledge better, unify alternative streams of research, and examine similarities and differences among alternative cobranding strategies. Such a development will enhance the theoretical understanding of cobranding and other related branding strategies. In addition, the proposed model offers marketers a practical and useful framework to better manage their brands, cobranding relationships and brand alliances.*



# **GREAT PRODUCT, TERRIBLE SERVICE!**

**Komal Gyani Karani, Lamar University**

## **ABSTRACT**

*Most offerings in the market are mixed product/service offerings with varying proportions of product and service components. But most research has looked at either product or service quality and its effects on consumer purchase choices. Even the few studies considering both product and service quality together have looked at tangible products as a component of service quality. This study looks at situations when product quality is the primary determinant of consumer choice but service quality is nevertheless an important influencer of the purchase decision. This study proposes that service quality will moderate the effect of product quality on consumer intentions.*

## **INTRODUCTION**

Loyalty is an important end goal of companies and most companies agree that having a good quality product and excellent service accompanying it is the best way to achieve it. A great deal of research has been done on the effects of product or service quality on consumer behavior. It is also now accepted that products and services exist on a continuum with most offerings involving varying proportions of goods and services. These mixed product/service offerings present a unique challenge to researchers since consumers place different importance on the product or service quality component.

## **CONCEPTUAL BACKGROUND**

Rathmell (1966) conceptualized the goods-services continuum with pure goods at one extreme, pure services at another with most industries falling somewhere in between. However, most research has focused on either product or service quality and its effects. There has been limited research that looked at the issue of tangible products in services, such as Lehtinen and Lehtinen (1991) or Parasuraman, Zeithaml and Berry (1988) who included physical environment and equipment. But they considered the tangible product to be a part of the service and not an important stand-alone determinant of behavior. Cronin, Brady and Hult (2000) also proposed including the tangible quality of service products and also indicated the importance of product quality. Brucks, Zeithaml and Naylor (2000) carried out a study of consumer durable goods and found that perceived product quality played a crucial role affecting the purchasing choices. Bei et al (2001) included both product quality and service quality as independent variables in their model predicting loyalty.

In certain durable products, however, product quality and service quality are not seen as equal contributors to the purchase decision. In a mixed product/services offering, the importance of the service encounter, ie the person-to-person interaction between buyer and seller is often

overshadowed by a focus on the more tangible product attributes, and the customer's more enduring interaction with the product itself (Solomon et al 1985). This suggests that the customer is more influenced by his/her perception of product quality than the received service quality when it comes to making a purchase decision.

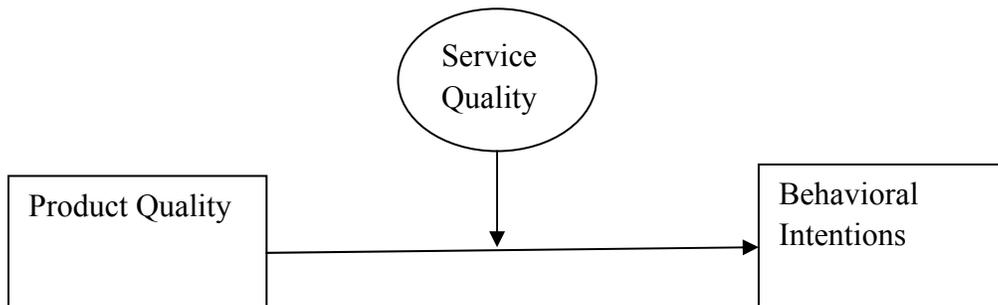
At the same time, service quality cannot be overlooked either for certain reasons. Firstly, in some industries, there are a number of brands that are seen as almost perfect substitutes in terms of quality. Therefore a poor service encounter may be all that is required to have a customer switch from brand A to brand B. Secondly, if the purchase transaction is expected to be a one-time interaction, the customer may focus more on the product attributes and quality more than service quality. But there are certain products where the customer expects to interact with the seller for service long after the initial purchase transaction. Again, it appears reasonable to expect that a customer would be more mindful of the service quality aspect in those instances. This study proposes that service quality moderates the relationship between product quality and the consumer's final purchase choice.

This study intends to look at consumers who have been dissatisfied by their interaction with the dealer even though convinced of the quality ratings of the automobile itself. The automobile industry has for long emphasized the high quality of its products. However most cars are sold through dealerships that are usually franchisee owned and the manufacturers have very little control over the quality of service offered at their dealerships.

Usually service encounters are seen as 'dyadic interactions' between a customer and a service provider (Surprenant and Solomon 1987). However in case of a car dealership, the customer is actually having a 'triadic interaction', with the dealer and with the unseen car manufacturer via the product. For a customer entering a dealership however, it is the complete holistic experience that matters. This study looks at consumer behavior following a bad service experience when the product is believed to be excellent.

Some of the possible behaviors exhibited when a customer firmly believes that the quality of product is good but encounters bad service quality could be:

- A. Customer still goes ahead and purchases the product from the unsatisfactory dealer.
- B. Customer looks for another dealer but sticks with original product choice.
- C. Customer changes to another product
- D. Customer postpones/cancels the purchase.

**PROPOSED MODEL:****ROPOSED HYPOTHESIS:**

*H1: Perceived service quality moderates the relationship between product quality and behavioral intentions.*

**CONCLUSION**

This paper specifically addresses the role played by service quality in mixed product/service encounters. This study predicts that even in cases where the product quality is of greater importance, service quality can be not just a differentiating factor but a powerful motivator for a customer to switch purchase intention from product A to product B.

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# AN EVALUATION OF THE TABLET COMPUTERS MARKET BASED ON THEIR CHARACTERISTICS

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## ABSTRACT

*This paper evaluates the market for tablet computers by simultaneously considering several leading tablet computers on several important subjective and objective criteria like price, screen size, ease of use, display, touch quality, portability, weight, storage capacity, OS, data plans, hotspot capability, memory, etc. The ratings of these tablet computers were obtained from Consumer Reports. Interesting implications are drawn about the strengths and weaknesses of various brands. We also address some aspects of the Lancaster framework and discuss some implications of this framework for the tablet computer market.*

## INTRODUCTION

The research question answered in this paper should interest the marketing and economics research scholars, practitioners and millions of prospective consumers who are in the market to purchase a computer tablet. Computer tablet market is global and is one of the most competitive. Pricing and product differentiation strategies adopted by the major players should be instructive for researchers and practitioners. The paper extends the seminal work of Lancaster (1966, 1980, 1982, & 1990). Lancaster develops a new consumer theory in which demand for a good is derived from its attributes. Lancaster argues that the consumer demand for automobiles is not for its “automobileness” but for the services it provides-- transportation, comfort, convenience, prestige, safety and security. Similarly, the meal in a fancy restaurant is not purchased to fill stomach, but for the atmosphere, service, exotic food and good company. Lancaster, therefore, suggests that it better to determine demand for attributes directly than indirectly through the traditional product approach.

Lancaster compares his new approach to consumer theory to production theory. Both are influenced by technology. Just like in production theory, technology determines the relationship between input and output, similarly in the consumer theory technology determines the relationship between the good (input) and its attributes (output). This is particularly relevant to the computer tablet industry where the technology is constantly changing and impacting the attributes of the tablet.

## DATA ANALYSIS

Ratings and specification data on leading tablet computers was obtained from January 2012 issue of Consumer Reports and is reproduced here.

#	Brand (All 32GB)	Price	Screen Size	Overall Score	Display	Touch Response	Versatility	Portability
1	Apple.iPad2.3G	730	9.7	82	5	5	4	5
2	Samsung.GalaxyTab.8.9	570	8.9	81	5	5	4	5
3	Apple.iPad2	600	9.7	80	5	5	3	5
4	Samsung.GalaxyTab.10.1	600	9.7	79	5	5	4	5
5	Sony.Tablet.S	600	10.1	79	5	5	4	3
6	Samsung.GalaxyTab.3g.4g.10.1	800	9.4	78	5	5	4	4
7	Motorola.Xoom.4G.LTE.3.4G	600	10.1	77	5	5	4	4
8	HTC.JetStream.3G.4G	850	10.1	76	4	5	4	4
9	Motorola.Xoom	500	10.1	76	5	5	4	4
10	Asus.Eee.Pad.Transformer	470	10.1	76	5	5	4	3
11	T-Mobile.G-Slate.3G.4G	500	8.9	74	4	5	4	4
12	Lenovo.IdeaPad.K1	500	10.1	73	4	5	4	3
13	Toshiba.Thrive	480	10.1	73	4	5	4	3
14	Acer.Iconia.Tab.A500	500	10.1	73	4	5	4	3
15	Lenovo.ThinkPad.Tablet1838	570	10.1	72	5	4	4	3
16	Apple.iPad2.3G	730	9.7	82	5	5	4	5
17	Samsung.GalaxyTab.8.9	570	8.9	81	5	5	4	5

Source: *Consumer Reports*, January 2012.

Principal components analysis was utilized to reduce overall display, touch response, versatility, and portability into two principal components that explained 68.73% of the variability in the variables space. Principal component 1 represents versatility and portability dimensions, while principal component #2 represents display and touch response variables. The principal components and the variables are depicted in Figure 1 below. These principal components were utilized in a hierarchical cluster analyses to group these seventeen tablet computers into eight segments. These eight clusters containing 17 tablet computers are given in Figure 2 below.

Figure 1

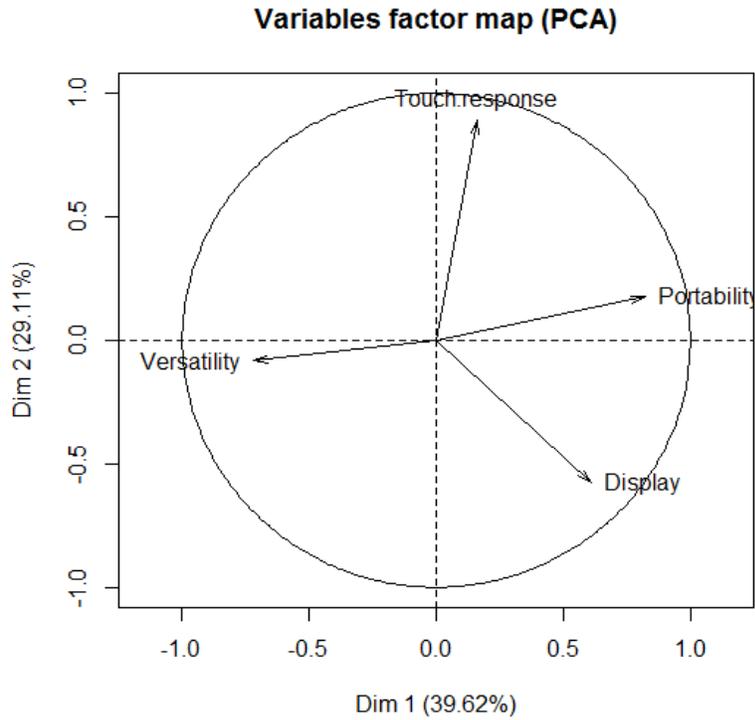
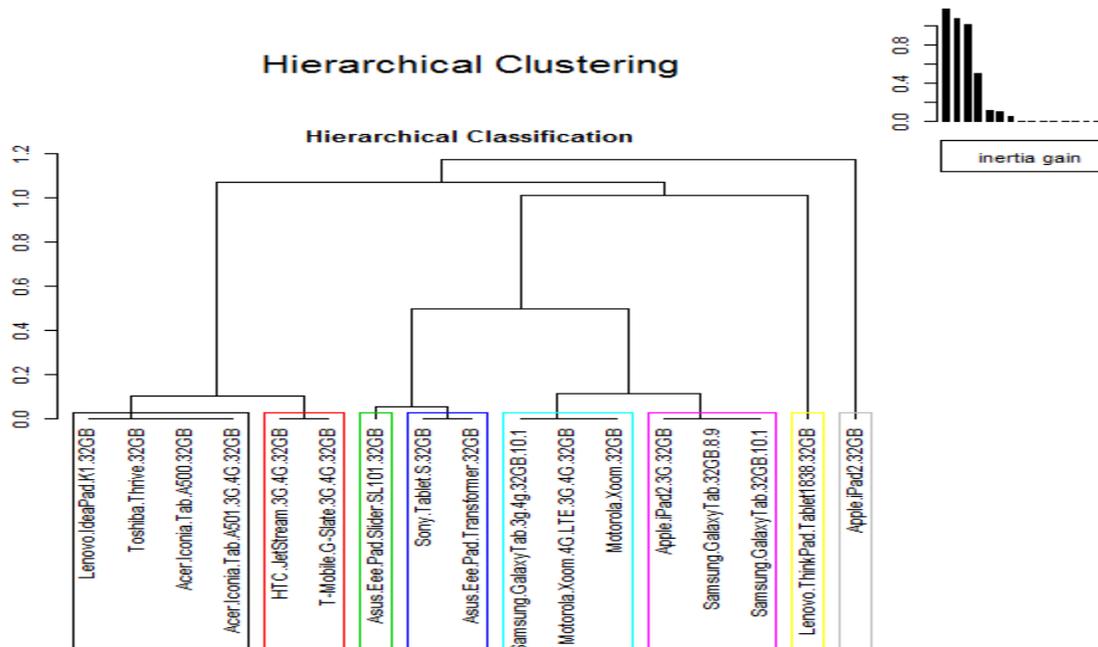


Figure 2



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# **ECONOMICS AND SOCIAL IMPLICATIONS OF FOOD DESERTS**

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## **ABSTRACT**

*Food deserts are characterized by the lack of healthy food options in a given geographical location and have severe economic, health, and other social implications to any society, including developed nations. Researchers have linked food deserts to high poverty rates. Also, the United States has identified obesity, which our paper links to food deserts, as a national health problem that not only threatens the country's national security but lowers the overall productivity of the country's workforce. We highlight governmental policies and their social consequences regarding food deserts and propose a series of correlations between food deserts and the grocery stores, super centers, farmers' market, and fast-food establishments. We further predicted food purchase decisions in these areas and proposed a model to alleviate the lack of healthy food choices in food deserts. Our work is inherently interdisciplinary because it activates marketing, economics, and policy theories.*

