

SHAREWARE: AN ALTERNATIVE DISTRIBUTION MECHANISM FOR PERSONAL COMPUTER SOFTWARE

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Abstract

The shareware marketplace is rapidly evolving. From a handful of authors in 1983 shareware has developed into a \$15 million business sector in 1989 with a multifaceted distribution channel. This paper will review the shareware marketplace with a focus on this distribution network which has developed to get programs from the authors to personal computer users. The causes of channel conflicts and the emergence of a channel leader are discussed.

INTRODUCTION

Most papers which attempt to link the literature to a marketing situation begin with a review of the important conceptual issues found in recent journal articles. This is reasonable when the general characteristics of the product market are recognized by most readers. Because the shareware market is so unusual I will start by describing the marketplace before turning to the literature.

The term shareware describes a method of distributing personal computer software. It also is the name given to the software which is distributed by this method. Shareware programs are available at little or no cost to personal computer users who want to try them (Baker and Hofacker 1989, p. 298). If the user decides to continue to use the shareware product then they are asked to register it with the author/publisher at a cost which is usually substantially less than the equivalent conventional software program (Ruhl 1988). Typical registration fees are \$5 to \$90 although the publishers of several larger programs request over \$100. This low price is possible because the shareware publisher spends very little on advertising and distribution of their programs. Instead they encourage computer users to copy their programs and share them with other users. In order to achieve the widest possible distribution at a very low cost publishers also send them to pc user groups and put their programs on electronic bulletin boards where anyone with a modem can download and try them.

Thus, the essential elements of shareware are:

1. Try before you buy
2. Sharing encouraged
3. Wide distribution
4. Low price to adopters

This paper will investigate the shareware industry including the people who write the programs, the pc owners who use shareware and the distribution system which connects publishers with users.

Data sources for this paper include a telephone survey of major shareware authors/publishers, another round of telephone interviews with shareware vendors, and several field site visits to the largest publishers and vendors in the industry. Additional insights were derived from in person and telephone interviews with officers of the Association of Shareware Professionals (ASP), the industry trade association, and with several user groups and bulletin board operators.

A BRIEF HISTORY OF THE DEVELOPMENT OF THE SHAREWARE INDUSTRY

The typical, early -1982 to 1985 -shareware products were conceived by an off-duty programmer who wasn't satisfied with the commercial products which were available to do a computing task. In their spare time or as a break from

their graduate studies these programmers usually developed a small, simple, solution to a computing problem and then gave a copy to their friends who gave copies to their friends. Eventually the requests for copies grew and convinced the authors that they should start a part-time software business. Thus, for many of the earliest shareware authors the sharing mode of distribution was the most natural way of distributing their product. Few of these early innovators had experience with the marketing aspects of pc software. Because of this and the part-time nature of the enterprise they were happy to continue to focus on improving their product and not make large up-front expenditures for advertising and distribution. Others who had developed software programs were even more reluctant to participate in the software marketplace. These authors relinquished their exclusive rights to their programs by turning them over to the public domain for anyone to alter, modify and use without obligation. In contrast, shareware authors hold the copyrights to their programs. They encourage copying of the programs but expect users to register them if they use and like the product (Glossbrenner 1989).

In the period 1985-86 there was an explosion of new shareware products. Many had heard of the successes in the industry and were attracted by the low start up costs compared to the conventional distribution and promotion mechanisms. Although most of the authors who developed shareware products during this second wave of programs had programming backgrounds, there were several new authors who were lawyers, teachers, and others who had a new product idea and enough programming skills to develop a usable program. During this period several shareware products were favorably compared to conventional software programs in computer magazine articles and discussions were begun within the shareware industry about the need to form an industry trade association.

By 1985 several of the early authors had already left their other jobs to devote full time to their shareware activities and their publishing organizations are no longer housed in their garages. Several publishers had over 10 employees, greater than \$500,000 in annual sales and a few came out with additions to their product lines.

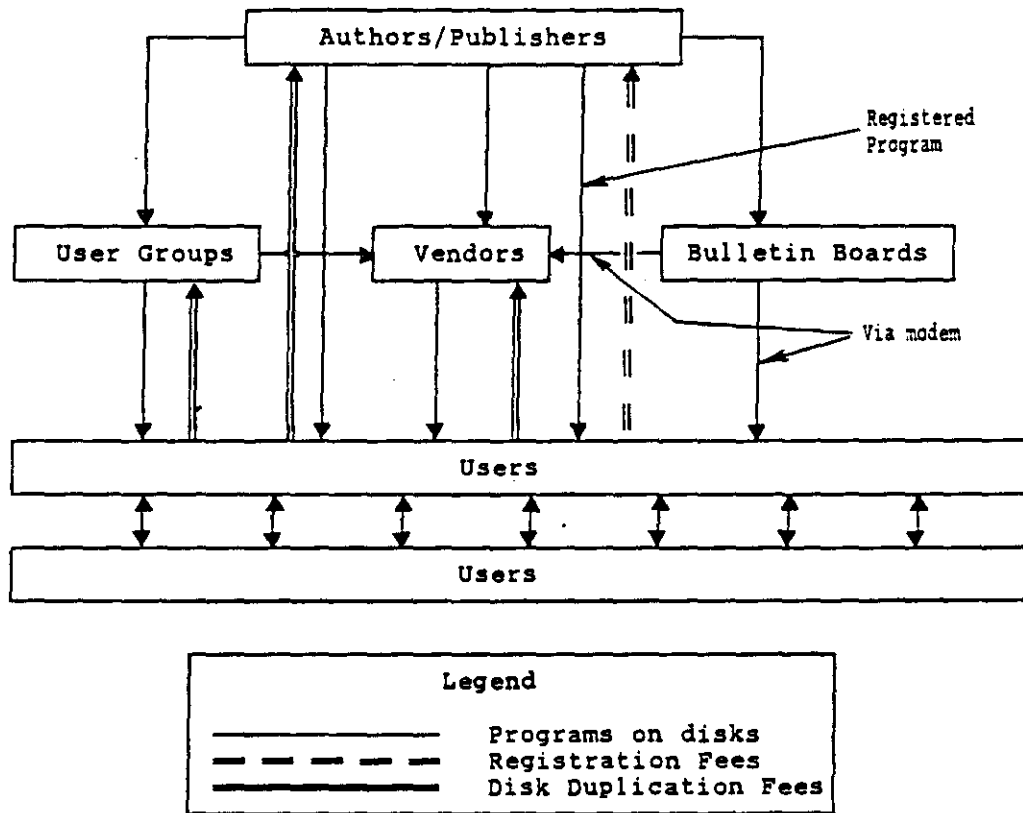
More explosive growth has occurred in shareware since 1985. Although there are no industry wide statistics, Jim Button, an industry leader has estimated that direct revenues to shareware authors in 1989 will be \$15 million (PC-SIG1989b, p. 9). This does not include the money collected by the many independent disk vendors.

IMPORTANCE OF DISTRIBUTION

Shareware is one of the few products whose most distinguishing characteristic is its distribution mechanism. For shareware this focus on the distribution mechanism is possible because of how easily and cheaply programs can be copied. For the conventional software publisher this ease of copying has been a constant problem. In the past they tried to discourage the unauthorized duplication of copyrighted programs by instituting a variety of copy protection schemes. These were so unpopular with pc users that in the current conventional software marketplace few programs are still copy protected. However, for shareware publishers this ease of copying is the basic element which determines how the programs are distributed.

The basic methods by which pc users get access to shareware products are illustrated in Figure 1.

Figure 1
Shareware Channel of Distribution



The first shareware programs were distributed by their authors on disks which were given to their friends, relatives, and colleagues. Programmers also put them on bulletin boards where other computer enthusiasts could download them over the telephone lines through the use of a modem. These downloaded trial programs were also copied and shared among pc users.

As the number of available programs grew, a larger distribution system was also evolving. Paralleling the growth of the pc industry, pc user groups were proliferating (Sullivan 1986; Ryan 1987) and public bulletin boards were coming on line in every part of the country (Bermant 1988). Authors were also making their programs more available to those with modems through several large, on-line, information services such as CompuServe and The Source (Glossbrenner 1984). If the user likes the program and continues to use it they are requested to send a registration fee to the author for which they will usually receive the latest version of the program and a printed manual.

In the early 1980's several pc user groups and other individual pc enthusiasts began to collect libraries of public domain and shareware programs and made them available to the public. Typically these vendors printed a catalogue and by mail sold disks of unregistered programs for between \$2 and \$6 per disk. In his book titled "How to Get Free Software" (1984) Alfred Glossbrenner lists the major groups with the largest collections of free public domain and shareware programs for Apple, Commodore, IBM and other types of computers and operating systems. In this 1984 list the largest IBM collection was available from the PC System Interest Group (PC-SIG) which was described as "one of the best organized,

most comprehensive, lowest priced, free software distribution mechanisms we have encountered anywhere." (Glossbrenner 1984, p. 161) This IBM specific source contained over 135 disks in 1984 which were listed in a 110 page catalogue. In 1989 PC-SIG has a library of over 1500 disks which were described in a 417 page catalogue called "The PC-SIG Encyclopedia of Shareware." (1989a) PC-Sig also offers its entire collection on a CD-ROM compact disk for \$495.

In 1985 a few other companies including The Public Software Library and Public Brand Software had also acquired large shareware library collections and were offering to send copies of shareware programs by mail. However, there was little notice of these vendors outside of the user groups and bulletin boards domain.

Starting in 1986 there was a dramatic increase in the number of mail order libraries of shareware products. Many acquired their collections from bulletin boards while others only included programs which had been sent to them by the publishers. Advertising by these smaller vendors began to appear in the classified sections of magazines targeted to pc users such as PC World and PC Week. Before long these vendors were taking large ads in these and other pc magazines offering their disks at substantially lower prices than the more established vendors. A new type of retailer had arrived in the shareware channel of distribution.

While this brief description tells how the shareware distribution channel developed it does not attempt to determine why it developed that way. In the sections which follow I will use concepts from the literature on channels of distribution to analyze the development of the shareware marketplace.

SHAREWARE DISTRIBUTION CHANNELS: DO THEY FOLLOW CONVENTIONAL WISDOM?

Several pieces of conventional wisdom appear to be illustrated as shareware channels of distribution have developed. These are reviewed below.

- 1) Undercapitalized and emerging products use ancillary or alternative distribution structures. While the rest of the software industry was bemoaning the unauthorized duplication of software the shareware authors were encouraging users to copy and freely distribute their product. Downloading from bulletin boards must also be considered a unique and alternative distribution mechanism.
- 2) Middlemen appear when the product begins to demonstrate economic viability. Early in the history of shareware there were many programs entered into the marketplace but not many vendors. When several programs started to achieve widespread distribution, many more vendors appeared.
- 3) More conventional distributors will be used as the product market grows. Several shareware products are now sold by the larger retail chains. Egghead Software for example now carries PC-Write, AUTOMENU, PC-File, and other best selling shareware products. This trading up to the more conventional distribution process is similar to the one described for retailers by Hollander (1960).
- 4) The channel length is short for new products. New products tend to be sold directly to the consumer or through a single middleman. This accurately describes the shareware situation where initially distribution consisted of pc users copying their friends disks. I consider this type of sharing such a low impedance, low cost segment of the channel that it is essentially direct. The downloading of programs from bulletin boards is also low impedance because both the bulletin board operator and the user incur little cost in acquiring programs. Libraries of shareware which distribute copies through the mail have significantly lengthened the channel and increased the cost to the consumer for trying shareware products.

CONFLICT WITHIN THE CHANNEL

This final section on the distribution of shareware will review the intrachannel conflicts which have occurred and the origins of these conflicts. It will also discuss the mechanisms which are acting to resolve these conflicts.

Conflict within distribution networks occur in three areas. These are goal incompatibility, domain dissensus, and differing perceptions of reality (Stern and El-Ansary 1988; Etgar 1979; Rosenberg and Stern 1971). The shareware channel has exhibited relatively little conflict due to its first two of these areas: incompatibilities over goals or disagreements about each channel members area of domain. However, there have been some conflicts over the differing perceptions among channel members. Below I will look at these three areas of conflict in more detail.

Goal Incompatibilities and Domain Dissensus

Each channel member has a set of goals and they will often be incompatible with those of other channel members. These incompatible goals will be more likely to cause conflict when there is a high degree of functional

interdependence. Compared to most channel systems there appears to be little functional interdependence within the shareware channel. Recall from Figure 1 that the channel which gets the shareware program to the consumer includes publishers/authors, vendors, user groups, bulletin boards and the users sharing programs among themselves. The only exchange between the authors and bulletin board operators and user groups occurs when authors send them a single copy of the disk containing the shareware program. Vendors may also acquire programs directly from the authors but alternatively they can rely on bulletin boards, user groups, or friends as their source of programs. Neither vendors, bulletin boards or user groups pay any fees to authors nor do authors have any direct input to vendor marketing decisions except to prohibit the vendor or anyone else from charging more than a certain amount (usually \$6 maximum) to reproduce and distribute the program.

Because of this lack of functional interdependence there have not been many disagreements over goals. For the same reason there is little domain dissensus. Each participants role in the channel is clear. Publishers are content to let the vendors, user groups and bulletin boards perform the distribution functions. Neither the authors nor the distributors have much power over the other. Authors may prefer not to have certain vendors distribute their program. But because distributors can receive programs from more than one source including other distributors the authors cannot easily choose a selective distribution policy. Thus, individually the publishers have little power in the channel and there are few arguments about who is to perform which functions.

Differing Perceptions of Reality

While there is relatively little conflict in each of the preceding areas, major frustrations and conflicts arise in the third area which has to do with how the product is perceived by the vendors and how they advertise shareware. Even PC-SIG, the first major vendor and until recently the largest one, has had conflict with publishers over how to describe shareware in its catalogue and bi-monthly magazine. Many authors thought that PC-SIG was not being explicit enough about the economics of shareware. They wanted more emphasis on the fact that if users continued to compute with the program which they had purchased from PC-SIG for \$6 per disk, then they should register the disk with the author. Of course this also had to do with a basic difference in goals. The publishers are interested in having users register their programs and wanted this concept explained by PC-SIG. The central issue for PC-SIG was distribution of trial disks which might be inhibited by quoting registration fees in their advertisements.

Vendors who entered the market more recently have been even more problematic for the authors in the area of perceptions. Authors decry the way these mail-order sources advertise. A major complaint of shareware authors is that the vendors description of shareware are either non-existent, or misleading. They refer to the programs as free software or public domain software while most of the products which vendors were listing in their ads are shareware products.

EMERGENCE OF A CHANNEL LEADER

PC-SIG, the largest distributor of shareware, has been influential in the channel. It has facilitated communication between shareware users and publishers by publishing letters and columns in its Shareware Magazine. PC-SIG has power in the channel because of its ability to select programs to be included in its catalogue and to be reviewed in its magazine. However, while shareware authors want PC-SIG to choose their programs for inclusion in their catalogue they have never accepted PC-SIG as the channel leader.

In 1987 the Association of Shareware Professionals (ASP) was formed and rapidly became the most important and powerful organization in the shareware channel. As Stern and El-Ansary (1988) point out it is not unusual for a trade association to participate and provide leadership in a channel. What was unusual was how rapidly and effectively the publishers organized and asserted themselves as a primary spokesperson for the shareware industry. The ASP intervened twice in the distribution channel. First, they developed standards for its members in programming, marketing, and program support. Next, the ASP developed a set of guidelines for vendors which are designed to coerce vendors to accurately identify and explain the nature of shareware. If a vendor wishes to be approved by the ASP they must agree to adhere to these guidelines.

In addition to the coercion of vendors, the ASP has also adopted some co-option techniques to help manage the channel conflict. While full membership in the ASP is limited to programmers with a serious shareware product, vendors may join as associate members. The ASP also tried to encourage cooperation within the distribution channel by including the vendors in their deliberations about vendor relations. "ASP members meet in a 'continuous' electronic meeting, on-line via CompuServe" (Shareware Magazine, Nov.-Dec. 1989, p.38). As the ASP was developing their guidelines the vendors were encouraged to participate in this electronic forum which constitutes what the ASP calls the worlds' longest ongoing Board meeting.

CONCLUSION

Conventional wisdom about the development of channels of distribution was shown to be accurate in describing the way the organizations in the shareware industry have evolved. Because shareware incorporates a try before you buy concept there are actually two overlapping channels. The first includes the mechanism by which the customer first acquires a copy of the program. The other focuses on how the users receives a registered copy of the program. The first channel is more interesting from a distribution perspective because it includes the publishers, a variety of intermediate distributors, and the consumer. Another interesting aspect of this exchange is that the program publisher derives no immediate benefit from it.

For the second exchange, which usually only includes the publishers and the satisfied program users, the most important issue concerns the decision to voluntarily register the program. This exchange will be the subject of a forthcoming paper.

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TEACHING COMPUTERS TO EXECUTIVES: A MARKETING CONCEPT APPROACH

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Abstract

Many executives apparently believe that computers are a valuable tool for their staff and middle managers. Yet the overall rate of computer usage among executives themselves is quite low and has not shown any significant growth in the last few years. It is the author's contention that the traditional approach to teaching computer usage, when used with executives, actually creates a negative impression of their usefulness. The author describes an alternate course structure that he believes is more in line with the way executives view their world. By combining a case study setting with specialized software, the participants are able to perform their own on-line problem analysis without first having to learn an operating environment or unique software conventions. Once they have seen the benefits of direct real-time interaction with a modeled environment, they are more willing to pursue operational details of computers they previously thought relevant only to their staff.

The Problem

Judging by equipment acquisition budgets, many executives apparently believe that computers are a valuable tool for their staff and middle managers. According to the market research firm Dataquest, the number of white collar workers who have a computer on their desk has steadily grown through the 80's. Yet the overall rate of computer usage among executives themselves is quite low and, more disturbingly, has not shown any significant growth in the last few years. For example, a recent study noted that only one out of five CEO's of Fortune 500 firms use a computer, the same level as in 1986 (Nelson, 1989).

Among executives who do use computers, many find the time spent at their keyboards to be of significant value (see for example Rockart and DeLong, 1988). Many business consultants and educators are convinced that the computer should be considered a valuable tool for the executive as the telephone. Why then after almost ten years of falling prices, greater power, and easier interfaces does computer usage lag behind that envisioned by its supporters?

I believe that one explanation lies in the instructional process that educators have used when teaching computers to executives. It will be helpful to view that process as a marketing exchange in which the educator is a manufacturer, his product is computer literacy, and the executive is the consumer. My contention is that educators use in essence a "selling concept" approach to their product. That is, the class is taught with a process that fits the paradigm of the educator's world but not that of the executives. If educators utilized an approach based on the marketing concept, they would more likely "consummate a sale". In this note, I will: 1) describe the educator's paradigm and the course structure it creates; 2) contrast this with the executives' paradigm and what they experience; 3) propose a new course structure that I feel will be more likely to bring the potential of executive computer usage to fruition.

The Educator's Paradigm and Course Design

Faced with a real life business decision, educators tend to take a detached analytical view of the situation. They proceed rather linearly through the problem, extracting a few major factors and designing a logical (often mathematical) model of the reality. They then use an "elegant" procedure to find an optimal solution to the model, believing this solution will fit the reality reasonably well. When transferring their understanding to others, educators tend to retain this logical ordering of topics. They first explain the logic underlying their model, then describe their application, and finally present the conclusions they have drawn from it. They resist what they call the "cookbook" approach, in which model usage is stressed without understanding the underlying logic.

In designing and implementing a course on computer usage, the educator works from his/her linear rational approach and builds a course which expects the student to do something like the following:

1. Explore the technical functioning of the machine and its software.
2. Learn the particular operating system of the machine, how to create, save, and retrieve files.
3. Use a word processing application package to create some kind of personal output.
4. Learn the basic commands for a modeling package (such as Lotus 1-2-3™ or Excel™).
5. Build a simple spreadsheet model.
6. Input data, interpret results, and rerun under different scenarios.

This course structure has worked reasonably well where the students have the age/experience profile of the typical undergraduate. They have the patience to work according to instructions, even when the goal of a process is only dimly perceived. For employed adults in evening degree programs, the approach becomes less efficient, since the students' own goals are often in conflict with those of the instructor. However, the approach breaks down almost completely when used with mature top level

executives. To understand why, we must explore the executive's paradigm.

The Executive's Paradigm and Course Experience

Executives approach the decision situation from a significantly different perspective. They have come to believe in what might be termed "institutional" knowledge, acquired through their years of direct experience with the products, customers, competitors, and other elements of their environment. Beset by time pressures, they use their knowledge base to arrive at an intuitive explanation for events. Faced with a decision situation, they generate, and immediately implement, a response which is anticipated to achieve a productive outcome. Any detailed analyses they deem necessary are delegated to staff. There is little patience for introspective reflection, relating the specific problem to more general phenomena, or creating any explicit model of their decision process for application to subsequent decisions.

When put into the role of student, executives expect the educator to share this same appreciation for an immediate payoff for any material discussed. Their experience in computer classes, however, often runs as follows:

1. They enter the course with high hopes of acquiring a new powerful tool to save time and simplify their lives.
2. The initial class periods are spent on technical irrelevancies presented in a foreign language ("bytes, DOS, RAM?").
3. Before they can make any input to the machine, they must learn the tangential skill of typing. This not only slows the process but introduces a strong behavioral response: "Real executives don't do typing. I should have sent my secretary to this class!"
4. At the system utility level, their typing errors are often "fatal", or produce completely unexpected prompt/error commands, mystifying the executives as to what the machine is doing. [As an example, consider an attempt to change from the A-drive to B-drive on a DOS machine. If the user types "B;" instead of "B:", the machine replies with "BAD FILE NAME", which has nothing whatever to do with the desired operation.] A few such experiences lead the executive to conclude: a) this is too hard for me;

b) this machine is too dumb to be of any real value.

5. Once at the application level, they are faced with a completely new set of command codes to master before any usable model can be constructed.

6. After a full day of class, the executive has not seen anything of value in terms of running the business. Even the most successful member of the class is likely to conclude that actual usage of a computer at the office will require an ongoing increase in time "overhead" rather than any decrease as was initially hoped. Not having reached the ability to interactively test out a series of alternatives, see the impacts revealed almost immediately, and do so without involving any other staff, they find it quite difficult to visualize the potential advantages of these capabilities.

A Market-based Course Structure for Executives and Computers

In conjunction with a grant from Apple® Computer, I was charged by the Executive Programs Office of the Pepperdine University School of Business and Management to develop an executive course on the use of computers. In preparation, I reviewed the literature on executive decision making, considered my personal experience with teaching some 200 executives, and conducted interviews with 42 executives on their own computer usage. I then designed a course based on the executives' paradigm. It differs from the traditional approach in the following ways:

1. The course is anchored to a specific business case which includes several years of operating data, organization charts, personnel files, and a customer database. Thus, the participants focus on identifying and solving business problems, not learning the computer. The computer remains the tool, not the task.
2. The system and software used provide a transparent interface for the user. Rather than needing any operating commands, the user merely points at what is of interest and clicks. A combination of Apple® Macintosh™ computers and HyperCard software,

along with some customized stackware, has made this possible.

3. The interface uses the familiar metaphors of executive life, such as a visual desktop, organization charts for personnel data, flipcharts, calendars, rolodex, etc. (see figure 1). The executive sees a business environment visually simulated inside the computer rather than screens of verbal and quantitative information.

4. Activities are kept at an executive level, avoiding such aspects as detailed cost analysis, report preparation, etc. that would likely be done by staff personnel. The user remains in HyperCard for most of the process, allowing access to its non-linear, button-linking capabilities. This avoids the need to teach separate application packages before the participant feels comfortable and sees enough payoff to justify the required additional time.

5. The course is presented in four modules. No computer procedure is taught until after a bottom-line payoff is first demonstrated. Module content is outlined below.

In the first module, participants review the current operating performance, environmental conditions, and available resources for the case setting. This is done completely via the computer, yet no command codes or typing are necessary. Regardless of degree of computer phobia or disdain, the executive can navigate through an information environment and get comfortable with the machine.

The second module allows participants to add and change information according to their own designs. As part of this module, outside databases are accessed via modem to demonstrate that the computer can serve as the executives' direct link to new sources of information. This module does require some typing skills, at least of the "hunt and peck" variety. However, the executive is more able to see a payoff for direct interface with the machine/system and consequently is more receptive to accommodating to this admittedly archaic procedure (oh, to have the promise realized of direct voice entry and output!).

In the third module, preformatted "macro-d" spreadsheets (structured within HyperCard, not in a separate spreadsheet application) with built-in response functions (reflecting income, balance sheet, and funds flow reports) allow the computer to be used as a planning tool for exploring possible futures. At this point, executives can see how they can radically reduce the time lost waiting for staff to rerun analyses due to changed conditions or new ideas.

The final module exposes the computer operating system and introduces specialized software, such as spreadsheet and database packages. Now that they have seen firsthand the benefits of computer usage, participants are willing to expend some effort to learn these details.

Current Status and Conclusions

To date, the HyperCard interface has been tested, with very favorable response. The complete course package awaits the computerization of the detailed case information and is expected to get full testing during early 1990. A process of pre- and post-testing will assess the degree to which executives' attitudes toward, and usage of, the computer have been affected.

At some time in the not-too-distant future, executives will have a true workstation at their avail, allowing voice access and incorporating other artificial intelligence capabilities. In the meantime, if executives are to realize the existing benefits of personal computer usage, their instructors should consider the adoption of a more market-centered approach to course delivery. The course structure described in this note is one proposed way to increase the usage of computers among executives.

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A SURVEY OF THE LIMITATIONS OF TYPES OF MEDIA
TRADITIONALLY USED IN TEACHING MARKETING
COMPARED WITH COMPUTER ASSISTED INSTRUCTION [CAI]

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Abstract

With the advent of new technologies available to business educators, it is reasonable to assume that many educators are reassessing the effectiveness of traditional media in their classrooms. This article attempts to structure a review of some of those media and to suggest that computer assisted instruction (CAI) may be a viable alternative.

While the authors have not conducted research aimed at determining the effectiveness of CAI simulations, they propose that CAI should be seriously considered because of its proximity to reality. A theoretical construct is used in which media are considered on a continuum from "chalkboards to real-life marketing problems."

Mager's (1988) definition of media selection as "delivery system selection" including not only "instructional things" but also people and "job things" is used because it implies the interrelationships that are characteristic of new instructional technologies such as CAI.

A review of current educational research indicates that it is inconclusive whether there is a significant gain from using CAI in the classroom. While Kulik (1986) found an advantage of fifteen percentage points over traditional classroom instruction, Clark (1985), on the other hand, argues that the difference lies in the superior instructional design of computerized lessons and that high-quality traditional instruction can be just as effective.

The Media Continuum Model

Traditional instructional technologies are divided into non-projected and projected media and are contrasted with contemporary instructional technologies which are viewed as interactive. The technologies are seen on a continuum moving from a less realistic perspective to a more realistic one as it moves from left to right. The right side proximates real-life marketing experiences.

Media Limitations

It is realized that all media have pros and cons in their applications. In this discussion, the limitations of media use are considered in the context of how closely they help the student to bridge the gap between the classroom environment and the business world. Key questions are: (1) How closely do the media reflect real-life marketing issues?; (2) Is the student able to control data during decision-making phases?; (3) Do the media provide feedback and recommendations for corrective action?; and (4) How adaptable are the media for individualized study?

Expected Benefits of CAI

If "experience is the best teacher," selection of media from the contemporary instruction technologies would best meet that educational goal. While the traditional media have their unique applications, the more recently developed ones may more closely resemble reality (Davies, 1980), (Harms, Stehr, Harris, 1972), and (Romiszowski, 1988).

In 1980, approximately 90 percent of all business schools were using CAI somewhere in their curriculum (Faria, 1980). Today, there is not a course in the business curriculum in which a computer cannot be used (O'Neal, 1989). Compared with previous generations, today's students have been exposed to new technologies throughout their lives and expect the use of computers in their curricula.

In a recent article in Dean and Director (August, 1989), a survey by the American Society for Training and Development indicated that, by 1992, more than 29 percent of Fortune 500 corporations will be using CAI in training professionals while 37 percent will be using it for skills and crafts training. The survey further showed that CAI is more cost effective than interactive video and teleconferencing.

In terms of instructional quality, human performance may yield broad fluctuations while technology driven processes are necessarily more consistent. It has been estimated that reading, hearing and seeing information results in fifty percent retention while adding the dimension of practice causes upwards of ninety percent retention (Dennee, 1988). To the extent that CAI enables practice the learning process should be enhanced.

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**Working to Improve Faculty Support
For Collegiate Chapters of the
American Marketing Association**

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Abstract

The effective use of extra-curricular activities by students can aid greatly in the educational process. American Marketing Association chapters expose students to marketing activities and individuals that classrooms fail to adequately provide. The problem facing many marketing departments that sponsor organizations like the AMA centers on getting good advisors and faculty support of the organization's activities. Suggestions are made detailing how departments can improve their faculty support of student groups such as AMA chapters.

INTRODUCTION

Participation in extra-curricular activities can be beneficial and aid students in preparing to cope with real world endeavors and challenges. Participation in organizations such as the American Marketing Association Collegiate (AMA) program allows students an opportunity to gain first hand knowledge of their chosen field as well as gives them the opportunity to develop leadership and communication skills so vital to their career development. The benefits of such organizational participation was recognized in a recent national survey of marketing professors which showed that the great majority felt that active participation in AMA Chapter activities played an important role in the development of academic and career success

(Budden, 1985).

An active and well-managed AMA chapter can facilitate and be an adjunct to the learning process. It can also be a catalyst for the development of understandings, friendships and other positive relationships between the student members and the faculty who support and participate in its activities. A well-managed and active chapter can aid in departmental recruiting of majors and faculty. Yet in too many universities, faculty participation and support of A.M.A. chapters is less than needed for optimal program and student development.

To encourage faculty support and participation, it is imperative that marketing faculty and administrators recognize the importance of AMA chapters and work to improve their situation. Such efforts will result in the ability of the chapter to contribute to both the learning process and even the quality of campus life for the students. A marketing department can do much to increase faculty involvement in the local chapter and needs to concentrate on developing its faculty's interest in and support for the chapter. This will result in furthering both the chapter's development and the

faculty's development by providing new outlets for faculty contributions to the department's goals. Several activities are suggested in this paper which have improved and increased faculty support of the A.M.A. and other student organizations at various universities. Most of these activities are simple to implement and do not require a large financial investment.

PLAN OF ATTACK

A concerted effort that is broad-based is necessary to maximize the benefits that an active, well-managed AMA chapter can bring to a department and university.

Socials and Initial Meetings

First, the faculty advisor can have a regular "soft drink social" for the faculty and the officers of the AMA. It was the experience at one university that such socials provided a friendly, common ground to get both faculty and students interested in the chapter's development. The department involved held the hour-long social at the department head's home located not too far from campus. Having the social at the home of the department head tended to emphasize the department head's belief that the chapter was worthy of development and support and that such support would start at the top.

The amount of faculty participation increased each semester to the point where within

two years all marketing faculty were attending the socials. The social's purpose was to let the faculty and the officers meet and talk amiably about the plans of the chapter for the coming semester. During the social, the advisor without fail would eventually suggest projects and ideas involving the faculty which could help the chapter in its endeavors. This small, beginning-of-semester gathering has proven to be a real success and is credited with a substantial increase in faculty support at that university.

Benefits of Banquets

Second, each semester the AMA chapter should have an end of the semester banquet. Ideally, the banquet should feature a guest speaker. To encourage faculty involvement, the chapter president can visit faculty and request suggestions from them on the choice of a speaker. The chapter should strive to have exciting, powerful speakers at these banquets so as to improve both faculty and student interest and support for the chapter. The speaker at one semester's banquet was a dynamic alumnus whose real estate business had captured some 60% of the real estate market in the area and was doing more than \$100 million in sales per year. That particular banquet had only one faculty member not to show up (and he was at a marketing conference in another city).

A point needs to be made about banquet seating.

This particular chapter's banquet seating allowed individuals to select their seats on a voluntary basis. As a result, the faculty tended to congregate with faculty and students sat with students. It was decided that to maximize student-faculty interaction, banquets would have faculty members' seating assigned so that each table would have both students and at least one faculty member. With a recent banquet's seating so arranged, it was apparent to both the officers and the department head that this assigned seating is paying off.

Necessity of Good Speakers

Third, at the regular meetings, the chapter should strive to have speakers which will interest and educate not only the students but the faculty. Faculty need to be notified in advance about the meetings' agendas, encouraged to attend, and reminded about the meetings and the importance of faculty attending. Business contacts of the faculty and the School's advisory board members can be asked to speak thus encouraging the faculty to attend and participate. In addition, the time and dates of the meeting need to be scheduled to minimize interference with faculty teaching and committee duties.

Administrative Support is Necessary

Fourth, the chapter needs to get the support of the administration. The department head, the dean and the higher administration

should be made aware of the activities and the importance of the AMA chapter. On many campuses, the AMA is among the larger organizations. On one campus in particular, the AMA chapter is the largest non-Greek organization on campus. More and more chapters are writing and supporting their own newsletters. One chapter, besides being involved in marketing-oriented activities (writes the newsletter and sells advertising to support it, sells coupons for insertion into the bookstore's textbooks, and conducts marketing research projects for local businesses), also conducts several community service projects each year. Collecting food for the local food bank, promoting the campus blood drive to supply the local blood bank, and participating in high school days on campus are among the many activities the chapter has sponsored. Such activities reflect well on the chapter, the college of business and the university. These activities receive much favorable publicity. A smart advisor would do well to make sure copies of relevant news releases reach the departmental desk and the dean's office as well.

As a rule, administrators should always be invited to participate in the chapter's major activities. After several years of trying, one semester the President of a university attended his university's AMA banquet. This was the first time in the ten year history of that chapter that the President had

elected to attend. The officers felt it was a direct result of the many good speakers the chapters had brought to campus, the quality activities which supported the community, and the favorable attention all of this brought to the College and University. Cultivating this administrative support is important in encouraging faculty participation and support of chapter activities.

Encourage Dual-Benefit Projects

Fifth, the American Marketing Association as a fundraiser can encourage faculty to let them assist in either academic or consulting research and other activities that are marketing-oriented. This semester one chapter did a major phone survey for one of the professors who was working on a consulting project. The chapter earned approximately \$1,000 and the experience of participating in such a survey, and the professor was able to work closely with many of the chapter's members. Additionally, the chapter conducted a survey for the local Chamber of Commerce to determine attitudes towards a local festival that the Chamber sponsors. The Chapter earned several hundred dollars for this effort. This chapter is already seeking other projects for next semester and is actively touting its ability to conduct and complete major research projects.

Reward the Effort

Lastly, to encourage maximum faculty

support, the administration needs to recognize the value of the American Marketing Association chapter to the school and act accordingly. Active faculty advisors will spend numerous hours tending to a seemingly endless list of minor and major problems associated with the activities and management of the chapter. A well-run, active chapter is the result of hard work and dedication. It does not happen merely by accident. The college and departmental administration should reward such effort and activity on the part of the advisor when it comes time to evaluate merit. A conscientious faculty advisor will probably not be as productive a researcher as someone who does not have a corresponding drain on his/her time and energies. Paying lip service to these activities does nothing more than breed resentment. A college may even consider giving release time for active advisors as a sign that such activities are important and appreciated. It is imperative that good advisors be rewarded. More and more, researchers are finding that student retention is related to the positive effects one gets from interpersonal relationships with both students and faculty. These effects can best be developed by working to recognize and reward dedicated, hard-working advisors.

SUMMARY

The existence of an American Marketing

Association chapter on a college campus can add much to both the learning and social environment. Faculty should be encouraged to participate and support the activities of the department's AMA chapter. Having soft drink socials, inviting and encouraging faculty and the administration to attend the activities of the chapter, making sure the activities are relevant and interesting, encouraging joint faculty-chapter research support, and recognizing and rewarding the valuable activities of active chapter advisors are all activities that can be easily implemented to improve faculty-chapter interaction. The American Marketing Association chapter can add much to a College of Business. It is imperative that the chapter be supported in its activities by both the faculty and administration.

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USING INDUSTRIAL BUYING BEHAVIOR PRINCIPLES TO IMPROVE THE VOCATIONAL
REHABILITATION SERVICE EXCHANGE: AN EXPLORATORY DISCUSSION

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The delivery of vocational rehabilitation (VR) services is an expensive and critical service provided by governments. Various inefficiencies in providing such benefits, however, can be reduced through the application of marketing and buyer behavior research.

CURRENT VR SERVICE DELIVERY MODEL

Review of the handicapped person's work potential is the initial step in the rehabilitation process. Together, the VR counselor and client develop goals and a related training program. When the client is ready for competitive employment, a job search is begun.

The intangibility of the VR service offering confuses performance appraisals. A disabled employee's capabilities are difficult to assess until the person has been on the job for some period of time. Thus, the production process used by rehab counselors is not standardized, which makes it more difficult for employers to judge the applicant's qualifications.

Perhaps the most basic problem is that the traditional VR service delivery model focuses almost exclusively on the disabled person. VR experts have not recognized the employer as their real customer.

APPLYING ORGANIZATION BUYING RESEARCH

Findings from the industrial buyer research literature substantiate the idea that VR counselors and employing organizations should work together regularly. This perspective is suggested by researchers who advise marketers to locate key decision people in the organization buyer center (Jackson, Keith, and Burdick 1984; Ryan and Holbrook 1982; Ronchetto, Hutt, and Reingen 1989).

Other findings related to the nature of the buying task (McCabe 1987), organizational structure (Johnson Brown and Reingen 1987), information search (Roedder John, Scott, and Bettman 1986), purchase novelty (McQuiston 1989), and service familiarity (Sujan 1985) are also relevant.

More fully incorporating employers into the rehab process would yield several important benefits: realistic setting of employment goals, ongoing VR-employer relationships, and standardization of VR process.

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STRATEGIC ISSUES IN MARKETING EDUCATION: THE RESIDENT VERSUS
COMMUTER SCHOOL DICHOTOMY

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ABSTRACT

The educational environment at commuter campuses differs dramatically from that of resident campuses. Since most marketing educators learned their teaching and research skills at predominately residential campuses, the move to a commuter school might be an unpleasant and frustrating experience. To be successful, the educator must learn to adapt to the differences in the academic environment in much the same way marketers adapt to changes in their marketing environment. In essence, a marketing approach is needed. It should be noted that the authors do not believe that educators at commuter schools should ever consider lowering their expectations regarding student performance. Instead, modifications that increase the quality of the educational experience and that enhance one's research and service record should be considered.

The differences in the academic environments between commuter and resident campuses can be divided into three areas; university/campus, community, and student differences.

Three major university/campus differences need to be considered. They include differences in University missions, entrance requirements, and faculty differences. Generally, commuter schools tend to have locally oriented missions, goals, and entrance requirements. The faculties at commuter schools tend to spend less time on campus and include a larger percentage of adjunct instructors.

Community differences that might have an impact on one's approach to marketing education, research, and service at a particular campus include the size of the community and the relationship between the University and the community. The size of the community tends to be a resource constraint for the commuter school. Also, commuter schools tend to be more dependent on the local community than are resident campuses. As a result the relationship between the commuter school and the local community is usually much closer.

Differences between commuter and residential students that impact marketing educators include backgrounds, outside obligations, effort necessary to get to campus, career situation, social needs, length of time necessary to complete a degree program, and community ties.

These differences in the academic environments between residential and commuter schools lead to a number of potential problems and opportunities. Some examples of potential problems at commuter schools include the University being fiscally tied to the local economy, myopic missions and objectives, less collegiality, a lack of common interests and goals among the faculty and students, students are on campus less often, students have greater time constraints and more potential distractions.

On the other hand, commuter schools offer a number of potential opportunities that might not be available at residential campuses. They include easy access to the community, community service options, maturity of students, students desire for useful job skills, and students with work experience. Marketing educators need to develop adaptation strategies that minimize the problems and maximize the opportunities associated with commuter campuses.

This article suggests that each campus is different and therefore marketing educators must learn to analyze and adapt to differences in these academic environments. However, a few generalizations for potential areas of adaptation for marketing educators teaching at commuter campuses can be made. They include course/classroom modifications and outside the classroom activities. Within the classroom activities include reviewing the basics as a lead in to the advanced courses, more class discussions, more direction on projects and other outside of class assignments, experience related projects, smaller group sizes on projects, self selected groups with peer evaluations for projects, and planning class activities that can be performed off campus.

Some outside of class activities include socializing with the adjuncts, focusing student organizations on professional and networking activities, and getting involved with the local business community.

This article suggests that marketing educators need to analyze the academic environment at their respective universities to be able to make the necessary modifications to become more effective teachers and researchers. This is especially important when educators change from resident to commuter universities or vice versa. Also, the framework proposed here can be used to help in the evaluation of prospective job opportunities.

A LEGAL PERSPECTIVE ON THE IMPORTANCE OF PRODUCT WARNINGS

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ABSTRACT

Marketing managers must realize that product warnings have to be tailored to various market segments for a specific product. Consumers' perceptions and use of a product must be considered when creating warnings during product development.

INTRODUCTION

The duty of product marketers and suppliers to provide adequate warnings of certain foreseeable risks associated with the use of their products has become firmly embedded in American tort law. Litigation may arise from a failure to provide any warning, a failure to provide sufficient information in a warning, or the failure to convey adequately the warning to those who are entitled to it. Thus, a firm which wishes to minimize its product liability exposure must address the following questions: When is a warning necessary? What information is required for an adequate warning? To whom must the warning be given?

Most of the reported case law and related commentaries have dealt with the issues of when a warning is required and who is entitled to receive it. Although the term "adequate warning" frequently appears in both judicial opinions and legal literature, these sources offer little insight into the question of what constitutes an adequate warning. This issue deserves more thorough consideration because a warning can be adequate only if it reaches the intended party with a message that is properly perceived and followed.

Some engineering and social science disciplines have enumerated criteria for adequate product warnings, most notably human factors engineering and psychology. Human factors researchers, who pursue an interdisciplinary approach to product use and design, have developed some guidelines regarding the form and content of warning messages. This approach, however, emphasizes the engineering aspects of product warnings rather than the need for empirical investigations of how such messages are actually perceived and understood by the intended audience.

The behavioral science disciplines, particularly psychology, do address these issues. Although some product liability literature considers the usefulness of behavioral research for resolving questions about product warnings, no reported opinions have relied upon such investigations.

Neither of these fields, however, fully acknowledges the significance of making product warnings an integral part of the product development process. Doing so would necessitate both product and market tests of warnings in order to evaluate their effectiveness from a consumer/user point of view. Such an approach would fall within the marketing discipline or, more specifically, the marketing management field.

Nonetheless, judicial opinions have not discussed the role of marketing managers in carrying out the firm's duty to provide adequate warnings. This amounts to a surprising omission, given the role that marketers play in both product development and promotion/communication strategies. In particular, the emphasis that the marketing management discipline places upon a consumer orientation would offer a useful perspective for the development and evaluation of product warnings.

Therefore, topic of what constitutes an adequate product warning from a marketing management perspective is considered here. Marketing management processes and techniques which firms could use to develop and test product warnings are discussed. The use of market research techniques to evaluate the adequacy of existing warnings for products already in the market is also explored.

LEGAL BASES FOR PRODUCT WARNING REQUIREMENTS

Modern product liability law imposes product-warning requirements upon suppliers of certain goods under both negligence and strict liability principles. The general objective for either tort theory is to make users aware of foreseeable dangers related to use of the product, where those dangers would otherwise amount to an unreasonable risk of harm. According to negligence principles, a sup-

plier has a duty to warn foreseeable users about hazards associated with use of the product, where the supplier knows or has reason to know of such hazards and the users do not (Restatement 1979, #388). The standard of care derives from the basic negligence of the prudent person: Would a reasonably prudent supplier have warned of the hazard?

Strict liability for failure to warn arises where, despite the absence of manufacturing defects or foreign ingredients, a product leaves the supplier's control in a defective condition that exposes the user to unreasonable danger. The lack of an appropriate warning may constitute such a defect (Restatement 1979, #402A, comments g,i,j).

The phrase "duty to warn" appears in discussions of both negligence and strict liability cases. Courts and commentators frequently blur the distinctions, perhaps because the duty to warn in strict liability rests upon negligence concepts (ALR3rd 1988). Indeed, using the phrase "duty to warn" in a strict liability context compounds the confusion. In any event, a marketer may incur liability in either negligence or strict liability actions for (1) failure to provide any warning, (2) failure to provide adequate information in a warning, or (3) failure to convey properly the warning to persons who need it (Keeton et al. 1984, note 20.5).

ALTERNATIVE VIEWS OF THE ADEQUACY OF WARNINGS

A supplier's responsibility for product warnings includes not only the duty to provide a warning, as described in the previous section, but also to insure that any such warning is adequate. The issue of adequacy may be viewed from several different perspectives, including those of judges, behavioral scientists, and marketing managers.

Some courts have enumerated criteria for assessing the adequacy of product warnings. In Oman v. Johns-Manville (1985), the court considered the dangerous condition of the product, the purpose for which the product was used, the form of the warning, the reliability of third parties as conduits of information to users, the magnitude of the risk and the burden upon the suppliers of directly warning all users. Another opinion held that a warning would be inadequate if it did not specify the risk associated with product use, was inconsistent with the manner of product use, did not provide a reason for the warning, or did not reach foreseeable users (Collins v. Sunnyside 1986).

Other courts have found that an adequate warning must go beyond the product container under some circumstances. This occurred in one instance where a colorless, odorless grill cleaner caused severe burns when a McDonald's employee wiped her hands and arms on a towel soaked with the product. The court maintained that the supplier should have added a color or other distinctive characteristic to the product that would have warned of its dangerous propensity (Hayes v. Kay Chemical 1985).

These opinions evaluate the adequacy of warnings in terms of both content and context in which they are given. Judicial analysis of the content focuses upon whether it properly describes the nature of the risk and the magnitude of the risk. Context involves considerations of how the product is used, how the warning is delivered, and the burden of delivering it to all foreseeable users.

Other reported opinions describe some aspects of what suppliers could have or should have done to warn users of product hazards and thereby offer some guidelines for suppliers in their efforts to provide adequate product warnings. One extensive survey of judicial opinions on the topic found that the following factors affected the adequacy of a warning: the prominence of the warning, the use of symbols rather than words when written words alone would not be a sufficient warning, a warning that conveys the risk of harm with "qualitative sufficiency; the location of the warning; the clarity and lack of ambiguity of the warning; the breadth of the warning; and, whether a supplier's other marketing activities unduly dilute the warning (Sales 1982). None of these criteria relates to how product users perceive, process, and respond to warnings. The determination of what constitutes an adequate product warning should, however, involve more than message content and delivery.

The marketing discipline makes widespread use of applied behavioral science principles and methodologies, including communications research, to gain insight into consumers' attitudes, values, beliefs, perceptions and behavior. A marketing approach to the assessment of product warning adequacy would go beyond questions of message content, structure and delivery. It would include consumer research to identify who uses the product, how they use it, their awareness of the warning, their comprehension of the hazard and their response. Thus, the marketer would focus his/her inquiry upon the product user in order to find out if that person receives,

understands and acts in accordance with the warning.

PRODUCT DEVELOPMENT AND PRODUCT WARNINGS

A consumer-oriented approach to marketing decisions begins with a careful definition of the intended target market. A marketer who targets more than one segment typically offers differentiated products and messages for each segment. This implies that the idea of the ordinary consumer with the ordinary knowledge common to the community (Restatement 1979, #402A, comment i) should be recast as that of the ordinary consumer within the intended target market segment. At a practical level, this could require the development of different warnings for the same product, according to the target market segments. Thus, the warnings on a power tool sold in consumer markets should probably differ from those on the same tool sold to industrial users.

This would suggest that the same criteria which a supplier uses to identify market segments might also help to define what constitutes an adequate product warning for target consumers within that segment. For example, consider the marketer of a cosmetic product which has selected Chinese-Americans who live in metropolitan areas of the West Coast as one of its target segments. A sophisticated marketing campaign for such a product would include advertising and promotion via Chinese-language media, including newspapers, radio, television and, perhaps, even the Asian Yellow pages. It is certainly foreseeable under such circumstances that the product would reach--indeed, would be intended to reach--a significant number of non-English-speaking users. The supplier which devises and executes this type of marketing strategy should provide a product warning tailored to meet the needs of its target segment, i.e., a warning in Chinese.

Similarly, courts have held that written warnings may be insufficient when product users do not read English (Campos v. Firestone 1984). This may be adequate for a simple message which can be conveyed with widely-recognized symbols or pictures. On the other hand, it would not seem adequate for detailed or complicated warnings, such as contra-indications for a drug product or instructions regarding the advisability of "patch tests" for possible allergic reactions to cosmetics products.

Whether a firm should provide different warnings for different market segments ultimately depends upon how consumers within each segment per-

ceive, process, and respond to information. A marketing manager who sets out to develop an adequate warning message would therefore want to know the role that product warnings play in the purchase decision and use behaviors of the target market consumers. A product related danger that is "open and obvious" to the consumers of one segment may lie beyond the "reasonable foreseeable risks" of another. Marketers should therefore research the needs for product warnings, within each of their target segments, as part of the product development process.

Thus, marketers frequently devote substantial time, money and effort to the research, development and testing of new products. Certainly those efforts could include investigation of the need for product warnings, as well as development of the warning itself. The duty to provide an adequate product warning under these circumstances should require such efforts.

Furthermore, suppliers have successfully used product and market testing as a defense to product liability actions. In Mountain v. Procter & Gamble (1970), plaintiff suffered a severe allergic reaction to ZPT, the active ingredient in defendant's shampoo. She claimed that defendant had a duty to warn of this risk, failed to do so and thereby marketed a dangerously defective product. In holding for the defendant, the court pointed to evidence that only 16 complaints were made after test market sales of 3.5 million units in four cities.

PRODUCT WARNINGS AND MARKETING COMMUNICATIONS

In addition to market testing, many firms devote additional time and resources to communications research. Their aim to develop and refine the promotional messages and means of delivery which will have the greatest possible impact upon target segment consumers. This research may take place before, during or after a campaign. It employs a variety of techniques, ranging from theater tests to consumer juries to market surveys. The design and execution of such studies relies heavily upon behavioral science approaches, particularly psychology.

A simplified marketing communication process consists of several stages. A supplier (sender) attempts to deliver a message (warning) to the target consumer/user (receiver) in order to trigger an intended response (compliance with the warning). Numerous factors may either disrupt this process or inhibit the intended response altogether. The sup-

plier may choose the wrong message, encode it improperly or transmit it ineffectively. The consumer may overlook the message, misperceive it, respond inappropriately or not respond at all.

Thus, marketing communications research focuses upon such questions as: What messages are appropriate? How should they be delivered? Will they reach the target consumers? How will they be interpreted? How will consumers respond? These same questions arise in connection with product warnings and marketers can address them with the same research techniques that they have long used to evaluate their promotional efforts.

Marketing managers with an awareness of communication process should realize that the actual effects of a product warning may differ from the intended effects. The latter, of course, include compliance with the legal standards for product warnings, i.e., to warn foreseeable users of all latent dangers that would arise out of a reasonably anticipated use of the product. The marketer should test the actual effects of its warning messages and ascertain that they meet the original objectives.

Communications research indicates that a substantial number of messages are either misinterpreted by the target audience or fail to reach it. For example, a recent study of 54 magazines ads and 54 editorials demonstrated that 21.4% of the material was miscomprehended and 15.5% was not comprehended at all (Jacoby and Hoyer 1989, p. 438). Thus, 37% of the subject material did not reach the audience as the senders had intended.

Research on the use of fear appeals in marketing indicates that such messages may not have the intended effects upon consumers if they arouse excessive tension and anxiety in the target audience (LaTour and Zahra 1989). Examples would include campaigns on behalf of life insurance, dental hygiene and highway safety as well as those against tobacco consumption, drunk driving and heart disease. Some psychologists maintain that messages which predict the possibility of dire consequences from present behavior create anxiety and tension. This triggers certain defense mechanisms in order to reduce the resulting stress. These defenses may include selective attention, selective perception and selective retention (Kotler 1988, p. 589).

Thus, a heavy smoker may avoid the intended effects of an anti-smoking advertising campaign

which graphically depicts the connection between tobacco consumption and various concerns. The smoker may consciously or unconsciously avoid or ignore such messages through selective exposure. Failing that, he/she may distort the intended message by selective perception, e.g., he/she rationalizes that "Not all smokers die of cancer and it won't happen to me." Finally, the smoker may resort to selective retention by not retaining the message in his/her permanent memory. Of course, the smoker could also give up tobacco and thereby eliminate the anxiety through a behavior change i.e., respond in a manner consistent with an intended effect of the warning.

The same process may apply to certain product warnings. To continue with the smoking illustration, a strongly-worded warning would probably trigger anxiety in target market consumers. They could respond by ceasing to use the product, although that would be unlikely in the case of severely addicted users (New York Times 1988). Instead, users might resort to a psychological defense mechanism that would lower the stress associated with product use.

While not conclusive, research findings imply that strong fear appeals may be an ineffective marketing tool. Although there is not an optimal level of fear for persuasion for all people, low or moderate levels of fear are less likely to provoke high tension levels that may cause people to distort or screen out messages (LaTour and Zahra 1989).

Therefore, to the extent that a strongly worded, forcefully delivered product warning constitutes a high fear appeal, it does not appear adequate for product liability purposes, under the foregoing analysis. Marketers have the means to test the adequacy of any product warning by using the same communication research techniques that they employ to develop and monitor their promotional campaigns. This suggests that in order to meet the standard of care which accompanies the duty to warn of product hazards, the marketer should empirically test the adequacy of its warnings to the same extent that it does for its promotional efforts.

Despite the extensive efforts to develop product features and communications and which will effectively persuade target consumers to make purchases, there are no indications that marketers undertake any such field research to devise better warnings. In fact, the opposite appears to be the case, as noted by Twerski (1983, p. 861):

The author's investigation into the practices of product safety committees in major corporations reveals a surprising lack of attention paid to the effective formulation of warnings and instructions. Usually the task is left to a technical writer and reviewed by a project engineer, neither of whom is representative of the persons who will use the product. There is no actual testing of comprehension levels of the persons who will use the product, and there is no analysis of the literature available from educational sources.

A supplier that uses this "tacked on" approach to providing a product warning after spending several years and more than a million dollars on test marketing may have some difficulty defending its warning as adequate in the face of contrary empirical evidence demonstrating that it failed to provide an adequate warning. Conversely, a firm which develops a product warning based upon consumer research done as an integral part of the product development process may have an excellent defense for allegations that it failed an adequate warning.

CONCLUSION

Marketing is an applied discipline which relies heavily upon the behavioral sciences for its consumer research methodologies. Courts, however, have generally not embraced the behavioral sciences as a significant factor in reaching their decisions concerning the adequacy of product warnings. They will no doubt also resist a marketing approach to product warning evaluation for similar reasons (Davis 1986, pp. 333-339).

Judicial pronouncements of criteria for adequate warnings rest upon assumptions about such perceptions and behavior. While the guidelines which emerge from the reported opinions provide criteria that warnings must meet to pass a court test, a marketing perspective offers a more complete approach because it focuses upon actual behavior rather than armchair theories. Marketing managers can, and should be expected to draw upon their expertise in applied behavioral science to develop better product warnings and test the adequacy of those now used.

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A FRAMEWORK FOR TEACHING SALES IN A GENERAL MARKETING CURRICULUM
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ABSTRACT

Sales courses offered in general marketing curricula are limited in diversity because of resource restraints. Some university business curricula offer several courses in the sales discipline including Personal Selling and advanced sales training like Industrial Selling and Sales Management. Other universities offer only one sales course. A cursory review of recent college catalogs indicated that one sales course is the norm. This one course is most frequently personal selling in nature. The complexity and difficulty of selling skills learned by students in such course is professor requirement specific.

The most common framework for teaching personal selling skills is the use of the personal sales process (Strong 1988). Although varying as to degree of emphases, a personal selling course typically covers: 1) selling as a profession, 2) the psychology of selling, 3) the principles of communication and persuasion, 4) prospecting, 5) the elements of an approach and presentation, 6) how to overcome objections, 7) how to close and 8) how to service an account. Social, ethical and legal issues are covered as well. Pedagogical methods normally include the use of role-playing throughout the semester culminating in an oral personal sales presentation by each student. The personal sales presentation tends to be retail sales oriented, thus leaving the students with little or no exposure to industrial or organizational selling. Furthermore, when the selling course is limited to retail type sales situations, students gain no training in how to conduct an industry analysis, a company analysis, a competitive analysis, nor exposure to the sources of information available for such analyses. Such analyses are essential to industrial and organizational sales situations.

The purpose of this paper is to articulate a student project pedagogy useful in teaching personal selling such that depth and breadth are maximized. It incorporates in-class and out-of-class experiences that build skills necessary to adaptive selling needed in all channel levels. Adaptive selling skills are needed when the sales environment is uncertain and ambiguous, making problem recognition and acquisition skills crucial (Weitz et al. 1986). This pedagogy or framework offers students experience in the principles of selling and communicating while at the same time adds industrial and organizational selling dimensions. It "forces" students to learn how to: 1) become acquainted with within-channel trade publications and other business information resources, 2) interview, personally or by telephone, channel sales representatives, and 3) become acquainted with purchasing and resale needs of retail organization or industrial buyers. This framework ensures that students will gain insight into selling in all levels of the channel of distribution as popularly used in industry (Hopkins 1978). It is not necessarily the project itself that is important, but the process of acquiring information that makes it a valuable well-rounded sales training tool. Instructions useful to sales training leaders are provided. As concluded by Strong (1988), there is no one best way to train sales people because of the changing selling environment. The framework explained in this paper can be used successfully by marketing educators and sales training leaders, as well as by salespeople themselves. Analyses and presentation guidelines including steps for conducting; 1) background information, in the terms of industry, company, product and competitor analyses, 2) prospect and prospect's resale target market information, 3) steps for planning the approach and presentation, 4) steps for delivering the oral presentation, and 5) steps for evaluation of written and oral presentation.

This pedagogical method was implemented in a personal selling course and tested over two different semesters with 130 different students. Student and professor

evaluation of the effectiveness of this framework for teaching personal selling as a course are provided.

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Incorporating Pricing Into the Marketing Curriculum

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Abstract

Although business executives have recognized the importance of pricing in the profitability of their companies pricing remains a neglected area in the marketing curriculum. This paper addresses the apparent conflict between the interest shown by business executives in pricing and that shown by marketing academics. We explore the coverage of pricing topics in marketing and in several other disciplines and discuss why this coverage is inadequate. An outline of various pricing topics that we believe should be covered in a marketing pricing course is then presented.

Business executives are increasingly recognizing the importance of pricing in maintaining and improving the profitability of their companies. For example, only half of the marketing executives surveyed in an early 1960s study considered pricing among their firm's five most important marketing activities (Udell, 1964). Two decades later, marketing executives rated pricing and price competition as the number-one problem facing marketing executives (Fleming Associates, 1983). More recent evidence indicates this is still true today. In a 1986 survey conducted by McDaniel and Hise (1984), 35.6% of a group of chief executive officers of U.S. industrial corporations rated pricing as very important and 32.2% rated it as important. Only 3% of these executives rated pricing strategies as unimportant.

On the other hand, pricing appears to be a neglected area in the academic curriculum of most marketing departments across the country. McDaniel and Hise (1984) reviewed 75 undergraduate catalogs of four-year colleges and universities and found that only three marketing departments offered a pricing course and only one of those departments required a pricing course. We conducted a similar survey of 1988 catalogs of four-year colleges and universities and found that 9 out of 250 marketing departments offered some type of pricing course.

This paper addresses the apparent conflict between the interest shown by business executives in pricing and that shown by marketing academics. In the first section, we explore the coverage of pricing topics in marketing and in those other disciplines where it receives attention. We discuss why we believe this coverage to be inadequate in the second section. Finally, we use the discussion in this section to recommend in the third section various topics that we believe should be covered in a marketing course on pricing strategies.

CURRENT ACADEMIC COVERAGE

One explanation for the lack of a separate marketing course on pricing may be the assumption that there is adequate and consistent treatment of pricing issues among the various business disciplines. Topics in pricing are generally discussed not only in marketing, but also in accounting, economics, and to a lesser degree, finance. We surveyed textbooks and, in some cases, course syllabi to determine the content of pricing discussions in each of these disciplines. Our purpose in doing so was twofold. First, we wanted to determine the breadth and the depth of the pricing coverage in each of the disciplines. Second, we wanted to determine whether pricing techniques are taught consistently across the various disciplines.

Marketing

Marketing students are first introduced to pricing as a

marketing activity in the principles of marketing course taught by most institutions. Pricing is typically addressed as one of the 4 P's of marketing, and discussion of it is given equal time with the other P's. In most textbooks, the contribution of economics to the theory and practice of pricing is discussed. Hence, reference is made to the role of costs, consumer demand, and the competitive environment in pricing decisions, in addition to a discussion of the relationship of pricing to the other marketing functions. However, because of the survey nature of the course, coverage of these topics is nondetailed and represents an introduction only.

The similarity between the time spent on pricing issues as contrasted with the other functions of marketing usually ends in the principles course. As mentioned in the introduction, only 3.6% of the marketing departments surveyed in 1988 offered a course on pricing. We requested the syllabi for these courses in order to survey the content of them. We received syllabi for six of the nine courses. Only one of the six courses (entitled "Price Theory and Strategy") devotes the entire semester to pricing issues and the role of pricing in the marketing mix. (This course covers material found in Nagle (1987). Nagle is an excellent book on pricing for marketers.) The other five combine product and pricing strategies into a one semester course, and the amount of time spent discussing pricing varies from one week to seven weeks.

Economics

The importance of price to economists is readily apparent by noting the substitution of the phrase "price theory" for microeconomic theory. Because of their focus on price, economists have produced the largest body of literature dealing with price issues. The economic theory developed in this literature typically examines the influence of market structure and other environmental variables on an observed market price. By then analyzing the relationship between this price and various measures of costs, the economist judges the relative efficiency of a particular market.

An economics course in which one might expect to find an emphasis on pricing issues and that business students are often required to take is managerial economics. We conducted a survey of nine current managerial economics textbooks and found that eight of the nine textbooks devote one chapter or less to pricing. Incremental analysis in pricing is stressed in the pricing discussions, and this approach is contrasted to full cost and markup pricing. Considerable time is usually spent analyzing how the various types of costs and the price elasticity of demand affect the profit-maximizing price.

Accounting

The amount of space devoted to a discussion of pricing in managerial accounting textbooks varies from five pages to two chapters. The majority advocate pricing based upon incremental analysis and contrast this to the "less desired" full-costing approach. Distinction is made between long run and short run pricing decisions and hence between the meaning of incremental costs in the long run versus the short run. Emphasis is placed on cost-volume-profit analysis, and brief mention is made in some of how these things are dependent on market structure, elasticity of demand, and other such variables. (See, for example, Garrison (1988).) A small minority of managerial accounting textbooks present the full-costing approach to pricing. They argue in their presentation that even if allocated costs are irrelevant for certain purposes, they are not irrelevant for all

purposes since the firm must cover all costs in the long run to remain in business. (See, for example, Anthony and Reece (1983).)

Finance

The theoretical models in finance draw extensively on economic theory, especially in analyzing the role of prices in financial markets. Considerable time is spent analyzing how product prices are determined in the various financial markets, and little concern is given to pricing strategies of individual financial institutions. This reflects not only the perception that market forces determine financial prices, but it also reflects the pervasive regulation of pricing of bank services prior to the 1980s. With the recent deregulation of this industry and the move of the industry to integrate marketing into its operations, pricing is of increasing importance. Recent textbooks on bank management make brief mention of pricing issues as it concerns bank services. (See, for example, Johnson and Johnson (1988).) Much of the discussion focuses on the accurate measurement of credit risk. This reflects a cost-based approach to pricing, since a higher risk implies greater expected cost to the bank.

ADEQUACY OF COVERAGE

Whether the coverage of pricing in these disciplines is adequate depends upon the role of pricing in the marketing activities of the firm. Pricing decisions have in the past been based on static concepts of maintaining firm profitability. Firms tended to set price based on production costs, allowing them to earn a target rate of return over the long run for some predicted level of output. This price was unlikely to vary in response to short term changes in costs or demand. Within this framework, students, in the past, needed little formal instruction in pricing; instruction in costing was sufficient to develop a pricing strategy for a firm.

However, as noted in the introduction, the role of pricing in firm operation has changed dramatically during the last two decades. A 1977 article in Business Week heralds the emergence of widespread flexible pricing policies by major corporations. According to this article, companies have abandoned the idea of cost-plus pricing and are now aggressively pursuing flexible pricing strategies across time, customer segments, geographical regions, and products.

Part of this new view of pricing as an important marketing activity stems from the acceptance by both practitioners and academics of the use of incremental analysis in pricing decisions. As seen from the brief review above, each of the disciplines spend considerable time on the appropriate cost measures to use in pricing, and theoretically the various treatments of costs in the pricing decision appear to be consistent. (For further discussion on the viewpoint of various disciplines of the role of costs in pricing, see Bruegelmann, Haessly, Schiff, and Wolfangel (1986).) Nevertheless, there is likely to be confusion among students over the correct categorization of the various costs used in making pricing decisions. A comparison of discussions on relevant costs in various textbooks reveals conflicting terminology both across the disciplines and even across textbooks within the same discipline. For example, costs are categorized as direct or indirect, sunk or variable, full or marginal, fixed or variable, and relevant or irrelevant.

Treating the pricing decision as an activity based solely on costs still does not adequately address the issue of pricing in the marketing mix. Consumer valuation and the competitive environment in which the firm operates are equally as important as costs in setting price. Here economic theory has much to contribute because of its focus not only on incremental analysis, but also on demand relationships and market structure. Applicability to actual pricing actions is limited, however, for several reasons. First, economic theory tends to assume that price

is the most important determinant of demand, and that it is relatively isolated from other factors affecting demand. As such, pricing is not perceived as an integral part of the marketing mix requiring coordination with the other functions of marketing. Second, the assumption typically made in economic theory that the firm knows the underlying demand and cost functions is unrealistic for most firms. In many pricing situations, the first challenge faced by the marketer will be obtaining the relevant data.

PROPOSED TOPICS FOR A PRICING COURSE

The shortcomings discussed above lead us to believe that a pricing course taught by marketing faculty would be a useful addition to marketing curriculum in those departments where it is not currently taught. One purpose of the course would be to integrate the contributions made by each of the disciplines toward the theory and practice of pricing. This could not only resolve any confusion that exists over the meaning of relevant costs but this integration produces a more holistic view of pricing than that given by each of the individual disciplines. The student may have been exposed to various pricing techniques and strategies, but use of this knowledge will only come by tying the concepts together and presenting them in an applied framework. Within this framework, the importance and interdependence of pricing in the overall marketing activities of a firm can then be stressed.

Below we outline the topics that we believe are relevant to a student studying pricing. We have tried to take the contribution of the various disciplines towards pricing and incorporate them into a course that views price as one integral part of the marketing mix. We have based the course on the view that understanding the external environment in which a firm operates is at least as important as understanding the internal nature of costs. Therefore, the proposed course covers not only the "correct" methods of cost-based pricing but also the dependence of pricing strategies on such things as the nature of the firm's customers and the market structure in which the firm operates. (We suggest as a textbook for the course Nagle (1987).)

Cost-Based Pricing

This section gives the underlying background theory on the role of costs in pricing decisions. The focus in this section of the class should be on which costs are relevant to the firm in pricing decisions in the short run and in the long run. Costs should be defined in terms of avoidable, incremental, sunk, and forward looking instead of the often used variable and fixed cost definitions to resolve the confusion over the categorization of costs. The student can then be instructed on how to use these costs to set a lower boundary on price. The techniques of breakeven analysis and the calculation of the contribution margin can also be included in this section for determining the sensitivity of profits to changes in price.

Response of Buyers to Pricing Strategies of the Firm

One of the most important factors influencing the pricing strategy of the firm is the degree of buyer sensitivity to price. Factors that influence price sensitivity are illustrated and the student is instructed in how to measure price sensitivity in situations where resources do not allow a detailed and rigorous analysis. Research techniques designed to measure price sensitivity when sufficient resources are available should also be presented. Issues of market segmentation and the identification of different types of buyers can also be discussed here since buyer response varies across segments. Finally, a thorough treatment of buyer's response to pricing strategies must include the psychology of pricing since recent research in psychology and marketing indicates that perception and mental evaluation play a large role in buyer's response to pricing.

The Role of Market Structure in Pricing Strategies of the Firm

In order to understand how competitors or potential competitors will respond to price changes it is necessary to understand the market structure of the industry in which the firm operates. The market structure includes such variables as the number of firms, the barriers to entry, and the extent of product differentiation. The role of each of these factors in the effect of price changes on the ultimate sales of the firm is discussed in detail and students are taught methods of evaluating the market structure of an industry.

Formulating the Pricing Strategy and the Role of Market Segmentation in the Pricing Strategy

This section involves combining the analysis into a coherent pricing strategy. The concept of economic value analysis is a helpful tool in integrating the role of costs, buyer response, and market structure (see Nagle, 1987), and the student can be instructed in how to determine the economic value of all the segments that comprise the market to develop an economic value profile of the market. This then suggests to the firm the price level at which the product is price competitive for each market segment. Coverage should also include peakload pricing, two-part tariffs, volume discounts, block pricing, price segmentation by product design, tie-ins, metering, and transfer pricing.

Pricing Consistently With the Marketing Mix

Pricing decisions must be coordinated with the other elements of the marketing program of the firm. A firm must be aware of changes in revenues and costs not only for the product being priced but also for other products affected by the price change. Advertising must be coordinated with pricing strategies since advertising will affect the economic value of a good. The use of price as a promotional tool can also be an important component in the marketing strategy of the company. Considerable discussion should be spent on devising a pricing strategy consistent with the overall marketing strategy of the firm.

Special Pricing Topics

Although the basics of pricing is the same for most products and services, the student would be served by presenting some special pricing situations where pricing strategy might be more complicated or might differ somewhat from the analysis presented in the rest of the course. Therefore, to complete the analysis of pricing special coverage could be given to topics such as service pricing, international pricing, and pricing under uncertainty.

Antitrust Considerations in Pricing

Kelley (1988) has noted that antitrust issues are covered only briefly in most marketing textbooks and in the marketing curriculum in general. Since many antitrust issues are concerned with pricing, coverage of the antitrust laws is absolutely necessary in a pricing class.

CONCLUSION

In this paper, we propose that a pricing course be offered in marketing curriculums that builds from the existing knowledge in accounting, economics, and marketing but that is presented from the viewpoint of the marketing manager. Evidence shows that the private sector believes that pricing is an integral and important aspect of managerial decisions. In addition, pricing has been studied in depth in the disciplines of accounting, marketing, and economics. However, most marketing curriculums cover pricing only briefly and little applied analysis is presented. We believe that each of the various disciplines studying pricing offers both insight and tools to the manager who

must formulate optimal pricing strategies. However, this knowledge must be integrated into a cohesive framework that is consistent with each of the other marketing activities.

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**PACIFIC RIM MARKETING:
Research to Reality - The China Experience
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Introduction

This paper presents a model for teaching international marketing using a unique method for increasing student involvement in learning by teaching the subject around a "consultancy" core where students prepare project reports and make presentations to client companies in "Host" countries; in this case, the People's Republic of China. A Pacific Rim Marketing course was designed and offered during the Spring Quarter, 1989, at California State University, Hayward, School of Business and Economics.

The course was structured as one where classroom instruction, case analysis and project report preparation on Host country companies would be completed during the course of the regular academic quarter with a field visit to the Host country during the break between quarters to present the research findings and project reports. While the academic objectives were achieved, the travel portion of the course had to be suspended because of the political crisis that developed in Beijing just prior to departure; and the uncertain conditions in southern China. The experiential learning component was a complete

success with the exception of travel to China for presentation of findings. All team projects were completed and videotaped for use at a later time.

This paper outlines the model developed for introducing a new approach for teaching international marketing and summarizes the modus operandi and implementational experience of the new method in the specific case of China.

Determining the Need for the Course

A. The Pace of Pacific Rim Economic Development:

The widely recognized current upward spiral of economic growth and political change in most Pacific Rim countries has captured the attention of the general public, business, and academic circles. Response to the need in those countries during the coming "Pacific Century," as it has been called, for trained business and professional people is growing as well. North American and European business circles have recognized the need for well-trained business students familiar with Pacific Rim cultures, business practices and

environments. Consequently, there appears to be a requirement for specialized courses on the Pacific Rim Marketing to meet this growing need which is fueled by the pace of Pacific Rim development.

B. Survey of University Offerings:

The author, having spent many years in international business and university teaching, believed that there was a need for hands-on academic and experiential learning by North American students of the intricacies of doing business across international borders and through the maze of cultural differences, trade barriers and customs regulations that constitute the matrix of such trade. A judgment sample and telephone survey of universities in California and other parts of the country failed to reveal any institution that offered such a course.

C. The Need for a New Methodology:

It was felt that existing teaching programs and methods were inadequate to properly address the challenges raised by the pace of development in the Pacific Rim. To the extent that most college and university programs with active/proactive stances typically

involved semesters abroad with no experiential interaction with Host country businesses, the learning experience was felt to be inadequate as discussed above. For the few programs that did incorporate experiential, real-time interaction with Host country businesses, it appeared that the costs involved were excessive and could only be borne by the best-endowed institutions. For the majority of business programs in the U.S. or Canada, a more cost-effective but high involvement/interaction method was needed. It is this gap that Pacific Rim Marketing (PRM) was designed to fill.

Course Design and Construction: The Trek Through the Bureaucratic Jungle
U.S.A. vs. China

I. Concept Approvals at C.S.U.H.

A. School of Business and Economics

Following the telephone survey of universities to determine whether a PRM-type program was being given, and armed with the negative finding that no school was offering such a learning experience, a course outline and syllabus was designed which highlighted the benefits to students and to company sponsors in the Host

Country (see Appendix I).

The unique design feature of the new PRM course was its construction around a Host Country organizational consultancy core where students would be provided extensive information on the Host Country business's organization and the products with which it wanted to enter the U.S. market. Students organized in teams of five, twenty-five in all, with the aid of the course instructor would prepare consultant's project reports for presentation to each Host country business based on their theoretical learning, library research and field research during the course. The approach adopted was paradigmatic of the general Strategic Management Research Paradigm (see Kamath, Rosson, Patton and Brooks, 1987, for a discussion).

The Dean of the School of Business and Economics, a very strong supporter of the concept,

and the Provost of the University met with the author to review the pros and cons of such an undertaking. The result was a most enthusiastic endorsement of the PRM program. What followed was a marathon series of meetings with all of the administrative units with responsibility for student Extended Education, (foreign travel component) insurance, health, financial guarantees in the event of trip cancellation and selection of certified medical facilities in Mainland China, where accidental injury or illness could be treated in cooperation with U.S. medical consultation. These meetings were accomplished in just over four weeks. Overall, the process was rigorous but positive. Those concerned were most cooperative in what all considered to be an exciting project.

B. Chinese Authorities Contacted

Initial contact was made with the Consulate of the People's Republic of China in San Francisco, California. A meeting was held with the Commercial Counsel, then the Counsel General, to present the PRM concepts, its benefits

to Chinese companies and the period of travel contemplated. When it was explained to these individuals that the cooperating Chinese company would be the recipient of a marketing research report equivalent to \$35,000 to \$40,000 U.S.D., the concept was enthusiastically endorsed.

III. Client Company Information Requirements

Our proposal contained a list of the information necessary for us to receive from the Chinese company wishing to enter the U.S. market. This list included such data as: number of employees, age of company, financial strength, principal facilities, detailed list of contents if a food product with accompanying independent test lab reports and all other pertinent information needed to fully understand the product and the structure of the company. Further we asked to be advised whether the company was a joint venture with another foreign national company, or a state owned company.

The obligation of the cooperating Chinese company would be to assume responsibility for all costs for the visiting C.S.U.H. PRM team members for transportation within the P.R.C., all meals and first class hotel accommodations, with translation services as required. This obligation extended to each company for which a research report would be undertaken. The Chinese Counsel agreed to this, promising to send our proposal to Beijing for review. After a very brief ten-day period, we received an official invitation from Beijing to contact the Guangdong Province Enterprise Management Association in Guangzhou (Canton) China, to proceed with arrangements for a visit and to make arrangements for the program as proposed. We immediately initiated contact and began making arrangements for a rush planning trip in December of 1988.

IV. Negotiations and Seminar in Guangzhou

During the 14 days prior to Christmas, the author at the invitation of Guangdong Province authorities presented a six-day seminar on How To Do Business in the U.S. Market, to members and guests of the Guangdong Province Enterprise Management Association in Guangzhou. At the same time, negotiations

were conducted with trade associations and companies which resulted in three, five-year agreements to cooperate in the C.S.U.H. Pacific Rim Marketing model. Information exchange began immediately and upon return to the U.S., student applications were taken and a class was formed to enable initiation of research during the Spring Quarter, 1989.

V. Marketing Research; Special Facilities at C.S.U.H.

The School of Business and Economics at C.S.U.H. has an interactive learning classroom containing a computer network, telephone banks and other research-enabling facilities which made possible highly efficient use of student time in conducting research. MBA and upper level students utilized primary and secondary data gathering techniques, a variety of statistical analysis tools and eventually several types of printing and publishing equipment to produce research reports of the highest quality. Findings included both positive and negative determinations with regard to the potential for entry of the Chinese

products into the U.S. market. At the completion of the course these findings were presented orally to a faculty audience by each team. Extensive use was made by these teams of 35mm slides, overhead transparencies and other visual aids. Videotapes were made to be used in future teaching and perhaps in meetings with the Chinese client companies in China. Unfortunately, just as the class completed its work and was packing for travel to China, political unrest broke out in Beijing forcing us to postpone our meetings with our Chinese clients until some time in the future.

CONCLUSION

This paper sets out the conceptual framework and model and the design features and construction experience for a course in Pacific Rim International Marketing developed at California State University, Hayward. It is considered to be a low-to-medium cost avenue for active/pro-active student learning with high involvement and experiential learning. This new method of instruction involves a unique development of an organizational consultancy approach where students provide Host country client firms with high quality research reports on U.S. market entry feasibility strategies based on

project information provided by those firms and the integrated study of international marketing theory and practice, and immersion-learning focused on the target Host country.

Such a Host Country-centered approach is predicated on the objective of enhanced student learning through proactive, participative, real-time involvement so highly favored by research in education and the social sciences.

A significant advantage of the approach adopted by the new PRM course is its cost effectiveness making it a viable proposition for most business programs in contrast to more expensive semester-abroad programs. In fact, the course can be made self-financing as was almost achieved the first time it was offered at C.S.U.H. Future refinement of course content and operation are expected to streamline the course logistics with consequent beneficial effects on student learning.

The bridging of the gap between student learning and reality seems to have been accomplished in large measure with the PRM course in its present form. It is hoped that the approach will become a basic module of the offerings of other programs in international business education.

1992 IN THE MARKETING CLASSROOM

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Abstract

As Europe prepares for the date set for the abolishment of most internal tariffs, experts in the United States and Japan fear a "Fortress Europe" atmosphere developing. The countries of Europe see their empires returning, this time in a position of power for world trade and others are afraid that this renewed European power might make for strong competition. European business professionals and the schools and universities that train them have been preparing for 1992 for several years now. However, while Americans fear the erection of external barriers to outside trading partners, most businesses in the U.S. are doing very little to prepare for this important date. This paper discusses the preliminary investigations of a survey of European business leaders, professors and students concerning the impending changes in Europe and suggestions as to what American universities can do to better prepare our business students for 1992.

Introduction

The introductory remarks at a recent conference concerning European Integration (Amsterdam, October 1988) were, "If the Japanese and the Americans are worried, we must be doing something right." As anyone familiar with Western Europe can attest, this statement was referring to the European Community's (EC) plans to fully form a true common market as of December, 1992. By that date, most internal tariffs will be dismantled and common external tariffs will be erected around the twelve member nations. Those who are preparing for 1992 not only face the world's largest consumer market in the world (over 320 million people), but increased clout in the world marketplace. Some, in the United States and Japan see the common external barriers as a form of "Fortress Europe."

However, many Europeans wonder if the U.S. and Japan are really worried enough. They see little effort by most Americans to understand what are the implications of unification. As one French sales director reported, when the president of the company traveled to his country from the United States recently, he was asked about American preparations for 1992. The American did not understand why the members of the audience had singled out this particular year for discussion. He indicated that the company had no particular plans for 1992 specifically.

But government and business professionals are not the only ones who have ignored the repercussions of 1992. Very little discussion of 1992 takes place in our classrooms. This is particularly disturbing at a time when colleges of business are attempting to meet AACSB (American Assembly of Collegiate Schools of

Business) recommendations to internationalize curriculum. The study underway will attempt to compile information regarding issues of importance to American marketers concerning unification and to suggest how we can help prepare our students for the rapid changes occurring in Western Europe at this time.

Summary of Marketing Issues

Because the EC is comprised of many different languages and cultures, adequate and competent communication is a concern of those attempting to do business in Europe. Even the Japanese say that they prefer to do business with the Americans because of the problems of trying to reach so many different languages and cultures in Europe (Kamm and Nelson 1989). Since marketing is the communication function of business, many times the largest roadblocks with doing business with the EC are related to marketing.

An important area that will be affected by unification is the area of advertising. Marketers currently have trouble finding adequate time on European media because of a general lack of availability and many government owned networks which severely limit the amount and scheduling of commercial messages.

Another advertising issue concerns the use of cross-cultural campaigns. One can easily notice steps toward a "pan-European" market by observing the global television commercials shown in Europe. One example of such ads includes those commercial scenes with no dialogue and only voice-overs. With this type of commercial, the message does not change from one country to the next, only the narrative voice is translated. In the past, marketers might have attempted more of an individualized approach for each country.

Domestically, marketers realize that a large percent of the GNP is made up of the service industry. While those in this industry have long realized the importance of marketing skills and the need to be "service" oriented in the U.S., this orientation has not always played an important role for all Europeans. In fact, some report (Neher 1989) that the Italians and the Spanish are more service oriented than, say, the French.

Of course, those who rely on the industrial market use very little mass advertising. With these companies, reliance is on their industrial sales force and written communication. Changes in written communication will take such forms as a standardization of letter and envelope sizes to an emphasis on writing multilingual and pan-cultural strategic plans. According to Gupta (1989), international managers spend up to 60% of their

time in negotiations and negotiating styles differ from one culture to the next. Unfortunately, there does not yet appear to be a pan-European negotiating style and different protocols and procedures must be taken into account when communicating on a cross-cultural basis. Obviously those cultures that do not stress knowledge of second and third languages (specifically, American and British) will be at a disadvantage. Researchers report a direct correlation between expertise with foreign languages and exporting success (Bebbington 1988).

Differences Within the EC

Spain and Portugal are the two most recent members of the European Community and exemplify more Mediterranean characteristics than the northern members of the EC. Spain, specifically appears to be plagued with many of the same problems regarding EC unification as a latin neighbor, Italy. Both have achieved growing economies but still high levels of unemployment. Both also experience differences in economic prosperity between the north and the south of each country.

Many U.S. firms have discovered that it pays to build in one of these "latin" members of the EC. Also, many inexpensive buy-out opportunities exist which provide inroads into the European market. Spain also is a convenient location by which to enter the north African market and the country has always maintained close ties with its neighbors across the Strait of Gibraltar.

Southern Europe has traditionally been a region of small to medium sized businesses. The "mom and pop" stores may be quickly disappearing, but still represent a large percent of the total number of retail outlets. To better compete in 1992, many of these smaller firms need additional expertise. A good opportunity exists for small to medium sized U.S. firms to join forces with colleagues in these countries to assure that all are ready for the changes that will take place in the next few years.

Labor costs are generally less than in northern Europe and many are taking advantage of this advantage and locating in the south, especially in Spain. Since external markets, mainly the U.S. and Japan, are concerned that they will be competing against protectionist external barriers come 1992, many are attempting to enter the EC as soon as possible. Entering through low cost countries seems a logical road to follow.

Methodology

While many surveys of business people have been conducted worldwide concerning their opinions of changes that will take place as 1992 approaches, (for example, Kamm and Nelson 1989) few if any suggestions are made to help educators train those

who will be competing in this new arena in the foreseeable future. The work in progress has two purposes: to survey European business professionals and educators regarding issues of particular interest to the research team and to elicit suggestions from these respondents regarding ways that those in academia in the U.S. can better prepare future American business people to compete in and with the European market.

The research is presently in the pretest stage. Students and professors from one of the leading business schools in Italy have served as respondents. Italy was chosen for reasons of convenience and because the country serves as one "Mediterranean" example of the EC. Comparing and contrasting the needs of problems of northern Europe with the south is of particular interest.

Results

While not necessarily representative of their countrymen, the pretest respondents' answers prove interesting. The majority of them believe that high-tech industries will benefit more than other industries with the changes that 1992 will bring. They believe that unification will force public institutions to become more "market oriented" and they strongly disagree with the statement that Japan's presence will decline in Europe after 1992. Half think that the ECU will be used as legal tender in all EC countries by 1992 and they are not sure whether unification will benefit the south's most underdeveloped regions or not. Respondents believe that the southern regions will prosper if they can improve the performance of the public sector.

The respondents are split evenly as to whether they believe that American students are prepared for 1992. Suggestions for improving American students' knowledge of European unification include studying the European countries not as single and isolated areas, but rather as one unified region of the world. They also feel that there should be more student exchange programs between the U.S. and Europe for business students.

Suggestions for Educators

Perhaps the foremost suggestion for improving American students' chances of competing in the European marketplace is to improve language training. America is quickly losing its image of being the Mecca for MBA training and those without a foreign language will have significant trouble with training in Europe. Schmotter (1989) reports that the European business schools have succeeded in carving a niche in the market of business education. Their flexibility and emphasis on international issues are enabling them to be strong competitors for even the best business schools in this country.

We must begin to internationalize our business training. In many cases, schools have started by emphasizing interdisciplinary majors and minors which include courses in political science, language, and history. Historically, an excellent way for students to gain international understanding has been with a study abroad program. Very few of these programs exist which are created for business majors. As the results of our survey indicated, Europeans believe that more of these programs would be very valuable.

Even within the business courses offered at home, many actions can be taken to better prepare our students. One is to simply improve the students' communication skills in English. When asked by employers for suggestions as to how graduating seniors can be better prepared for the working world, almost without fail, employers say to improve communication skills. We cannot expect our students to communicate in other cultural environments if they cannot communicate in their own. Also, English appears to be the "lingua franca" of international business. Those that speak it as a second or third language most likely have learned very proper grammar. If our people do not have an excellent command of their own language, they will reflect poorly on their companies and their companies' products.

Within the context of business courses we could decrease emphasis on theories and cases based solely on American research. While it is difficult to find cases that represent business situations outside of the United States, they are available to the professor who seeks them out. Those who write texts should specifically make an attempt to include cases and examples from firms of all nationalities from around the world, not just those depicting American companies doing business abroad.

More projects involving teamwork and negotiations would help prepare our students. The international manager spends up to 60% of his or her time in negotiations (Guptara 1989) and many of our students lack group skills.

Most of our graduates go to work for small or medium sized companies. Until recently, these firms were not entry chances for someone wanting a career in international businesses (Cundiff and Hilger 1988). However, many predict that the smaller businesses will be the ones to benefit the most from EC unification. Students should be encouraged to work for the smaller firms and pursue an international career.

A final point concerns an issue that the news media in the U.S. point out often--American students have extremely poor geographical knowledge. Our youth cannot identify states that are located on the other side of their own country from them, what alone identify different countries around the world. The results of this survey indicated that students should study

Europe as a whole instead of the individual countries that comprise it. Many are afraid, however, that our students do not even have rudimentary knowledge of any of the individual countries.

All in all, U.S. businesses have no choice but to prepare for 1992, just as the twelve member states of the EC are doing. We can not afford to ignore the large marketing opportunities presented to us and at the same time, we must acknowledge that the competition presented by a unified Europe will be a challenge that we must meet. Understanding the benefits and pitfalls of doing business in all of the twelve countries will be essential and we must help our students to understand them as well.

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RACIAL-ETHNIC ASPECTS OF RETAIL MANAGEMENT EDUCATION: A TEXTBOOK CASE OF NEGLECT

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Abstract

This paper identifies and interprets the implications of the coverage of race and ethnicity in selected retail management textbooks. The coverage gap between textbook content on the racial and ethnic aspects of retailing and the aggregate consumption-patronage importance of various racial-ethnic minority groups is used to define the extent of neglect. Implications and challenges of changing the coverage are discussed. We conclude that retail management education would be better served by having retail management textbooks reflect more accurately the current realities of race and ethnicity as well as the trend towards a more culturally diverse retail marketplace of the 1990s and beyond.

INTRODUCTION

Racial-ethnic minority groups in the United States comprise a substantial part of the retail marketplace as consumers. For the nation as a whole the overall proportion is now about 25-30%. Their numbers are increasing at a higher rate than those of the majority population. Indeed, in 20% of U.S. cities (36 of 182) with 100,000 or more residents, they now constitute a majority of the population. (U.S. Statistical Abstract 1989) While spending potential, in the aggregate, typically lags their population proportion by a wide margin, the numbers are nonetheless impressive. But despite the consumption and patronage influence represented by the market facts, textbook coverage of the groups and their importance in the retail marketplace is quite uneven and generally limited. Neglect of some relevant topics is rather commonplace in the textbook content. Indeed, according to Valencia (1989, p. 23) such neglect extends to marketing textbooks generally and amounts to what he calls "ethnic marketing myopia."

This paper illustrates the forms and extent of neglect by comparing the race-ethnic content of five widely-adopted retail management textbooks. Several relevant topical areas which receive limited coverage or are omitted entirely are identified. Representation of diversity in the people included in the text photographs is also compared. Implications for retailing management education and the challenges to authors of retailing management textbooks are also discussed briefly.

In the section following this introduction, some measures of the consumption importance and influence of the racial ethnic groups are summarized. Major emphasis is on Blacks and Hispanics because they are the two largest groups. More current literature is available on them than on other groups. This topic is followed by comparisons of textbook coverage and diversity of people included in text photographs. Implications are then presented with respect to related challenges facing retailing education and the authors of retailing management textbooks.

RACIAL-ETHNIC GROUPS AS RETAIL MARKET SEGMENTS

In population size and spending power, the numbers are impressive. In 1989 there were over 30 million Blacks and about 20 million Hispanics. (U.S. Statistical Abstract, 1989) Together they now comprise about 20% of the total U.S. population and both are growing at a faster rate than the majority population. Estimates are not as current for Asian-Americans, Native Americans and others (Pacific Islanders, Asian-Indian Americans [Indian Subcontinent], Southeast Asians, etc.). But in total they represent at least several million more consumers. However, limited availability of other published data, differences in culture,

language and recency of immigration also make many Asian groups generally less accessible, in regional or even local terms, than groups of Blacks and Hispanics. (Kern 1988)

It also should be noted that the income proportions of most of these groups, in the aggregate, are smaller than their population proportions. Yet the spending potential is enormous. Aggregate annual income of Blacks is now estimated to be \$240 billion and that of Hispanics at \$160 billion. (Author's estimate; Hamilton 1989) For these two groups in aggregate terms, this amounts to over 13% of U.S. personal income--about 8% for Blacks and 5% for Hispanics. (Dingle 1987; Hamilton 1989) Moreover, distinctiveness in socially- and culturally-based preferences, patronage behavior and in other dimensions of marketplace behavior can be identified as useful bases of market segmentation. In addition, proportionate retail expenditures in some product categories are equal to or even greater than either the income or population percentages. This is true for Blacks in such product categories as health and beauty aids, especially hair and skin care products, cosmetics, soft drinks and other beverages, as well as several categories of food and household products. For Hispanics this would apply to certain makes of domestic passenger cars and to other product categories in which consumption patterns reflect a stronger cultural focus as in the case of many food products, beverages and some personal care items. Such consumption patterns and relationships translate into substantial market opportunities for many types of retailing based on geographic concentration of consumers, race/ethnic segment appeals, patronage loyalties and specially targeted consumer benefits. There is a preponderance of evidence that social- and cultural distinctiveness of these groups will persist indefinitely. Yet in general, details about these race/ethnic group or market segment characteristics are not illustrated and discussed to an equivalent extent in most of the widely adopted retail management textbooks.

COMPARISONS OF TEXTBOOK COVERAGE

Most textbooks in retailing management are uneven in their coverage of the racial/ethnic aspects of the subject. This pattern is summarized and discussed in this section of the paper.

Selection and Review of Textbooks

The retailing management textbooks chosen for comparison were selected based on their recent publication dates (1987 or later); acknowledged market position (in their second or later edition) and market exposure (adoptions in many four-year institutions). The five textbooks included under these criteria were:

Berman and Evans, 4th ed. (1989)
Davidson, Sweeney and Stampfl, 6th ed. (1988)
Lewison and DeLozier, 3rd ed. (1989)
Mason and Mayer, 4th ed. (1987)
Morgenstein and Strongin, 2nd ed. (1987)

These books are likely to be considered representative of the "state of the art" in topical coverage as judged by their recency of publication and acceptance in the academic marketplace.

Retailing textbooks by authors not included in the listing (1) did not meet one or more of the criteria, (2) were not available when the comparisons were made, (3) or were not considered to be comparable as to the primary targeted segment of four-year college/university users.

Summary of Comparisons

The main categories of race-ethnic content are summarized in Exhibit 1.

Some coverage of key topics and issues is omitted from all five textbooks. This is not surprising. Very likely this could be said of topics of universal importance such as consumer behavior, merchandising planning and even retail pricing. But the range of coverage as well as omissions is quite large.

EXHIBIT 1

Race-Ethnic Content of Selected Retail Management Textbooks

Author(s) (Year) ----->	Berman and Evans [1989]	Lewis and DeLozier [1989]	Davidson, Sweeney & Stampf [1988]	Mason & Mayer [1987]	Morgenstein and Strongin [1987]
Topic/Coverage Main Title	No Separate Heading	"The Diversified Minorities"	"Minority Growth- Market Segments"	No Separate Heading	"Demographic and Special Consumer Markets"
Place - Chapter in consumer behavior	YES	YES	YES	NO	YES
Length	16 lines (1.3pp)	30 lines (2.5pp)	(10.3pp)	27 lines (2.3pp)	56 lines (3.5pp)
Key Topics					
Acknowledges race/ethnic diversity	YES	YES	YES	YES	YES
Corrects "melting pot" perspective of assimilation	NO	YES	NO	NO	NO
Reports race/ethnic demographics	YES	YES	YES	NO	NO
Discusses applicable forms of market segmentation	NO	YES	YES	YES	YES
Offers retail mix strategy guides for reaching race/ethnic groups	NO	YES	YES	NO	YES
Gives examples of retailer responses to at least one race/ ethnic group	YES	YES	YES	YES	YES
Mentioned in market area analysis	NO	YES	NO	NO	YES
Referred to in HRM topics	NO	YES	NO	NO	NO
Included in discussion of franchising	NO	NO	NO	YES	NO
Table/graph of race/ethnic demographics	NO	YES	YES	NO	NO
At least two other illustrations provided of race/ethnic content ¹	NO	NO	YES	NO	YES

¹Examples could include, but are not limited to: apparel and discount merchandising; automobile retailing; brand and store loyalty; downtown shopping patterns; central city, regional or other geographic concentrations of racial/ethnic groups; role of word-of-mouth publicity; fragmentation and other media characteristics; retail firm dominance in the Black enterprise sector; national, regional or local media campaigns of selected retail/service firms such as Burger King and McDonalds.

For example, Davidson, Sweeney and Stampfl (1988) provide over 10 pages of tabular and text material; Berman and Evans just over one page. But even length and "yes" answers regarding selected topics do not capture the variations in quality and clarity of coverage. As an example, only Lewison and DeLozier (1989) recognize that the myth of the melting pot and assimilation should be challenged and corrected. None of the present coverage fully reflects the readily available trade and business periodical literature on racial/ethnic aspects of the retail marketplace.

In turning to Table 1, the lack of diversity in the people photographed is even more marked. But with the exception of Davidson, Sweeney and Stampfl (1988) even Caucasian women are "underrepresented" relative to their importance as retail customers. In Mason and Mayer (1987) there is only gender diversity. In all of the books, the percentage of individuals from racial/ethnic minority groups is below their representation in the retail marketplace.

IMPLICATIONS AND CHALLENGES

In most topics or subjects presented in retail management textbooks, authors generally attempt to reflect current theory and practice in their presentations. Such is not the case, generally, with respect to racial/ethnic aspects of retailing. This has important implications for retailing education and poses some challenges to the authors of retail management textbooks.

Implications for Retailing Education

To the extent that the coverage does not adequately reflect diversity, students of retailing are not being made aware of important aspects of the environment which they will encounter as consumers, managers or other roles in the business system. Besides awareness, important opportunities are being missed for encouraging greater sensitivity to and understanding of racial/ethnic differences and diversity. For any glaring omission it could be argued that there is some degree of miseducation.

Our suggestions to teachers of retailing include the following:

1. Supplement text coverage of racial/ethnic content with articles from Advertising Age, American Demographics, Black Enterprise, and other publications which do provide coverage of the relevant racial/ethnic content.

2. Use examples from local newspapers and, when available, from other media targeted to the various racial/ethnic communities in the area.

3. Mention the omission to publishers' sales representatives and editors when the matter of topical coverage is discussed.

4. Write to authors and convey interest in and sensitivity to the coverage of racial and ethnic content.

Implications for Authors of Retail Management Textbooks

The coverage of racial and ethnic aspects carries with it more discretion than is likely for most other topics. There are after all varying degrees of interest which teachers and students have in such coverage. The issue probably turns on the idea of balance, author interest and, inevitably, space limitations imposed by editors and publishers. We think that this discussion has indicated that the issue at least deserves some rethinking. Based on what currently exists in the retail marketplace, there is a marked coverage gap. Given what is being predicted for the workforce and the society in the 1990's and beyond into the 21st century, more attention to race and ethnic diversity in retailing is well-deserved. A major challenge, then, is to have authors respond by including more material on racial and ethnic aspects of retailing in future editions.

CONCLUSIONS

Based on content comparisons in five widely adopted retail management textbooks, there is a noticeable coverage gap with respect to the racial/ethnic aspects of the retail marketplace. This presents authors with challenges and opportunities to more

TABLE 1

Ethnic Diversity in Text Photographs That Include People					
	B&E ¹	D, S & S ²	L&D ³	M&M ⁴	M&S ⁵
Total Number That Include People	125	20	156	13	193
Caucasian males	43	10	61	6	66
Caucasian females	71	17	82	7	105
African-American males	6	1	7	0	3
African-American females	5	2	4	0	15
Hispanic males	0	0	1	0	0
Hispanic females	0	0	1	0	0
Asian-American males	0	0	0	0	1
Asian-American females	0	0	0	0	3
Not counted because gender/race or persons not distinguishable	18	8	30	3	15
Percent Caucasian female	57%	85%	53%	54%	54%
Percent non-Caucasian male	5	5	5	0	2
Percent non-Caucasian female	4	10	3	0	9
Percent total non-Caucasian	9	15	8	0	11

¹Berman and Evans [1989]

²Davidson, Sweeney and Stampfl [1988]

³Lewis and DeLozier [1989]

⁴Mason and Mayer [1987]

⁵Morgenstein and Strongin [1987]

adequately reflect the diversity in order to help students become more aware of and, hopefully, sensitive to such issues. For the sake of understanding and accuracy it would seem desirable to narrow and, eventually, eliminate the coverage gap on race and ethnicity in retail management textbooks. With more accurate and representative coverage of racial/ethnic content, students can be helped to prepare for the more culturally diverse marketplace that they will encounter throughout the 1990s and beyond.

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Introduction

An emerging trend in business education is the teaching of ethics either in an ethics class or as an integral of several classes. There are some separate issues for business students who major in marketing. Some of the topics that constitute a marketing education create a unique set of ethical problems. For marketing students some marketing practices seem unethical but acceptable to many practitioners. A common concern for students who plan on becoming marketing professionals is what behavior is ethical and whose standard of ethics should the student incorporate or internalize as his ethical standard. What is ethical behavior and who determines it is a complex issue for marketing students.

An issue for some students is what are the reasons for being ethical.

For many marketing students the reasoning that "It's what most people think is right" or "It's best for society" is often not enough of a reason to avoid unethical behavior. In addition, marketing students often find that their personal ethics differ

from those of their manager or the ethical standard established in the companies' codes of conduct. Students need to understand how they might reconcile these differing ethical codes. Finally, almost all marketing classes have maximizing of profit as the main criterion in decision making. Other objectives are viewed as inferior. The philosophy of maximum profit is often inconsistent with use of an ethical standard for decision making.

Ethical Issues in Marketing

Marketing academics have mostly written about three major areas of marketing in which ethical problems often arise: (1) sales efforts of sales representatives (2) distortion of marketing research data by marketing researchers, and (3) deceptive advertising.

John (1984) discussed some additional ethical problems with channels of distribution. Also, product offerings have received some ethical consideration Laczniaak (1983). Early works by Alderson (1964) and Bartels (1967) dealt with the

problems of ethics in marketing. Such questions were asked as, "Do you want your daughter to marry a marketing man?" Farmer (1967), "Would you want your son to marry a marketing lady?" Farmer (1977). Authors of recent papers on marketing ethics are Hunt and Vitell (1986) and Robin and Reidenbach (1987).

Research that focused on ethics in selling have been provided by Davis et al. (1979), Levy and Dubinsky et al. (1983), Mayer (1970). Papers dealing with marketing research ethical problems have been developed by Ferrell and Skinner (1988), Tybout and Zaltman (1974), Hunt et al. (1984), and Tull and Hawkins (1987). Much has been written about ethical practices in advertising in both the popular and academic literature. Galbraith (1958), Ford and Calfee (1986), Turk (1979), Greyser and Reece (1971) and Arrington (1982) have all addressed the many ethical issues in advertising.

Meaning of the Term Ethics

The term ethics has different meanings in its use in marketing settings. Much of the usage in business is with the word unethical rather than ethical. In a business setting unethical denotes behavior that is legal but socially or environmentally

inappropriate to a large number of individuals. There are many synonyms for ethical: fair, socially acceptable, honest, just, right, appropriate, good, socially responsible, Christian, moral, honorable, correct, admirable, high, wholesome, square, admirable, good. It would be instructive to explore the differences in meaning of these many terms as they are used in marketing.

In teaching ethics, many authors go to great lengths to define what ethics means by comparing it with one of these terms. Robin and Reidenbach (1987) do this with ethics and social responsibility. They see ethics as "rules of moral philosophy," and social responsibility as "a social contract between business and society."

Martin (1986) sees ethics and justice as "almost synonymous." Ferrell and Skinner (1988) use Taylor's (1975) definition of ethics as "inquiry into the nature and grounds of morality, where the term morality is taken to mean moral judgments, standards, and rules of conduct." Hunt and Vitell (1986) use this same definition. In general, almost all definitions take the term ethics to mean behavior that is "moral"--something not prohibited by the law, but which perhaps should be or will be in the near future. The term ethics is often used disparagingly to describe a competitor's successful tactics, such

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as "My competitor's actions are successful, but unethical."

An interesting question from marketing students in ethics classes might be, "If it is wrong, why not make it illegal?" Just what is illegal has been defined and debated for centuries. The concept of ethical behavior changes from culture to culture and even within a culture over time. Bartels (1967) examined such cultural impact on ethics. The U.S. culture has changed in its view of smoking in public places over time, and on the ethics of working for cigarette-producing firms. Indeed, ethics extend beyond what is legal. Law enumerates a minimum level of acceptable behavior for business. Ethics defines what society views as acceptable behavior. While there is no legal recourse for an unethical act, society does mete out its own form of punishment.

Issues in Teaching Ethics in the Classroom

There are many who want professors to teach ethics courses in business schools or to integrate ethics into marketing classes (Hunt and Vitell (1986)). Since many people who engage in marketing activities studied marketing in college, the classroom would seem to be the ideal place to teach ethics. Rest (1988) cites research that

indicates that individuals establish their ethical code between the ages of 20 and 30--the ideal age group to expose to ethical teachings.

Ethics deal with behavior as well as cognition. Most of what goes on in marketing classes is cognitive, not affective. Students do not necessarily internalize what they learn to be ethical behavior. They may learn it but not believe it; they may not be willing to behave in ethical ways just because they have been told what is ethical. Some students may view ethics classes as they view the content of a class in Greek mythology--something interesting to learn about, but not to believe in.

Another side of the argument is that marketing education is not just teaching students terms and concepts, but teaching students to think like "business professionals." Students prepare marketing cases in which they are asked to immerse themselves into the case and "act out the role" of the business professional. If students learn to think like business professionals by using the case methods, why can't cases be used to teach students to behave ethically. In teaching ethics in a marketing class, cases perhaps are important to assure affective education. Many who write and research ethics use "scenarios" (see Hunt and Vitell [1986] and Laczniak [1983]). These scenarios are mini-cases that allow the reader/discussant to feel

or empathize with the ethical dilemma. Some casebooks on business ethics have been written, for instance Garrett, et al. (1968).

One consideration--perhaps an objection to teaching ethics in a university setting--is the behavior of the professors. Few students go through the university without seeing some unethical behavior on the part of professors: unfair grading, unprepared lectures, missed classes, tardiness, sexual exploitation, plagiarism, and ego satisfaction occur at universities. (Cahn [1986] explores the many forms of unethical behavior in academia.) Students may view the teaching of ethics by some university professors as hypocritical, arguing that many professors behave in ways that would get them fired or penalized in other organizations. The lack of accountability among professors may foster a standard of ethics that is different from that of the business professionals.

The ethical standard of business professionals may well be quite different from the ethical standard of other segments of society. Sturdivant and Cocanougher (1973) found in their study that blue-collar workers, housewives and students had very different ethical standards, as compared to those of business professionals. So it may follow that marketing professors have a very

different view of what is ethical, compared to the view of business professionals.

Student Resentment and Reluctance

One problem of professors who teach ethics is that the topic is personal and emotional. Students may see the professor's standard as reflecting the philosophy of the establishment; the professor is a tool of business, being used to exploit students. Students may respond to the requirement to take a marketing ethics class with the feeling, "If I wanted Sunday School, I would go on my own." The teaching of "how you ought to think" can cause resentment in students. In entering such a class, students may feel they are about to be "brainwashed."

Many college students see the ethical behavior standards as being established by the generation that gave them Watergate and Vietnam. They see the system as seriously flawed and point out the stupidity of outlawing drugs, but not tobacco and alcohol. Many marketing students are particularly disturbed by puffery wondering why marketers can legally lie. They see politicians and business leaders engaging in illegal and unethical behavior. As a result, it is difficult for some students to let the

older generation determine their personal behavior codes.

Ethical Philosophies

Two philosophical ideas are used to describe reasons for ethical behavior: deontology and teleology. Deontology says that some actions like shoplifting are inherently always bad. Teleology says that what is ethical is determined by the outcome. Shoplifting medicine to save a dying baby may raise the overall level of human satisfaction and be viewed as ethical.

Ethics and Profit Maximization

Most marketing classes focus on profit maximization. When there are alternatives in a case, students learn that they should use profit maximization as a major criterion in determining the best alternative.

One method of evaluating alternatives is to calculate the expected value of each alternative and choose the alternative with the highest expected value. Expected value is calculated by assessing the dollar value of each alternative, multiplied by the probability of the expected alternative occurring, given that a particular choice is taken.

Stressing profit maximization in marketing classes can conflict with what is taught in an ethics class. Instead of pricing to maximize profits, ethics may call for pricing to maximize satisfaction in the system (teleological values). Some professors may feel that pricing at less or more than profit maximization "leaves money on the table"; it is unethical to stockholders.

In doing a case analysis, it is very difficult for a student to justify a decision that generates inferior profits. The assumption is that people buy stock (become owners of a company) to make money. The owners want to make as much as possible, and employees of the firm should do everything legally possible to maximize the profits that flow to the shareholders.

The difficulty occurs when a profitable action is legal, but possibly unethical.

If management fail to follow a course of profit maximization, they are viewed as not fulfilling their fiduciary role and may be sued or fired.

Given the long tradition and legal obligation of managers to maximize profits, it becomes difficult to tell students to look at ethical considerations in profit maximization. It seems inconsistent with what is taught in most marketing classes to tell students to maximize profits depending on whether the action is ethical.

Reasons for Ethical Behavior

It is often pointed out to students that undesirable penalties can occur to individuals who engage in unlawful business activities. Large fines and imprisonment are often the lot of those who violate the law. The threat of prison and fines does not exist for unethical behavior that is legal. Professors who teach ethics need to develop logical reasons other than the fear of going to prison for teaching students to behave ethically.

In many situations, unfavorable results occur when a person is unethical. These can serve to deter unethical actions. Some which marketing students understand are discussed below.

Public Relations

Corporations spend enormous amounts of money to develop a good image. Corporations want to be viewed as a good citizen who customers can trust. Good image sells products. Unethical behavior can result in a bad image for a firm and its products. It may cost large sums of money on advertising to counteract negative communication caused by an unethical act.

Personal Reputation

A maxim in marketing is that "people buy from whom they know." Sales representatives join the Elks, churches, and the Chamber of Commerce to become known, so as to be able to sell more products. A sales representative with a reputation for unethical behavior is likely to be unsuccessful in selling.

A second marketing maxim is that a product is a "bundle of services," not just a physical good. How a person feels about using the product (psychic satisfaction) is as important as the physical good. If the marketing students see themselves as a product, then they see their reputation as a large part of their bundle of services that they are offering to employers.

Generally, people do not like to hire individuals they can't trust. If individuals are unethical with customers, it may be that they will be unethical with employers. Likewise, an employee who sees the employer deal unethically with suppliers and customers wonders if the employer might also deal unethically with employees. When the environment between employer and employee or sales representative and client is laden with distrust, it may result in lower productivity.

Societal Pressure

The recipients of unethical behavior often become angry and seek vengeance. It may be that o v e r time, vengeful individuals or those sympathetic to them may have an opportunity to get even and take it. Individuals often have a vigilante attitude of correcting those who behave in legal but socially inappropriate ways.

People who are unethical often find that public officials are slower to respond to requests for community services; community members are unsympathetic to their wants and views; they receive fewer awards, honors, and invitations; there is a higher expectation for them to contribute to atone for the unethical behavior. Those who are unethical often find that they must meet requirements at a more stringent level. Inspectors may come around more often. Media may appear to be unsympathetic or hostile. Plumbers and lawyers may charge more. They may have a higher vandalism rate or shoplifting rate. Individuals they may want to hire become less disposed to accept employment, and ordinances and laws seem to be passed that impede their efforts.

Difficulty in Employment

Corporations often fire unethical salesmen to protect themselves. They are also reluctant to

hire people who are viewed as having engaged in unethical behavior. Community and media outrages are often satisfied only with a firing. Marketing students should be aware that their unethical behavior can seriously cripple their employment career.

Religion

Some individuals have formalized religious beliefs. Those who follow the teachings of the Bible cite numerous scriptures that God will deal harshly with unethical behavior. For example, I Thessalonians 4:6 says, "That no man go beyond and defraud his brother in any matter: because that the Lord is the avenger of all such, as we have forewarned you and testified." This seems to mean that the Lord will punish unethical behavior.

Social Improvement

Some individuals may not have a religious orientation, yet still have a high social conscience. With such individuals a call to ethical behavior may be successful in inducing ethical behavior if it is pointed out that ethical behavior will enrich or improve society as a whole.

Self-Confidence

Negative social pressure is exerted on those who engage in unethical conduct. This can cause some

people who engage in unethical behavior to lack self-confidence. Eventually, it becomes more difficult to make sales calls, and the sales calls that are made may be less effective. Unethical behavior can cause the offenders to lose time and energy worrying about what they have done and how to rationalize the behavior.

If a salesperson follows the advice of the marketing concept to focus on the needs, wants, and preferences of his buyers, he is forced to posture himself as ethical. All buyers want to deal with the ethical salesperson.

If a salesperson is what his clients want, he will be what his clients define as ethical. This may be a different ethical standard than he personally feels is correct; it may also be very different from what his employer or boss feels is ethical. On occasion, the boss's ethical standard may be very different from the corporation's ethical standard--this further compounds the sales representative's dilemma.

Ethics in a Profession/Role Ethics

Professional or role ethics are problems for a marketing person. Whether a salesman should follow his personal ethics or the ethical standard of the company is often a dilemma. It's interesting to

look at how the legal and medical profession deal with the role ethics problem. A lawyer is to put aside his personal feelings of whether a person is guilty or not, or whether the person deserves to be punished. If his role is defense attorney, it is unethical for the lawyer to give anything less than his best effort to see that the individual receives an acquittal or the smallest penalty possible. If the lawyer is in the prosecuting role, he seeks the maximum penalty and tries his best for a conviction.

A physician who serves in a hospital emergency room may be called on to treat a patient he knows and perhaps hates. Yet professional ethics dictates that the doctor do all that can be done to save the life of the individual. Anything less is unethical.

In both these situations, professionals are expected to follow the ethics established by the organization that allows them to practice or engage in their profession. The state, the medical board, or the bar all can take away the right to practice if the professional performs in a manner that it deems inappropriate or unethical. The ethics of the role may be very different from the professionals' personal ethics or their clients' or patients' ethics. When a conflict exists, the professionals are expected to comply with the role ethics.

The salesperson does not face a state or other regulatory organization that defines what is ethical. The salesperson often faces the dilemma, "Do I do what I think my employer would want me to do in this situation, what I feel is right, or what I think the customer feels is right?"

Perhaps part of the problem is caused by the different ethical standards for the sales situation. Salespersons are boundary spanners; They negotiate and administer an exchange between seller and buyer. If they produce more good for the buyer, they often produce less good for the seller, and vice versa. The salesperson may do more good for himself by doing less good for the buyer. He may split his commission with a client, thereby increasing the good to the client, but reducing the good to himself and his family.

The topic of role ethics becomes important for students who are going into marketing. Should they impose their personal ethics on their role of salesperson, representing a firm, or assume the ethics outlined by the company? Many companies have a code of ethics and expect their employees to follow the company's ethics rather than their own. Should students, in practicing their marketing profession, follow a role ethic that replaces their personal ethic? If they are personally opposed to lying, can they put their personal ethic aside and

follow the ethic of puffing--exaggerating the benefits and features of the product they sell?

The problem is compounded by the fact that marketing professionals may be influenced by the ethic of their boss, competition, or client, in addition to the ethic outlined by the company.

Conclusions

This paper has explored some of the problems of teaching ethics to marketing students, such as what the word ethics means and the problem of getting students to internalize ethical philosophies. The difficulty of getting students to internalize ethical beliefs as a code of conduct is difficult in part because of professors who act unethically, and by emphasizing maximum profit as the principle objective of decision making.

Several factors may induce marketing students to act unethically. There is the conflict of whose ethical standard the student should accept--can the student put aside his ethics and adopt the role ethic, as doctors and lawyers do.

Students in marketing classes cannot be taught a code of ethics, but they can be sensitized to the many ethical dilemmas they will encounter in their future jobs. By being exposed to various possible situations that can occur, students' responses can

be the result of a conscious thought process rather than a hasty reaction. Perhaps this will cause students to regret less their decisions.

Students can be exposed to a number of reasons to behave in an ethical manner. There are both moral reasons and profit- motivated reasons for ethical behavior.

It is important for students to recognize that professions have role ethics that supersede the personal ethics when the professional is functioning in his or her professional role.

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USE WRITING TO GENERATE STUDENT THINKING WHEN TEACHING MARKETING PRINCIPLES

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Abstract

During the past decade, a great deal of energy has gone into developing strategies that enhance teaching effectiveness and promote more active student learning. Marketing educators have responded quickly to the need for new strategies in education and have developed innovative approaches which reinforce the traditional textbook reading and lecture design. This paper describes the author's involvement in one such innovation, a principles of marketing course which is structured as a writing course. The intent of course design is to change the student's role from one of passive involvement to that of an actively involved traveler/participant/teacher.

Introduction and Purpose

Last Summer we were half way through a Principles of Marketing course that I was teaching using a modified version of writing pedagogy. The students were supposed to be learning through a series of "thinking" assignments that involve the extended use of writing and computer word processing. One morning I started off the class by commenting, "This morning's headline reads: 'Mississippi drinks in profits from liquor sales.' The article goes on to mention that the State netted \$22.9 million on \$111.7 million in wholesale liquor sales during the fiscal year 1989. Does anyone have any comments?"

The class, which had been highly motivated and responsive just sat and looked at me. No one even seemed interested. Somewhat irately I said, "You know, if I had asked you to write your comments you would have" My mind clicked into second gear and an inner voice said: "That's what you are supposed to be doing, helping them think and learn. Ask them to freewrite on the subject instead of leading them to where you think they should go!" I apologized for starting to snap at them and asked the class to take 10 minutes and write their thoughts about the newspaper article. The ensuing discussion involved the class's perceptions of the societal tradeoffs that are involved when marketing what Kotler (1988) calls "unwholesome products." More importantly, the discussion was lively and dominated by the students. My attempt to revert to a traditional lecture style with limited class discussion had been aborted through a change in teaching method that constitutes one response to the many calls for a new vitality in education.

This past decade has been a period of extraordinary self-reflection in higher education. It has been a period in which a great deal of energy has gone into developing strategies for teaching more effectively and for promoting more active learning on the part of students. These strategies are documented in several major studies included those conducted by the National Institute of Education (1984), Carnegie Foundation for the Advancement of Teaching (1987), and the Association of American Colleges (1985 and 1988). Marketing educators have been quick to respond to the need for new approaches in education, particularly in the principles of marketing course. Peterson (1989), for example, has called for more depth in the principles offering and suggests that instructors use methods which "reinforce the traditional textbook reading and lecture approach."

This paper describes the author's involvement in a principles of marketing course that is structured as a writing (W) course. The intent of course design is to change the student's role from one of passive involvement to that of an actively involved traveler/participant/teacher. Hopefully, the

author's experience with the course will be useful to marketing educators at other institutions who may be considering the use (or increased use) of writing pedagogy when teaching marketing principles.

Millsaps College

Millsaps College is located in Jackson, Mississippi and was founded in 1890 by the Methodist Church. As a liberal arts college, Millsaps seeks to give the student adequate breadth and depth of understanding of civilization and culture. The curriculum is designed to avoid premature specialization and to integrate the humanities, the social studies, and the natural sciences for their mutual enrichment. The College most recent recognition for excellence in liberal arts was installation of the Mississippi Alpha Chapter of Phi Beta Kappa in March, 1989. Moreover, the Else School of Management is currently in the process of obtaining AACSB accreditation.

"New and Improved" Course Structure

The author does not intend to imply that the use of writing to enhance student thinking has been neglected by marketing educators. Textbook publishers have generously furnish a variety of learning aids to those who adopt their texts including study guides, microcomputer-assisted self instruction programs, casebooks, simulations, and marketing videotapes. Most of us have used several or all of the aids to foster student creativity and understanding. Therefore, a restructuring of the marketing principles course in the W format can at best result in a "new and improved" course. However, the author's experience with the format suggests that it can greatly stimulate the student's interest in marketing and improve the instructor's interaction with the class.

The most significant difference between the W marketing principles offering and the traditional offering is course structure. Millsaps College has institutionalized writing pedagogy by incorporating it within core curriculum requirements. Moreover, instructors who teach W courses must complete a writing workshop and be designated as W instructors by the College. These actions have helped eliminate the possibility that the institution's commitment to writing pedagogy will be short lived.

The second significant difference is that the instructor does not read or grade student writing in the traditional manner; the concern is with what the student is trying to say and the emphasis is on generative learning. This means that the instructor must overlook incorrect grammar and spelling and concentrate on marketing content and process. It should be noted, however, that the students enrolled in a W course have been well prepared in English and must complete of writing proficiency examination before being eligible to enroll in a W course.

The Writing Workshop

A Ford Foundation grant enabled Millsaps College to establish a series of writing (W) courses that address one major aspect of its mission: "to integrate the humanities, the social studies, and the natural sciences for their mutual enrichment."

Additional course writing assignments will not motivate students to become more actively involved or accelerate their progress toward higher order thinking and writing. To achieve this outcome, teachers must assume the new role

of active guide/facilitator/traveler/participant. Moreover, students must assume the role of actively involved traveler/participant/ teacher. The radical difference between the new and traditional approaches is that the W teacher must develop courses that are custom fitted to a specific discipline, teacher, and the developmental needs of the students. This requires additional instructor training which at Millsaps takes the form of a writing workshop.

College Faculty who teach writing courses are required to attend an intensive two-week workshop lead by the Director of the Writing Program. The Director is assisted by other faculty members who previously participated in the workshop and have taught a W course. The workshop is a role reversal for the soon to be W course teacher who becomes the student.

The workshop leaders provide few answers to questions since they reject the teacher's traditional role. Early in the workshop, this role rejection is disturbing to many individuals who are not ready to accept the new methodology. This discomfort is eased for most participants as the workshop progresses.

The workshop includes activities such as freewriting, writing-thinking notebooks, participation in writing groups, active listening, process writing, journals, and discussions. The level of trust among most participants gradually increases to a level of open discussion of issues which individuals feel are either not being addressed or are not being addressed satisfactorily. Among these issues are grading/evaluation, syllabus/course design, sacrifice of course content in the W format, and how to make the W format work. The level of anxiety on these and other issues is not minimized for many of the workshop participants and rightfully so. If the leaders suggest answers, they defeat the workshop's purpose -- to help the trainees realize what education is and is not. Education is not accomplished when the teacher sets the environment where success is regurgitation of materials presented and read. Rather education is accomplished when the teacher sets the environment which encourages the student to discover and move beyond the course content. The author tried to keep this philosophy in mind when developing the W marketing management course.

Examples of Student/Instructor Exchanges

The principles of marketing course revolves around the Pride & Ferrell (1989) textbook model which depicts the buyer, marketing mix, and environmental variables. Students (classes are limited to 15) must relate course activities to the model and eventually give examples of how their comments and findings relate to marketing practice. Before they can relate their activities to marketing, the instructor must guide them into discussions of the text through writing assignments. Two of these, unfocused and focused freewriting, are very useful in achieving this outcome.

Unfocused freewriting is popular with the students once the instructor provides feedback that relates student comments to theory and practice. It is very useful when introducing the course and gives the instructor information that can be used to foster rapport. An example of unfocused freewriting is presented in Table 1.

Table 1 Example of Unfocused Student Freewriting

Assignment: Take all of the rules you know about writing and set them aside. For the next 5 minutes write with only two rules: don't stop and don't edit (everything in your mind goes on the paper).

Student: I'm sitting here wondering how I use marketing. I sell myself. I teach tennis to put myself through school. I

have gone to several different clubs in Jackson and I have had to try to create interest where there often was none. Sometimes I have been successful and sometimes I have not. I recently failed in Brandon at a club in a different area known as Crossgates. I don't think I was original in my manner of recruitment. I tried to use standard techniques that I had used in South or Northeast Jackson. I also think that I failed in the timing. Because of this I took a financial loss and had to totally reevaluate.

Instructor: We'll be able to put your experience into focus as the course develops. You've hit on two very important aspects of marketing; satisfying customer needs and timing marketing actions. Many businesses fail because they try to market a product to the wrong group at the wrong time. A question: Is selling yourself the same as marketing yourself?

The student's response as shown in Table 1 was useful when the instructor gave an overview of the course and outlined the textbook model. The student took a course of action based on what he thought was needed and without regard to customer needs. The text warns against this tendency and states that marketers should always consider customer needs when developing marketing programs. Subsequent class commentary lead to a discussion of the marketing concept, evolution of the concept, and the roles that timing and luck play in business strategy.

Before the complete textbook model of marketing could be examined, more student input was needed. This was gathered through focused freewriting exercises such as that shown in Table 2.

Table 2 Example of Focused Student Freewriting

Assignment: Imagine that you are a customer at a shopping mall where you have shopped in the past. Take 5 minutes and describe what is going on at the mall. (Note: The instructor circled the words that are bracketed below.)

Student: [People] are walking by the [window displays] and [looking at] the [merchandise]. Stores like [the Gap] always seem to have [young people] in looking at the [clothes which don't seem to change that much]. It's the [music] that attracts them. When I walk through the major [department stores] past the cologne, there always seems to be people looking at the colognes. Surely [these people] don't buy cologne everyday because they don't smell that good. The display is [laid out] with [neat little gifts] you can get if you [buy] some cologne. What strikes me is the [amount of flash] a store has is proportional to the [price] they want for those items.

Instructor: The instructor wrote a term or comment above each of the bracketed words. At the end he listed the following "key terms": market, target market, promotion, product, inventory, style, fashion, atmospheric, department store, conventional department stores, premium, store image, price, purchasers and users, exchange, consumers, consumer decision process. These are terms that are covered throughout the text and the student in effect provided her own text overview. At the bottom of the page the instructor wrote: "Not bad -- you've covered half the book already." He also asked two questions: (1) "Do you suppose that the people looking at the colognes were looking for gifts to give to people who do smell good?"; and (2) Is the person who purchases a product the only one who has an influence on the purchase decision process?"

Note that in both the unfocused and focused freewriting exercises, the instructor did not provide specific answers. Instead he suggested a direction for inquiry and

some questions which would hopefully lead the student in that direction. Most students did not wait for future discussions before responding to questions that the instructor posed during the unfocused and focused freewriting exercises. Instead, they presented potential answers to the questions and/or asked the instructor for additional guidance after they had tried to find "answers" in the text. They started to read more and they started to think and analyze at a deeper level. This outcome has been consistent regardless of the type of exercise used.

About three weeks into the course, the instructor assigns the first of a series of "synopsis and observation" exercises that permit the student to relate a current development in marketing to course material. The intent is to show students that the course model is helpful when analyzing marketing events that occur during our everyday lives. The topics are taken from periodicals that are published throughout the semester and assigned by the instructor throughout the course. Students must summarize each article using a word processing program and computer printer and relate it to the textbook model and class discussions. Table 3 contains a typical student input. Note the simplicity of the student's remarks and the excitement that she felt when preparing the exercise.

Table 3 Example of a Student Synopsis and Observation

ARTICLE:

"1990 census to count more than just heads," The Clarion-Ledger, (Jackson, Mississippi), September 10, 1989, pp. 1A, 15A.

SYNOPSIS:

The 1990 census is bigger and better than ever. The census will reach further into the home lives and backgrounds than in the past. Questions on income, family, and race will be critical. The population figures help the government distribute federal funds, estimate social services, and determine legislative districts.

In the family area, they want to know if the children living in the home are natural born, adopted, step-children, or grandchildren. This will help find out more information on divorce, cohabitation, remarriage, and single parents.

They have rephrased the question "Who is the head of the household?" for "Who is the householder?" The awareness of the women's movement has reached all areas.

The income section now categorizes income by age, sex and race. They have also raised the income ceiling to include \$150,000 and higher.

In the age and race section, they expect to find more people of Asian and Pacific island descent living in Mississippi, but they still believe that we are generally a Black and White state. The age category will extend to 85 and up. This could mean more federally funded programs for the elderly in Mississippi.

There will be a state-wide promotional campaign to help ensure the success of the census. Many people do not realize that the census is a mandatory part of the constitution.

OBSERVATION:

This is a very enlightening article. Marketers should just love all the information that this new and improved census will bring to them. They will be able to figure out exactly who to market their products to and what the

variables are in certain markets. The census will help a lot in the areas of demographic and geographic variables of the market.

At first I couldn't figure out why we were reading an article on the census, but as I read Chapter 3 in the Pride and Ferrell text, it all made sense.

I guess this census information would also help in forecasting market sales potential. That could be a tremendous help to operating managers who have to figure out just how much to produce.

If I were a marketer, I would definitely be looking forward to all this new information about our country and potential customers.

I thought it was interesting also that the State is going to "market" the census itself. They want full participation and that takes advertising and appealing to the people. Marketing is everywhere!

Many other types of exercises are used in the marketing principles writing course. Examples are written analyses of audio and video marketing tapes furnished by the textbook publisher, journal preparation, unstructured written case analyses, and portfolio preparation. Each is weighted heavily when the instructor evaluates student learning outcomes.

Student Grading and Instructor Evaluation

Technical course content is measured through three examinations that cover textbook material. Written exercises are placed in a writing portfolio which the instructor grades during the final week of the course. The examinations constitute 60% of the student's final grade and the portfolio 30%. The final 10% of each student's grade, the instructor's evaluation, is often used to reward those who started slowly and advanced throughout the course.

When grading the portfolios, the instructor looks for patterns and trends. He asks, for example, "Has the student concentrated on each exercise and attempted to reason out responses? Has she/he responded to the instructor's questions in a positive manner? Has the student related responses to the course model and previous discussions/current readings?"

The instructor is evaluated by the students using an instrument provided by Millsaps College. This instrument has two items that are particularly useful when tracking the progress of both the instructor and the students. These are (1) stimulation of the student's interest in the subject, and (2) quality of the teacher's interaction with the class (Table 4).

Table 4 Student Instructor and Course Evaluations

<u>Item 1</u>		
(Stimulation of your (student's) interest in the subject)		
Semester	Course and Section	Student Rating*
Fall 1987	Admin 321 (1)	5.0
	Admin 321 (2)	5.1
Spring 1988	Admin 321 (0)	4.9
Fall 1988	Admin 321 (0)	5.2
	Admin W321 (0)	6.3
Spring 1989	Admin 321 (0)	6.4

Item 2

(Quality of teacher's interaction with the class)

Semester	Course and Section	Student Rating*
Fall 1987	Admin 321 (1)	5.7
	Admin 321 (2)	5.9
Spring 1988	Admin 321 (0)	5.2
Fall 1988	Admin 321 (0)	5.8
	Admin W321 (0)	6.4
Spring 1989	Admin 321 (0)	6.2

* Lowest possible rating; 7 = highest possible rating

Table 4 summarizes my performance to date when teaching Principles of Marketing in the traditional manner (Admin 321) and as a writing course (Admin W321). Since completing the writing workshop and teaching my first W class, my instructor evaluations have been significantly higher. This could be due to the fact that I started employing more student writing in my courses regardless of their designation. Although it's too early to conclude that the writing pedagogy is superior to the traditional approach, these data suggest that the method has great potential.

Summary

This paper describes the author's involvement in a principles of marketing course that is structured as a writing (W) course. The intent of course design is to change the student's role from one of passive involvement to that of an actively involved traveler/participant/teacher.

The author does not intend to imply that the use of writing to enhance student thinking has been neglected by marketing educators. Textbook publishers have generously furnish a variety of learning aids to those who adopt their texts including study guides, microcomputer-assisted self instruction programs, casebooks, simulations, and marketing videotapes. Most of us have used several or all of the aids to foster student creativity and understanding. Therefore, a restructuring of the marketing principles course in the W format can at best result in a "new and improved" course. However, the author's experience with the format suggests that it can greatly stimulate the student's interest in marketing and improve the instructor's interaction with the class.

The most significant difference between the W marketing principles offering and the traditional offering is course structure. Millsaps College has institutionalized writing pedagogy by incorporating it within core curriculum requirements. Moreover, instructors who teach W courses must complete a writing workshop and be designated as W instructors by the College. These actions have helped eliminate the possibility that the institution's commitment to writing pedagogy will be short lived.

The second significant difference is that the instructor does not read or grade student writing in the traditional manner; the concern is with what the student is trying to say and the emphasis is on generative learning. This means that the instructor must overlook incorrect grammar and spelling and concentrate on marketing content and process. It should be noted, however, that the students enrolled in a W course have been well prepared in English and must complete of writing proficiency examination before being eligible to enroll in a W course.

Benefits have accrued to the college, the instructors, and most importantly to the students. For example the college has generated a "community of writers" that has

transcended functional lines and fostered a high level of esprit de corps. Instructors have experienced an increased sense of job satisfaction and enjoy teaching in a class limited to 15 students. Students have enjoyed their new roles and have attained a better understanding of course material and the decision-making process. Most importantly, the students have developed critical thinking through the writing process. As several students have stated, "This is not like a course; it's enjoyable."

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THE ROLE OF LEARNING STYLES IN MARKETING EDUCATION

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Abstract

Literature from education suggests that the student learning process is a function of three factors -- the environment, teaching style, and learning style. This process is relevant to the marketing education process. This paper reviews the relevant literature in the areas of marketing education techniques and learning style, then provides a new framework for understanding how the effectiveness of various approaches to marketing education may vary by student learning style.

INTRODUCTION

The trend in marketing education has moved from the traditional, theoretical, lecture approach to a practical application approach. A variety of approaches are often used to assist learning of marketing concepts by students, such as case analysis, group projects, guest speakers, and computer simulations. A primary objective of most of these assignments is to provide marketing students with an opportunity to learn more about the "real world." Before a review of the research related to the effectiveness of these more practical approaches to teaching is presented, one question must be raised. Can effectiveness of the various approaches to marketing education be accurately measured without consideration of the individual differences in student learning style? The purpose of this paper is to propose a framework for analyzing student learning style and effectiveness of marketing education techniques, which may help understand this important question. Specifically, this paper presents:

- (1) A summary of relevant literature on the effectiveness of various marketing classroom techniques
- (2) A simple model of the learning process
- (3) A brief history of the theoretical development of learning style
- (4) A framework of potential learning style implications in marketing education, and
- (5) Directions for future research efforts

EFFECTIVENESS OF MARKETING EDUCATION TECHNIQUES

In analyzing the project method approach for marketing research courses, Malhotra, Tashchian, and Jain (1989) discuss the shift in direction of marketing education to "learning by doing and discovering" and the use of action-oriented approaches. They suggest that the project method approach fosters managerial skills such as communication, problem-solving, critical thinking, and interpersonal skills. In another study of the use of team projects, Dommeyer (1986) found that students preferred team projects over the individual format. Also supporting the favorable findings of the group project method, Goretsky (1984) found the class project was rated by students higher than the term paper or case study method. Other research has considered the effectiveness of client-sponsored projects (Ramocki 1987; de los Santos and Jensen 1985). Studies which have looked at the group project approach generally find this technique is useful in integrating theory and practice and that it has profound benefits for

student's learning process. Overall, findings are extremely favorable with regard to the use of group projects in marketing courses.

The marketing literature includes studies which have analyzed other educational techniques. For example, Gottko and Osterman (1987) explain an approach called "The Feedback Lecture", which can be used in marketing courses. The "Feedback Lecture" combines the traditional lecture approach with a formal structure of lecture outlines, specified objectives, pre-tests, student discussion periods, and feedback. The authors suggest that this method of lecture is useful for all types of learners. Another study considered the benefits of other teaching techniques, such as guest speakers or panels, field trips to corporations, videotapes and films, and cases (Henke, Locander, Mentzer, and Nastas 1988).

The effectiveness of these alternative approaches to marketing education is certainly justified and supported by empirical research. The studies seem to suggest that all students of marketing generally prefer these alternative practical approaches and learn better through them. However, most of these studies do not consider individual differences in learning.

THE LEARNING PROCESS

Scholars in education have concluded that a student's learning process is a function of three factors -- the learning environment, teaching style, and student learning style. The learning environment has been the focus of many investigations of various physical alternatives such as sound, light, temperature, and design in the classroom (Dunn and Dunn 1975). Teaching style refers to the wide range of options a teacher may adopt for particular situations (Bloom 1976; Joyce and Weil 1972). Finally, learning style is described as individual orientations toward learning.

Figure 1 illustrates the factors in the student learning process. The simple model presented in Figure 1 applies to the marketing education process as well. A learning style approach to analyzing marketing education may provide an additional understanding of the effectiveness of marketing educational techniques.

HISTORY OF LEARNING STYLES

The concept of learning styles has a long, well-researched background in the fields of psychology and, more importantly, in education. To present a historical perspective, four theoretical paradigms are discussed.

Jung's Psychological Types

Literature reviews on individual differences in learning styles most often cite the original work of Carl G. Jung's (1921). His research on "psychological types" suggests that an individual's approach to decision-making is influenced by the "thinking function" and the "feeling function". The thinking function uses logic and reason to analyze data and information in an objective, careful and thorough manner where all alternatives are considered and weighed. The feeling function uses perception and personal insight to approach a decision in a subjective, empathetic and emotional manner. All people use both functions; however, we tend to be more

comfortable with one of these. Jung's also discussed two types of perception: the "sensation function" where people observe and experience the world through their five senses (they see what is actually happening), and the "intuition function" where people react to images created in their mind based on intuitive "reading between the lines." A practical application of Jung's theory is the well-known Myers-Briggs Type Indicator.

Gregorc Style Delineator

Anthony F. Gregorc (1982) is another well-known author in the field of learning styles. He developed "The Gregorc Style Delineator" based on his concept of four patterns of styles within individuals. In his theory, he suggests that people have a preference for either "abstract" (symbolic, intuitive, and emotional) perception or "concrete" (realistic, direct, and physical) perception. He also suggests that we have a preference in the way we order information. We either prefer "sequential" (linear, step-by-step, methodical) ordering or "random" (nonlinear, tangential, leaping) ordering. In combining these two dimensions of perception and ordering, Gregorc identifies four patterns of style. In addition, he argues that everyone exhibits all four patterns to some extent, yet one pattern tends to be predominant.

Dunn and Dunn's Learning Style Elements

Rita Dunn and Kenneth Dunn have also published extensively in the field of education (Dunn and Dunn 1975, 1978). They define learning styles as "the manner in which at least 18 different elements of four basic stimuli affect a person's ability to absorb and to retain information, values, facts, or concepts" (Dunn and Dunn 1975). The four basic elements of learning style suggested by Dunn and Dunn are:

Environmental Elements: Sound, light, temperature, and design (e.g., "Sound or external noise may positively or negatively influence learning style").

Emotional Elements: Motivation, persistence, responsibility, and structure (e.g., "Motivated, persistent, responsible students usually require little structure and supervision").

Sociological Elements: People "can learn in a variety of sociological patterns that include working alone, with one or two friends, in a small group, or as a part of a team . . . or some variation of these".

Physical Elements: People learn through different senses such as auditory, visual or tactile senses or a combination of senses.

Based on these concepts, Dunn and Dunn (1975) argue that knowing a student's learning style preference can make a teacher more sensitive to that individual.

Kolb's Learning Style Inventory

Finally, David A. Kolb developed a Learning Style Inventory (1984) which represents a significant development in learning style research. Kolb identified two dimensions of learning style.

Perception: People perceive through Concrete Experience ("feeling") or through Abstract Conceptualization ("thinking").

Processing: People process through Active Experimentation ("doing") or through Reflective Observation ("watching").

Therefore, learning results from the way people perceive and then process what has been perceived. In putting together these two dimensions, a four-quadrant model of learning styles is formed (see Figure 2).

The Learning Style Inventory measures a person on each of the four dimensions using a self-description format based on 12 questions with four alternative responses (Kolb 1976). Respondents are asked to rank the alternatives according to how well they think each fits with how they would go about learning something. Based on the results of this LSI, a "Learning-Style Grid" can be formed for each person. The four basic learning styles developed by Kolb are:

Diverger: This learning style emphasizes concrete experience ("feeling") and reflective observation ("watching"). This orientation stresses adaptation by observation rather than action. These individuals tend to be feeling-oriented, interested in people, tend to desire harmony, avoid conflict and process information based on their past and present experiences.

Assimilator: This person's dominant learning abilities are abstract conceptualization ("thinking") and reflective observation ("watching"). This orientation is less focused on people and more concerned with ideas and abstract concepts. Logical, sound theory, concrete, sequential ordering, attention to detail, facts and figures are important to this person. They process information concretely.

Converger: The convergent learning style relies on abstract conceptualization ("thinking") and active experimentation ("doing"). This person likes problem solving, decision making, and the practical application of ideas and theories. Convergers would prefer to deal with technical problems and "figure things out" rather than social, interpersonal skills. They process information by kinesthetic and tactile "doing".

Accommodator: The fourth learning style emphasizes concrete experience ("feeling") and active experimentation ("doing"). These individuals like doing things and getting involved in new experiences. They seek opportunities, take risks, and learn more by intuitive trial and error. These individuals are at ease with other people.

Kolb proposes that every person has a dominant learning style which influences all aspects of their life. However, all people also possess aspects of all four learning styles.

Based on Kolb's work, Bernice McCarthy (1980) developed the 4MAT System. Type One learners (Divergers, according to Kolb) often ask the question, "Why?" in order to find a reason for learning. Type Two learners (Assimilators) ask the question, "What?" in an attempt to get accurate information. Type Three learners (Convergers) ask the question, "How does it work?" when applying knowledge. Type Four learners (Accommodators) ask the question, "What if?" They enjoy creating new experiences for themselves and others.

The 4MAT System suggests first that all learning experiences should move through all four quadrants and second, educators might begin planning with Quadrant Two and move through the remaining quadrants. The purpose of using the 4MAT System is to bring depth to any learning experience and to have learners process information based on their predominant style.

Studies based on Kolb's Learning Style Inventory have found implications regarding the selection of academic

fields in higher education and career choice (Weisner 1971; Kolb 1984). For example, social work, counseling, and teaching professionals are often Divergers; scientists and mathematicians are frequently Assimilators; engineers and accountants who integrate theory and practice are primarily Convergers; and, finally, individuals in fields such as marketing and architecture are often Accommodators. Criticisms of Kolb's LSI have been found in the management literature (Freedman and Stumpf 1978), although Kolb argues that the critique is seriously flawed (Kolb 1981). Kolb refers to the almost 100 studies which have used the LSI, indicating its widespread use in the literature.

A FRAMEWORK FOR LEARNING STYLE IMPLICATIONS IN MARKETING EDUCATION

The previous discussion suggests that researchers in education have made significant theoretical advances in learning style concepts and that tests of learning style instruments have demonstrated many useful applications. Kolb's (1976, 1984) efforts, which integrate much of the previous learning style research and represent the most recent and most rigorously tested research, provide a logical framework to expand current marketing education literature.

In their attempt to improve the marketing education experience for their students, marketing educators need new guidelines which will enable improved teaching methods. Kolb's Learning Style Inventory provides the structure for a new paradigm of teaching in marketing education.

Table I provides marketing education implications for each of the four learning styles. Although the suggestions offered in this table have not been empirically tested, they do suggest logically different educational considerations. A discussion of implications for each of the four types of marketing students will help explain Table I.

Since Divergers learn by listening, they would respond to carefully prepared traditional lectures and to the feedback lecture. Each lecture should include learning objectives and justification for study of each major topic, since Divergers like to ask the question, "Why?" The syllabus should clearly state the "mission" of the class. Type I Learners are feeling-oriented and interested in people and would, therefore, like those opportunities to work with other classmates. Group projects and group case analysis could provide both the opportunity to work with others, plus an opportunity for tackling problems by "brainstorming", which they enjoy.

The Assimilators, concrete sequential thinkers, enjoy the traditional structured classroom. Lectures are a preferred method of learning for these students who like to ask the question, "What?" in order to get accurate information. Type 2 Learners are less focused on people and more interested in ideas, so these students should be given the opportunity to work independently on assignments such as individual case analysis, term papers, or computer simulation. They also have a need to know what "experts" think and value, so guest speakers, field trips, and videotapes would be appropriate learning techniques for these students. In addition, professors themselves, as perceived "experts" should express opinions and values related to marketing issues. Professors can also provide outside reading lists for students to learn from other experts in the field. Finally, Assimilators do need details, but they also like to assimilate facts into coherent, logical theories. Professors should not simply provide lists of facts, but should provide a framework for discussion of all topics. Professors generally enjoy the thorough, industrious nature of these learners.

The Converger, often called the "hands-on" learner, likes to ask the question, "how does it work?" These students enjoy all types of field trips to various corporations to find out first hand how various marketing functions work. They also enjoy listening to guest speakers and videotapes. Professors should provide these students with opportunities to gather information by "hands-on" experience through group projects or games and simulation. These students would enjoy the actual process of questionnaire design and testing and interviewing in research or creating a media plan in advertising. Since these students do not prefer the traditional classroom, professors need to include practical marketing strategy implications in lecture for these learners. Divergers are "skills oriented" learners, so "how to" information is useful to them. They would enjoy discussions on "how to" design an advertisement, prepare a marketing plan, or hire an advertising agency. Since they also enjoy defining and solving problems, "getting right to the point", the challenge of cases would be beneficial. Finally, Convergers would rather deal with technical tasks and problems, rather than social/interpersonal issues, so individual assignments, such as individual case analysis, are appropriate. However, they are willing to work with others who are task oriented and move quickly, therefore, group projects can work if professors provide the groups with specific tasks and deadlines.

Finally, as a risk-taker who likes new experiences, the Accomodator would enjoy the uniqueness of the feedback lecture, but would not particularly like the "traditional" lecture format. Since Accommodators are at ease with people, they would enjoy group projects and group case analysis. They would also feel comfortable visiting with marketing executives on field trips and discussing issues with guest speakers. Since Type 4 Learners relish change and like to "imagine what might be", games and simulations would be fun for these individuals. Finally, Accommodators tend to be good leaders and "energize" other people, therefore, they would naturally be effective group leaders for any group assignments. Also since they are so comfortable with people, they most likely would enjoy the opportunity to speak in class, both informally during class discussions and more formally for class presentations.

The framework provided in Table I could be expanded to include other marketing educational techniques. It provides a starting point for understanding how individual student learning style may be related to marketing education approaches.

SUMMARY AND FUTURE RESEARCH

This paper presents a simple model of the student learning process and suggests implications for the marketing classroom. Research in the marketing literature supports the trend toward a more practical, application approach to marketing education. However, these studies do not consider individual differences in learning style. In all likelihood, different marketing educational techniques may be more or less effective for particular types of learners. Using Kolb's Learning Style Inventory, this paper proposes a framework for analyzing student learning style and marketing education approaches.

In conclusion, teachers often teach in the way they learned best, but not all students may learn in that particular way. Marketing professors must realize that a variety of learning types exists in every classroom. Although students tend to be drawn to others with similar learning styles, students will actually learn more if they are encouraged to work with other students whose learning style is different from theirs (Kolb 1976). Professors can help their students to understand the value of working with others who are different learners. For example, a Converger (hands-on learner) who likes to

work out problems alone could be encouraged to work with a more "people-oriented" individual like a Diverger. Of course, this strategy presumes that the professor knows his (her) students well enough to encourage interaction among different learners. Kolb's LSI could be administered in class, but to be practical, faculty could use two simpler strategies. First, professors should encourage students to develop and strengthen their own learning style. Second, professors can encourage students to be flexible in their learning, which will help each student to better cope with all kinds of people, problems, and experiences. Even though it is difficult and challenging, working with other individuals who have different learning styles will help the marketing student to be able to be adaptable in all kinds of changing situations.

Future research in the area of student learning style in marketing education must test the empirical relationships between student learning style and response to various marketing education approaches.

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FIGURE 1
THE LEARNING PROCESS

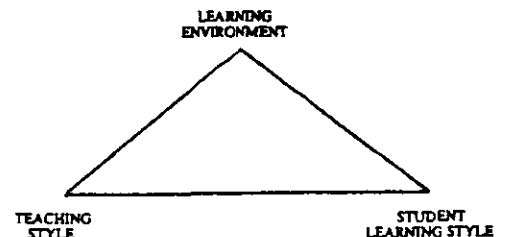


FIGURE 2
KOLB'S LEARNING STYLE DIMENSIONS

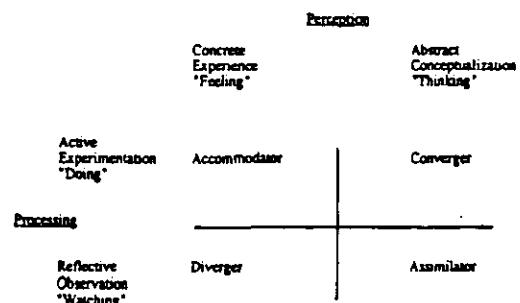


TABLE 1
LEARNING STYLE IMPLICATIONS IN MARKETING EDUCATION

LEARNING STYLES	MARKETING EDUCATION APPROACH								
	Traditional Lecture	Feedback Lecture**	Group Project Method	Guest Speakers	Individual Case Analysis	Group Case Analysis	Games and Simulations	Field Trips	Videotapes and Films
DIVERGER (Type 1)	*	*	*			*			*
ASSIMILATOR (Type 2)	*	*		*	*		*	*	*
CONVERGER (Type 3)		*	*	*	*		*	*	*
ACCOMODATOR (Type 4)		*	*	*		*	*	*	

*Students would benefit from this approach

**All learner types are checked for this approach (Gottko and Osterman, 1987)

TABLE I
LEARNING STYLE IMPLICATIONS IN MARKETING EDUCATION

LEARNING STYLES	MARKETING EDUCATION APPROACH						
	Traditional Lectures	Feedback Lectures ¹	Group Project Method	Class Speakers	Individual Case Analysis	Group Case Analysis	Games and Simulations
DIVERGER (Type 1)	
ASSIMILATOR (Type 2)
CONVERGER (Type 3)	
ACCOMMODATOR (Type 4)	

¹Students would benefit from this approach

²All learner types are checked for this approach (Gozko and Osterman, 198

EXPLORING THE IMPACT OF LARGE CLASS SIZE ON STUDENTS' ATTITUDE TOWARDS MARKETING

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For decades, college administrators have faced the problems of allocating faculty resources to achieve goals without diminishing quality education. The problem often centers on determining appropriate class size for certain courses. Intuition and experience leads many to believe that certain courses lend themselves to larger classes, and therefore, will tend to use faculty more effectively. This seems to apply to several introductory courses in Schools of Business, such as the introduction to marketing course. Yet some argue that a large class may diminish the quality of education, what students learn, and create negative attitudes toward learning and the subject matter.

In this area, as one would surmise, most of the research has focused on student achievement or performance between large and small classes. Other studies examined the effect of class size on students' rating of instruction and preferences for class size. A neglected area is the impact of class size on students' attitude toward the discipline. Since the principle course is often a candidate for large sections and because it is the first marketing course that can impart favorable attitudes toward marketing and motivate students to declare marketing as a major, it is important to know what impact large classes have on students' attitude toward the field.

Objective and Methodology

The purpose of this exploratory study was to examine the impact of a large class on business students' attitudes toward marketing. Besides determining if students' attitudes toward marketing changed during the course, it also compared marketing majors with non-marketing majors, male vs. female students, and across ethnic groups (Asian and Whites). One large introductory marketing class was selected to study (n=142). Students responded to a series of 20 randomly ordered Likert statements regarding different aspect of marketing. It should be kept in mind that the study has all the limitations of a simple pre-post test.

Findings

Cornbach's coefficient alpha was calculated on the pre-test data to examine the internal consistency of the questionnaire. The result was an alpha of .63, which is acceptable. Factor analysis was used to classify the 20 items into six components - career opportunities, social effects, consumer benefits, social responsibility, role of marketing, and economic aspects.

First, students have a positive attitude toward marketing. The grand pre-test mean for the 20 items was 2.29 while the post-test grand mean was 2.24. It appears that the large class had little or no impact on students, attitudes toward marketing. There were

no significant differences between male and female students. For marketing and non-marketing majors, the only difference is due to the students' perceptions of career opportunities in marketing. One should expect to find that marketing majors have a more positive attitude about careers in marketing than do non-marketing majors. Finally, there are no differences between ethnic groups on pre and post test measures.

Conclusions and Implications

This study found that business majors have a favorable attitude toward marketing. While there were differences relating to career opportunities, overall there were no statistically significant differences in students' attitudes toward marketing between the pre and post measures.

One needs to keep in mind the limitations inherent in this study. This was a study of one large class at one university. Also, students were not randomly assigned to the large class. Yet, the study did show that students' attitudes toward marketing did not change during the term. While other studies using a pre-post with control group need to be conducted, this study supports the notion that a school can use its limited resources more efficiently by using large sections without affecting, positively or negatively, students' attitudes toward marketing.

USING SIMULATIONS IN A PRINCIPLES OF MARKETING COURSE: ARE FORMULAS, NUMBERS, AND WINNING ENOUGH?

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ABSTRACT

The educational impact of using a simulation in a principles of marketing course is often diminished because of an over emphasis on "winning the game." In addition, the application nature of simulations normally requires content knowledge present only at the end of the semester. In order to overcome these problems, a framework was developed for integrating a simulation into the principles course by using the game to both teach and apply the course content. The impact of this experiential method is enhanced by combining previously learned tools with newly developed problem solving techniques. Finally, by emphasizing learning rather than winning, students tend to focus more on trying to understand marketing relationships and discover the keys to a successful marketing strategy.

THE ISSUES

The educational goals and teaching methodology associated with most introductory marketing courses makes it difficult to utilize computer simulations as part of the educational process. The emphasis on cognitive skills combined with a lecture-discussion delivery, often precludes the effective use of the more application oriented simulation. The basic question posed in this paper is, "How does one apply an advanced course methodology to an introductory course environment?" Its purpose is to examine the problems of utilizing a simulation in a principles of marketing class and to provide a framework for obtaining maximum value from this form of experiential learning.

Simulations are an established method of instruction that offers several well-documented advantages as a teaching technique. Simulation games provide students with an opportunity to understand the usefulness of basic principles; to become active seekers of knowledge rather than passive absorbers; to see immediate results from their actions; to experience real-world situations without real-world costs; and to gain experience in analysis, goal setting, decision making, and group dynamics.

If we view learning as a two-stage, acquisition-and-application process, we can see that the traditional lecture-discussion teaching methods are used to help students acquire knowledge while simulations are one of those methods used to teach the applications of that knowledge. The typical introductory marketing course is a content-laden, high-enrollment, lecture-discussion offering designed to promote an understanding of descriptive material. In contrast to this, the intermediate or advanced course is an application-oriented, lower-enrollment, experiential process designed to develop analytical and problem-solving skills.

A current simulation's instructor manual states that while many facts about business can be taught, the role of the simulation is to develop decision-making abilities through actual decision-making experience (Faria and Dickinson 1987). A current simulation's student manual says the key objective of the simulation is to optimize (Smith and Golden 1985). In other words, the object is to win. Both of these accurately characterize the simulation as a method of instruction oriented toward analysis and problem solving and one where performance is evaluated on the basis of end-results criteria. As such, this method lends itself to the

educational goals of the intermediate and advanced marketing course.

Complaints about business graduates are encouraging a reassessment of educational goals and learning outcomes. The employment community has repeatedly expressed its concern about the inadequacy of oral and written communication skills, analytical and problem-solving skills, and interpersonal skills among marketing graduates. In addition, Standard V of the American Assembly of Collegiate Schools of Business (AACSB), encourages greater use of experiential techniques and an introduction of computer technology (AACSB 1980). Since the tone for any educational process is set at the beginning of that process, the place to start developing these additional learning outcomes is in the beginning courses rather than delaying them until students are enrolled in advanced courses.

All of this points to the adoption of an expanded set of educational goals for introductory marketing courses which include skills from the affective as well as the cognitive domain of educational taxonomy. In addition to teaching an understanding of basic principles and concepts, the beginning course would now require students to gain an understanding of interrelationships and applications, and to develop their communication, analytical, and problem solving capabilities. The simulation, an advanced course methodology, is a natural means for accomplishing these additional educational goals.

THE INTRODUCTORY COURSE ENVIRONMENT

The introductory course environment contains several unique characteristics. First among these is the volume of content covered. The typical first course in any discipline tends to be content intensive and its goal is to teach cognitive skills. While the material tends to be descriptive in nature, the sheer volume of content lends itself to the most efficient, lecture-discussion methodology. For example, one of the current principles of marketing texts lists 554 terms which students are asked to learn in the course of one semester (Berkowitz, Kerin and Rudelius 1989).

A second characteristic of this environment is the profile of the typical student. The typical student is a novice with little or no knowledge of the discipline. In addition, the motivation for many students taking this course is the requirements imposed by their curriculum rather than any personal interest in the topic. While many of these students have completed some additional "tools" courses, such as basic accounting, economics, or computer concepts, they typically possess only a layman's understanding of marketing.

A third environmental consideration for an introductory course is student enrollment. The historical enrollment in introductory marketing courses can easily average 40-50 students. Many schools offer their introductory marketing courses in large lecture halls with enrollments ranging from 150-300 students. In either case, the student-faculty ratio makes it difficult to employ anything other than a lecture-discussion methodology.

Finally, one must consider the educational goals involved. Historically, the educational goals of an introductory course have been in the cognitive domain of educational taxonomy. Students are expected to gain an understanding

of the basic terminology and the underlying principles and concepts of the discipline involved. They are expected to absorb a wide range of descriptive content and are subjected to content-oriented evaluations. The amount of content retained, the level of understanding achieved, and their ability to discriminate are the basic criteria used to measure their performance.

PREPARING TO ADAPT

The first step was to determine what could and could not be changed. Three factors were immediately identified as uncontrol-lables in the short run: the class size, the student profiles, and the course content. The "cash-cow" position of most business schools makes it difficult to lower class size and student-faculty ratios. The student profiles and the course content are dictated by admission standards and established curriculum. Because these were accepted as givens, the emphasis was placed on how to respond to rather than how to change these constraints. The greatest potential for change was in the educational goals involved and in the methodology itself. Thus, the answer to the basic adaptation question was sought in these two areas.

Since marketing educators are being encouraged to adopt a more experientially-based pedagogy in order to produce graduates capable of demonstrating both the possession and the application of knowledge; and, since simulations are a proven way to teach these capabilities; the adoption of new goals and the change in methodology seemed logical. However, this additive approach is like trying to increase the capacity of a full cup by adding water. How could these additional goals be achieved without sacrificing the original cognitive goals in the process? The answer was to alter the application of the methodology itself.

THE ADAPTATION

Instead of using the simulation to teach the application of content, the simulation was used to teach the content itself. This necessitated some changes in the basic methodology. Normally, when this method is used, the students' command of the content is assumed and teaching focuses on the development of analytical, problem-solving, and application skills. In order to change the focus toward the teaching of content, the following elements had to be altered.

1. **Timing:** The simulation must be introduced early in the term rather than using it as a culminating experience.
2. **Sequencing:** The course content must be rearranged in order to teach the strategic marketing process as an introduction to the simulation.
3. **Augmenting:** Students must be taught such tools as strategic decision making, problem solving, and forecasting techniques.
4. **Integrating:** An effort must be made to tie previous learning and course content to the simulation. Use the lecture to introduce and define a concept and use the simulation to promote an understanding of the concept and to illustrate its application.
5. **Evaluating:** Evaluations should be based more on what the students learned than on how well their firms performed. Ends criteria should be used only to motivate and means criteria to evaluate the process.

The plan developed to affect these changes focused on integrating course content with the simulation instead of dealing with each separately. The basic design reduced, but

did not eliminate, the importance of "winning." Its primary goal was the teaching of content and process. Although the framework described below was developed around a specific simulation, the concept can be easily adapted to other simulations appropriate for a principles of marketing class (Mason and Perreault 1987).

Step 1 - Tools/Techniques Modules

Before introducing the simulation, several "integration" modules were developed to provide students with a background for the game. These modules sought to connect previous course material with marketing and, at the same time, introduce new tools or techniques which would eventually be used in the simulation.

Basic accounting and economics are commonly completed prior to enrolling in the first course in marketing. Unfortunately, the "knowledge evaporation effect" for both these subjects is very high. As a result, a brief review of these topics, combined with an introduction to forecasting and cases, provides the proper backdrop for beginning the simulation. The following is a brief description of the modules used.

1. **Economic Applications in Marketing** - Using diagnostic quizzes and a series of exercises as focal points, a remedial review and discussion of basic economic principles was conducted.
2. **Impact of Marketing on the Financial Statement** - This module discusses, through a set of short exercises, such math concepts as turnover, markups, and markdowns. It also deals with the basic elements of the financial statement and the impact of marketing on a firm's net profit.
3. **Time Series Forecasting Techniques** - The role of forecasting in most simulations is very critical and most students have little or no background in the application of quantitative forecasting techniques. Given the school's access to computer facilities, a software package is used to introduce students to four forecasting techniques. Little attempt is made to describe in detail the mechanics of these techniques. Instead, emphasis is placed on the conditions under which a technique is useful and an understanding of the output generated.
4. **Introduction to Case Analysis** - Case analysis can teach students the problem-solving process. Several simple cases are analyzed and discussed to demonstrate the concepts of situation analysis, problem definition, and the development of alternative plans of action.

Much of the content needed for these modules can be found in most basic marketing texts. But, since the information is scattered throughout the text, it must be rearranged for presentation early in the course. Although inconvenient, experience has shown this to be a minor problem. Other modules may be utilized, depending on the nature of the simulation to be used.

Step 2 - Introduction of the Simulation

During this introduction, students learn the mechanics and logistics of the game, become more familiar with the output generated, and begin to get a feel for some of the marketing relationships at work in the game. Student teams are formed and each team is asked to complete a brief situation analysis by identifying their firm's strengths, weaknesses, opportunities, and threats. This builds on the case analysis module previously completed. The simulation is started and 3 to 4 time periods are run.

Step 3 - Formulation of a Marketing Plan

At this point, the simulation is stopped and a debriefing takes place to discuss the principles at work and the application of module learnings. The importance of forecasting, the impact of decisions on the financial statements, budgeting constraints, and demand analysis are discussed using the simulation to illustrate. By now, depending on the simulation used, it is possible to show how the simulation demonstrates such marketing concepts as market segmentation, product differentiation, target marketing, marketing mix, market share, promotion mix, consumer information, pricing strategies, brand familiarity, distribution strategies, and the role of market research information.

Before resuming play, each team is required to develop a written marketing plan and establish a set of company objectives. Students are encouraged to establish a variety of objectives in addition to the traditional profit, volume, or market share goals. For example, one objective might relate to forecasting accuracy while another one may deal with promotional effectiveness. This emphasizes an understanding of a variety of tools, techniques, and cause-and-effect relationships.

The advantage of a short debriefing is that students now have a better feel for what is transpiring. The result is a better formulated marketing plan, more realistic objectives, and, most important of all, a better understanding of the concepts and principles being used. Students begin to see the integration of marketing functions. Instead of memorizing a list of abstract marketing principles, students learn the function, role, and relationships among the marketing elements and begin to develop the broad concept of an integrated marketing plan.

Step 4 - Play the Simulation Game

Once the simulation is restarted, students are expected to implement their stated strategy and make decisions which move them toward their stated objectives. A log book is kept which explains and justifies each set of decisions. Students are asked to make competitive assessments, justify their decisions, monitor their progress toward their stated goals, analyze their results, and identify the marketing principles at work. By stressing these cause-and-effect relationships, students will learn more than if they simply are asked to maximize market share or profit. The log book becomes the basis for the team's final report.

Step 5 - Final Debriefing and Evaluation

When the simulation is completed, each team is responsible for preparing a final report which contains the following:

1. Original marketing plan and objectives.
2. Any changes which occurred in the original strategy and objectives along with an explanation as to why they were changed.
3. Actual results compared to objectives.
4. A description of the marketing relationships discovered, including "marketing mistakes". This is written as advice for the next management team taking over the firm.

The focus of the debriefing is on marketing relationships. Particularly important is the advice to be given to the new management team. Here, the emphasis is placed on the knowledge the students have gained by applying, in the game, the principles and concepts learned in the lectures.

Actual comparative results are revealed and recognition is given for a variety of accomplishments, especially those relating to the achievement of goals.

The final evaluation and grades for the simulation are determined by a combination of both objective and subjective measures. One third of the grade is based on objective factors such as forecasting accuracy, growth in market share and profit, and a comparison of objectives with actual results. The remaining portion of the grade is determined by an evaluation of the final report. This is graded in a manner similar to a case analysis with the instructor looking for evidence of the student's understanding of content and relationships. By placing two-thirds of the grade on this analysis, students tend to spend less effort explaining what happened and more on why it happened.

CONCLUDING OBSERVATIONS

The advantages of utilizing the technique described in this paper are apparent to those who have implemented its design. When asked to compare this experience with other introductory level simulations, the emphasis on learning rather than winning was cited as a strong motivating factor. When only objectively defined "winners" receive high grades, the learning experience of the majority of students is diminished.

A major advantage of simulations is the ability to integrate the concepts learned. Understanding comes when students can see the integration of economic, accounting, and marketing principles into a realistic plan of action. Suddenly, the concept of a target market, an advertising budget, a market research report, a distribution strategy, a pricing change, or a differentiated product begin to make sense. Abstract ideas like brand loyalty, cannibalism, elastic demand, product positioning, niching, and risk take on new meanings. From a collection of isolated facts, a system of cause-and-effect relationships begins to emerge.

The purpose of this approach is not to teach content *per se* but to develop a deeper understanding of the content taught. Given this context, there appears to be a greater degree of retention when this technique is used. Rather than being a temporary learning experience, student seem to be internalizing the information on a more permanent basis. Written feedback from the students themselves have identified the simulation as the single most important element in enhancing their understanding of marketing. Students returning to take more advanced courses from the same instructors tend to remember more than those who were not exposed to the method described. In addition, a comparison of the students' written work early in the semester with that turned in at the end of the simulation, shows some observable improvement in their reasoning, analytical, and conceptual abilities. These preliminary indicators lead one to conclude that the use of this method is both possible and productive.

Finally, the use of this advanced-course methodology in an introductory-course environment builds an excitement for the discipline of marketing. Students entering the course often look forward to the competition and learning associated with the simulation. If the technique does nothing more than provide a positive exposure to our discipline, it can be considered a success.

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PROMOTING THE SERVICES OF THE MARKETING DEPARTMENT

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Abstract

In the United States, we live in a service economy. Approximately two-thirds of the Gross National Product is now produced by service industries. Many of our daily personal experiences involve institutions that exist to deliver services of various kinds.

Colleges, universities, restaurants, hotels, airlines, hospitals, banks, public utilities, and others all have the problem of gaining and retaining the patronage of their customers. Personal relationships are becoming more important than physical products (Bateson 1989; Kotler and Bloom 1984; Kotler and Fox 1985; Lovelock 1984; Samli, Hook, and Nkonge 1988.)

In this new service economy, marketing departments also need to promote their services. It is the view of the authors that most marketing departments in Colleges of Business Administration across America do not have satisfactory promotional programs. This paper reports the usage of promotional techniques and describes those found to be significant components in the perception of a department as being marketed successfully.

To determine which marketing activities are being undertaken, a survey was conducted among the marketing departments of AACSB accredited Colleges of Business Administration. A questionnaire was sent to 261 AACSB schools. Of these, 153 questionnaires were returned for a response rate of 58.6%. The results of this study are shown in Table 1.

The promotion of the services of the marketing department can enrich many people. The members of the department gain because their feelings of self-worth are enhanced. They are associated with an outstanding department. Their abilities and accomplishments have been promoted both to their peers and the community. All too often in the academic world we wind up working on interesting projects without recognition or appreciation for

our efforts.

The marketing department also gains from these activities. Better faculty is often attracted to departments which have good reputations. Once this superior faculty is hired, it must be retained. This may be a by-product of the departmental promotion. In many universities, a well-known department may receive a larger share of total funds. That is, departments seen as most productive are rewarded. If the activities of the marketing department are unknown, the department may not be recognized.

The University gains as well. Alumni support well-known institutions. Grants may be easier to obtain if the University is recognized. State support is also more easily obtained if the University is known for its excellence. The community also gains. Businesses like to be associated with top academic institutions and with the leaders in the field. Unless the accomplishments of the staff of the marketing department are publicized, they may remain unnoticed. It may also be the case that a member of the marketing department has an area of expertise that is needed by the business sector. Unless this talent is known, business may needlessly suffer.

Finally the entire discipline of marketing will gain. It may be that a standard of excellence could be established for the discipline of marketing. An informal competition could result with all marketing departments striving toward creative excellence. While this last benefit to the marketing discipline may not be realized for many years, if we start now it can be a part of our future.

Table 1

Involvement in Promotional Activities

<u>Activity</u>	<u>Percent Participation</u>
GOALS	
Written Short Range	55%
Written Long Range	54%
Unwritten	26%
TOTAL WITH GOALS	81%
GOALS KNOWN AND SHARED BY MOST FACULTY (as a proportion of those with goals)	
Known	96%
Shared By Most	87%
PROMOTION OF DEPARTMENT COMMITTEE	
Yes	11%
No	89%
PRIORITY OF ACTIVITIES IN DEPARTMENT (multiple responses)	
Classroom Teaching	100%
Research and Publication	100%
Grantsmanship	63%
Consulting	47%
Community Service	44%
PORTION OF FACULTY PUBLISHING ANNUAL REFEREED ARTICLE	
= OR >50%	55%
<50%	45%
DEPARTMENTAL ANNUAL PRODUCTION OF REFEREED ARTICLES	
11 or More	26%
6 - 10	25%
3 - 5	34%
Less than 5	15%
FACULTY SUPPORT OF MARKETING ORGANIZATIONS	
Yes	78%
No	22%
DEPARTMENTAL ENCOURAGEMENT TO BE ACTIVE IN PROFESSIONAL ORGANIZATIONS	
Yes	98%
No	2%

Table 1

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Yes	98%
No	2%

BECOMING A SERVICES-ORIENTED MARKETING DEPARTMENT

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Much has been written in recent years about the importance of being service-oriented. It is time to take pause to consider how well we, as marketing departments, apply this newly found knowledge to our own programs. Are we effectively applying our own concepts? The following discussion focuses upon an evaluation scheme to examine how well we, as marketers, apply the body of existing knowledge on services marketing to our own programs.

KEY SERVICE QUALITY DIMENSIONS

Several researchers have attempted to identify a number of different dimensions of service quality. Based upon continuing MSI research (Parasuraman, Zeithaml, and Berry, *Journal of Marketing*, 1985), a set of scales, "Servqual," were developed to measure service quality. Key among these dimensions were responsiveness, reliability, empathy, tangibles, and access.

Questions of interest in evaluating a marketing department's performance with regard to students as customers (other constituencies such as employers of your graduates, colleagues, other departments, other university units could be substituted in the analysis) might include: Have you attempted to measure service quality in any formal or informal manner? Do you have a good intuitive (or better yet empirical) understanding of student perceptions and expectations of quality in the service delivery process? Have you attempted to identify and/or breakdown structural and behavioral barriers to effective service delivery? How does your department measure up compared to your primary competitor(s) in terms of performance on key service quality dimensions (i., e., have you attempted to develop meaningful service quality benchmarks and norms against which to evaluate, control, and modify your own services marketing program?

If the answers to these questions are largely negative, or your program has not formally addressed them, chances are that your program's service quality is suspect. A good starting point for self-examination would be to focus upon the service quality dimensions uncovered by Parasuraman, et. al., in their research, and to discuss which of these dimensions you feel are most appropriate for your marketing department's program to attend to, and why? If members of your department have never dealt with this issue, it might provide an interesting framework for exploring anything from department mission and goals, to operational issues of staffing, scheduling, systems and procedures, budgeting, and physical facilities. Until the task of defining quality is dealt with seriously, little progress can be made in improving quality in the actual service delivery process.

ADDRESSING QUALITY GAPS

In their original MSI research, Parasuraman, Zeithaml, and Berry also identified a series of gaps which can be used to understand why consumer expectations are often not met. Which of these service quality gaps possess the greatest

challenge for your department, and why? Have your measured the gaps, or do you understand their genesis? For example, do your students' expectations differ significantly from those of the faculty (Gap 1), and if so, why? Are their inherent limitations on quality which are built into the services delivery process specification (Gap 2)? Where are quality control problems the greatest in the actual teaching and department administrative process (Gap 3). Have you promised more than you can realistically deliver, or are student expectations out of line (Gap 4)? If so, what should you do about it? Can students expectations be managed? If so, how?

Again, these questions form the basis for interesting faculty discussions regarding what can be done to improve the process of teaching students and serving their various needs, and creating satisfied customers. These gaps can be thought of as an opportunity to identify troublesome areas in the service delivery process, and prioritize service areas which need to be changed or modified if significant change in student perceptions of quality are to be realized.

In their most recent research (Zeithaml, Berry, and Parasuraman, *Journal of Marketing*, 1988), both structural and behavioral causes of gaps in the delivery process are addressed. Based upon this research, interesting diagnostic questions in this area might include: What is the frequency and quality of interaction between your department faculty and student (a common cause of expectations gap)? How strong is department and school commitment to quality service delivery? Have significant barriers to service quality delivery been identified, and steps to remove them been put into place? Has a successful internal marketing program stressing teamwork and the importance of providing quality been initiated? Does the organizational culture (university, school, department) support or block a strong service quality orientation? Does the institutional and departmental reward structure reflect or encourage a quality service orientation?

Hopefully, out of the above analysis a number of prescriptions for change will emerge, which then need to be prioritized, and developed into an action plan. Such a plan might make an interesting agenda for change, by providing an organized framework and rationale for modifying some of the things your department is presently doing, or making a case to administrators for why, and how, school-level objectives can be better served by altering the existing organizational structure, school or department culture, or departmental resource allocation.

SHOULD INSTITUTIONS OF HIGHER LEARNING USE CLIENT-SPONSORED COURSES IN MARKETING TO GENERATE DISCRETIONARY FUNDS?

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ABSTRACT

The past few years have increasingly seen the pressures of limited general funds, causing many university administrators to seek additional outside sources of funding. To help alleviate this predicament, many have fostered client-sponsored student projects in a classroom setting, providing benefits to all concerned. Very little data is available regarding this type of endeavor, and none concerning fees or honorariums to defray operating costs. The focus of this exploratory study was to examine the existence and extent fees and honorariums were collected to help defray operating costs.

The specific objectives of the study include: (1) to determine the extent client-sponsored marketing courses were offered by universities and colleges; (2) to learn whether client-sponsored marketing courses required the sponsor-client to pay for out-of-pocket expenses (OOPE), and if so, how the monies are administered; (3) to ascertain the amount of additional funds the client-sponsored marketing courses generated; (4) to determine particulars of the requests for funding, as well as the volume and distribution of the funding; and (5) to investigate why those schools without client-sponsored projects do not offer them.

The major conclusions of this exploratory study include:

- (1) less than half of the colleges and universities that have marketing faculty and majors offer client-sponsored courses;
- (2) two key reasons for those not offering client-sponsored courses are (a) lack of information about such offerings, and (b) lack of desire to offer them.
- (3) there are more client-sponsors available than student teams;
- (4) roughly 80% of the project OOPE are less than \$1000;
- (5) two-thirds of the reporting institutions generate \$1000 or more a year.

**CREATING AND OPERATING A STUDENT-RUN/FACULTY-SPONSORED MARKETING
RESEARCH AGENCY**

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ABSTRACT

A problem that many marketing students face upon graduation is that they may not be as "marketable" as they were led to believe. These students will be armed with an arsenal of classroom-based theories and strategies that will supposedly prepare them to do battle in today's competitive business arena. However, due to a lack of business-related experience, a number of these students will in fact be unprepared for many of the challenges awaiting them in the "real world". The findings of a study commissioned by the AACSB substantiated this viewpoint. Business managers and executives reported that they would like to see more "realistic, practical, hands-on" experiences that provide students with a wider range of "people" related leadership and interpersonal skills (Porter and McKibbin 1988).

Academic experiential activities such as guest speakers, case studies, class projects, simulation games, internships, and student organizations are all designed with the above experience-generating objective in mind. However, the problem remains that more business-related learning options are needed to help students prepare themselves for "life" beyond school.

The purpose of the paper is to discuss one such option, Creative Marketing Unlimited (CMU), a student-run/faculty-sponsored marketing research agency that the authors were instrumental in developing while faculty at the University of Wisconsin-Whitewater. The paper is organized as follows. First, a historical background of CMU is presented. Second, the benefits of such an agency are discussed. These include benefits to students, benefits to faculty members, benefits to the department, and benefits to the community. Third, prerequisite conditions that must be met before a successful student research agency can be implemented are provided. These include a committed faculty, a committed body of students, and a business community that is receptive to "buying" student research. Fourth, steps to follow in starting-up a student research agency are given. These steps focus on general start-up activities, election procedures, promotion of the new agency, and agency maintenance. Finally, some potentially useful suggestions for success are examined. These suggestions are concerned with such issues as assessing the university reward system, faculty leadership responsibilities, roles of the faculty advisor, student training, and agency checks and balances.

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**FOR THE CONSUMER BEHAVIOR COURSE:
A DIFFERENT ASSIGNMENT**

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Abstract

The course in Consumer Behavior, like many other courses in business studies, proceeds in the development of a number of important concepts over its duration. Customarily, there are mid-semester examinations and final examinations, with perhaps some outside assignments, such as term papers, field research projects, and/or supplementary library research efforts called for.

In this report, a "different" kind of assignment is described. It has been used in place of the conventional "Final Examination," and has been assigned as a form of a "term paper," where a final examination is scheduled.

The author devised this form of "examination" because other forms of testing were less than satisfactory. The "objective" form (multiple-choice, etc.) did not seem to probe depth of knowledge; the conventional "short-essay" form too often evoked inadequate, generalized statements, abuse of the English language, or worse, indifference as to exact meaning. And, both forms did not seem to foster residual retention of important issues and concepts.

As for the term paper, too often, given the nature of the assignment, frequent good work was focused too narrowly on a subset of some Consumer-Behavior topic.

The Consumer Behavior course seemed, however, to lend itself to a different approach. First of all, the very center of this kind of course is the buying process itself, a virtually universal process of almost infinite variety, which unfolds from the moment of first stimulus through purchase and subsequent re-evaluation. Hence, there are "steps" or phases of a special nature, with which the student readily identifies during the Consumer Behavior course. In addition, the weight and impact of cultural, social, peer, and marketplace influences are brought to bear as the course proceeds. A good part of the popularity of the course is traceable to the ease with which the student identifies with the concepts and behaviors explicated in such a course.

The Assignment

In this assignment, therefore, the student is called upon to write from personal experience, to apply the concepts and terms developed during the course; the approach here asks the student to tell the instructor a story, the story of a purchase. This "Tell-me-a-story" approach was developed both to overcome the aforementioned limitations and to involve the student in a deeper, more creative, more committed way—and more comprehensively.

A separate, supplementary syllabus is provided for this assignment. It requires the student to write the story of a purchase, whether it be for a package of chewing gum, a VCR, a house, a special dinner at a restaurant. It

can be factual or fictional; it can be written in prose style or even in the "script" form used in plays or screenplays.

The story must begin with the initial influences and stimuli, taking the reader through the stages of the Adoption-Process, to a conclusion at some point after post-purchase re-evaluation. The student is further required to incorporate and apply all appropriate major concepts and terms derived from the course textbook, the classroom lectures and discussions, and from any useful concepts obtained from outside assignments.

The student's final draft should have parts which depict the influences of such factors as demographics, culture, sub-culture, peer-groups, family, and personality. As mentioned, the Adoption Process must be depicted and should

provide the basic structure and flow of the narration.

A Special Form

The further demand in the student work is the requirement of properly identifying what is taking place as his story unfolds. The student must use the terms and concepts learned in the Consumer Behavior course and state them they pertain to each part of the purchase-process being described.

To facilitate such a presentation, each page of the student's "story" is divided vertically, such that the narrative is set forth on the right-hand two-thirds of each page. In the remaining left-hand space, the student must place those words, terms, or phrases which properly describe or pertain to what is being narrated to their immediate right.

Conclusion

This form of major assignment seems to have value in several respects:

1) The student is involved in a creative, relevant effort which seems more likely to enable a fuller residual retention of course concepts;

2) Not only is the student writing a story of a purchase in some depth and detail, but he or she is also compelled to label correctly that which is happening in the story, often with two or three terms alongside each written paragraph; and

3) Requiring a detailed narrative as a form of major assignment necessitates, with all foregoing stipulations, that:

- a) a student review of all important concepts and terms used in the course; and
- b) a correct use and application of those concepts, as matched with appropriate parts of the student's own developing story.

TOWARD A BETTER UNDERSTANDING OF THE RELATIONSHIP BETWEEN RETAIL IMAGE AND PATRONAGE

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Abstract

Retail store image is usually considered to be an important factor influencing customer patronage. For example, it appears that frequent patrons of a store have a more favorable image of a store than non-patrons. Generally, it is understood that store image dimensions should be consistent with store choice criteria, and retailers should stress those store image dimensions to which consumers attach the most importance (Rosenbloom, 1981).

Research suggests that store image variables do impact patronage to some degree. However, for the most part, the empirical evidence on the relationship between retail store image and store patronage has been weak (Peterson and Kerin, 1983). The purposes of this paper are to provide a brief review of the literature on retail image construct and to introduce a working model in which a couple of previously ignored variables are incorporated.

The Definition and Construct of Retail Image

The notion that a retail store has an image can be traced to a motivation researcher of the 1950's, Pierre Martineau. In 1958 he suggested the idea that retail outlets, like people, had personalities which differentiated one store from another (Martineau, 1958). He defined store image as "the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes." Researchers, however, note that there are several recurrent problems that arise in connection with the application of this definition (Greenberg, 1983). For instance, Pathak et. al. (1975) observed that a variance exists between the image that a retailer attempts to project and the image that is actually perceived by customers. Other researchers have recognized limitations in describing a store's image as a storewide concept (Cardozo 1975; Hansen and Deutscher 1977; and Schiffman et. al. 1977). Variance in perception of image between retailers and customers, and the limitations in describing a store's image as a storewide concept imply that there are potential interactions between store image and customer characteristics and between store image and product characteristics.

Various definitions of image have been used by researchers, and, as yet, there exists no common definition. Some say that image is intangible something (Schiffman et al. 1977, Fisk 1961-62). Others say that it is perceived definition of the store by functional and by psychological attributes (Pessemier 1980, Weale 1961, Pathak et al. 1974-75, Bellenger et al. 1976, Doyle & Fenwick 1974-75). Still others say that image is a comparative position between stores (Cardozo 1974-75, Singson 1975).. These diverse definitions imply that image consists of the consumers' perceptions of tangible as well as intangible characteristics of the store. And consumers view stores in comparative positions.

In most conceptualizations, store image has consisted of distinct dimensions or attributes, such as merchandise, service, clientele, physical facilities, conveniences, promotion, store atmosphere, institution, and post transaction. Image has typically been measured through reference to merchandise (selection, quality, styling, and price), locational convenience, and service (both in general and salesclerk). In particular, merchandise factors have dominated in almost all of the review studies. It also seems that the intangible aspects of the "image" construct have been neglected in most of the studies.

According to Oxenfeldt (1974/75), the intangible aspects of an image can be distinct as well as wholistic features. Some researchers argue that the wholistic image can be more important than the separate parts, and that the intangible factors may be more important than the tangible factors. For instance, a review of the studies on inter- and intra-type competition indicates that as the physical/functional attributes of stores (in terms of the merchandise, price, and locational convenience) become more and more similar, the store image, particularly the intangible dimensions of that image, takes on added importance (Bellenger et. al. 1976). Furthermore, it is hypothesized that the intangible overall image may be more related to patronage behavior than the parts (Golden and Zimmer 1985).

The following section of this paper reviews the role of image in retail patronage behavior. It contains the relationship between image and store patronage, and addresses some potentially intervening variables that could influence this relationship.

The Role of Image in Retailing

Image, in any context, interacts with other variables. In other words, image is but one of a number of influences governing consumer actions (Fisk, 1961-62). Store image interacts with other frame of reference variables such as product, brand, and consumer characteristics. Depending on the situation, the relevancy of these frame of reference variables may vary. For example, in case of some retail situation such as service retailing, brand may not be a relevant issue.

Peterson and Kerin (1983) hypothesized the simple three link schematic relationship shown in Figure 1. In their view, store image and choice criteria are implicitly linked together. Furthermore, choice criteria have been shown to influence patronage behavior when multi-attribute models are used (James, Durand and Dreves, 1976; Swinyard, 1977). The last link in the Peterson and Kerin's model - store image and patronage behavior - is hypothesized to be an associative one, and not a causal link. Therefore, as previous commentary has suggested, a high frequency of shopping is associated with a favorable store image and vice versa. Patronage can influence a consumer's image of the store and store image can influence patronage behavior, or, more likely, each simultaneously influences the other.

Figure 1

The Hypothesized Relationship of Choice Criteria, Store Image, and Patronage Behavior

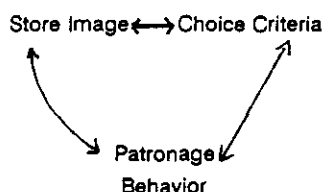
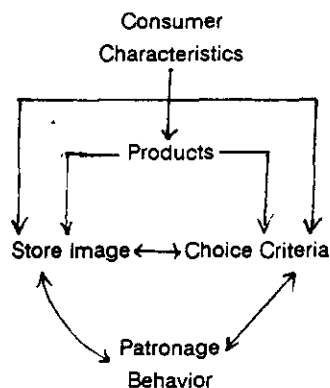


Figure 2 illustrates the working model that explains the hypothesized relationship of store image, choice criteria,

and patronage behavior. In this model products and consumer characteristics play the role of intervening variables.

Figure 2

The Proposed Relationship of Choice Criteria, Store Image, and Patronage Behavior



Unlike the Peterson and Kerin model, this model hypothesizes two way interaction between choice criteria and patronage behavior, and a potential interaction between product and store image. Consumers often make a trade-off between the negative and positive image factors of a store according to the relevancy of image in conjunction with a specific product type (Kunkell and Berry, 1968). For example, consumers may patronize a specific store for a specific product (e.g., Penny's for children's clothes shopping and foley's for adult clothes , or a neighborhood bank for the primary checking account and a credit union for a personal loan).

As mentioned earlier, empirical researchers have recognized limitations in describing store image as a storewide concept. Rather, image is found to vary by product class. Researchers argue that the image concept is most meaningful when considered in a product specific content, and that image should be differentiated by departments.

Hirschman (1979), in her investigation of intra-type competition of department stores, found that interaction

between store type and choice behavior should be viewed from both an overall and a merchandise-line perspective, that is, the store image as a whole and the image of merchandise are complementary rather than separate. King and Ring (1980) also found a relationship to exist between a consumer's image of a store on a product class and the choice of store type.

Summary and Conclusion

It appears that there is enough evidence which suggests that the image of store and the image of product interact, especially for those products with which a consumer is more involved. The model proposed in this paper shows an interaction between store image and customer characteristics. In the discussion of his patronage determinant model, George Fisk (1961-62) suggested that a number of customer characteristics have to be considered in order to measure the influence of store image on store choice behavior. He implied that shoppers with different characteristics (e.g., lifestyle, norms, aspirations, etc.) have different requirements for a given type of retail institution. Darden and Ashton (1974-75) found that shoppers with different lifestyles have different shopping orientations, and that these shoppers can be grouped in terms of different attribute preferences. Furthermore, it has been found that customers match stores having specific consumer stereotypes with themselves. Pessemer (1980) hypothesizes that there may be an interaction between clientele characteristics and the image of the store. What tends to appeal to one status level is not likely to appeal to another level. As an illustration, the lower-status shopper looks at goods in a functional sense; he or she wants the store image to reflect his or her values of concreteness, practicality, and economy. The upper-status shopper, by contrast, is interested in whether or not the symbolic meaning of the store reflects his or her status and lifestyle.

In sum, the affect of variables such as product and customer characteristics, on image attributes should be taken into consideration in determining the reasons for customer choice of a retail institution. It is believed that such concept should be carried over into empirical studies in assessing the influence of store image on customer's store choice behavior. Such assessment, in turn, would result in a better understanding of the relationship between retail image and patronage behavior.

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IN DEFENSE OF LECTURING, OR: IT'S TIME TO CUT DOWN ON TV IN THE CLASSROOM

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Abstract

In our desire today to avoid boring our students, the use of ancillary devices in the classroom--such as audio-visual equipment and even computers--has upstaged and obscured the real purpose of formal schooling. That purpose is: the acquisition of a body of knowledge and a fund of skills that outside of schooling would be either impossible or extremely difficult to acquire on one's own. The ultimate purpose of schooling, in other words, is to save the student time. My contention is that in today's context the lecture is the best method of fulfilling this purpose.

INTRODUCTION

The "disease called entertainment" is how David Ogilvy describes humor and other executional devices that upstage and obscure an advertisement's selling message. The principle--of one thing getting in the way of something else that is more essential--applies equally to teaching and learning. For Jacques Barzun (1968, pp. 70-71), it is excitement that gets in the way of learning. "The fallacy of excitement is so generally misknown that it is worth a few more words. 'Exciting' is not in fact synonymous with 'interesting,' it is usually its opposite. In excitement, time goes fast and thought is blurred. In a stretch marked by interest, time goes slowly, every minute is savored and its passing regretted." For Barzun, learning requires discipline, even drudgery, and discipline demands action--mental action on the part of the learner. And this mental action, I might add, is preeminently an individual process.

I need not cite the unending stream of reports about how badly educated our students today are; we see the evidence in our classes. (One only wonders how many of today's professors could pass the 1914 college entrance examination reprinted recently in the Wall Street Journal (1989); I cannot pass it--I only wish my education had been half as good as the education high school students apparently got in 1914.) My thesis is that, in our desire today to avoid boring our students, the use of ancillary devices in the classroom--such as audio-visual equipment and even computers--has upstaged and obscured the real purpose of formal schooling, which is: the acquisition of a body of knowledge and a fund of skills that outside of schooling would be either impossible or

extremely difficult to acquire on one's own. The ultimate purpose of schooling, in other words, is to save the student time. My contention is that in today's context the lecture is the best method of fulfilling this purpose.

THE PURPOSE AND VALUE OF THE LECTURE

Exhibit 1 reproduces a page from my Principles of Marketing syllabus. This statement of teaching method indicates the purpose and value of the lecture and also introduces what I call the "3-step plan to in-depth learning." Let me elaborate.

Contrary to what progressive educators have been saying for some ninety years, namely that the lecture became obsolete with the invention of the printing press, I think the lecture's primary value is its ability to aid comprehension and retention. By presenting the essentials of a subject, the lecturer reinforces what is important in the textbook. By adding new material to provide a context and to illustrate the hierarchy of the subject, the lecturer enables the student on his or her own to file new knowledge under the appropriate categories and in the appropriate order. Consequently, the lecture is (or should be) the archetype of the thought process applied to a particular subject, an example that the student can draw upon later in life as he or she learns new, related material.

Yes, you probably can "get it in the book," as progressives are quick to point out, but not usually in one term or one year. Several--often many--books must be read before most people feel secure in the understanding of a given subject. At least two books are required for us to become aware of the similarities--the common

denominators--that comprise the essentials of the subject; a third book on a slightly different but related topic is often useful in teaching us the differences between one subject and another, i.e., in teaching us the broader context in which the subject arises. The lecturer, however, has (hopefully) read these many books; consequently, he or she can cut through the detail by making connections that the student who reads one book cannot make, and by providing background and additional illustrations that the one book does not contain. As a result, the student acquires a grasp of the subject--in one term--much faster than he or she would on one's own. This is what I mean when I say that the purpose of formal education is to save the student time.

To be sure, the student has not acquired the same level of knowledge or understanding as the lecturer. But it is or can be a level that is deeper than can be acquired through other methods. Indeed, in-depth learning in a limited amount of time is the aim of formal education. Yes, we can learn some things (occasionally) in bull-session discussions, but discussion-method teaching is antithetical to the thinking process (Peikoff 1984; Kirkpatrick 1987); besides, bull sessions belong in dormitories and pubs, or, at best, in the extracurricular activities of student clubs, which also is where the videotapes belong.

Yes, we can learn some things from watching a National Geographic special, or other videotaped program, but television in the classroom at best instills what can be called "headline learning"--not depth of understanding or integration. The textbook publishers (who already prefer four-color photographs to words) are not helping matters by supplying up to a half dozen videotapes to adopters of their books. Professors now can spend most of their time in class just pushing A-V buttons! Most importantly, however, television in the classroom confirms one point that needs to be erased completely from the minds of students (and professors): that learning is cognitively passive. It is indeed time to cut down on TV in the classroom.

THE RESPONSIBILITIES OF LECTURER AND STUDENT

Lecturing of the type I have described is difficult. It demands a great deal of preparation, and a great deal of knowledge about one's

subject. (Excellent discussions of the lecture method and lecture preparation can be found in Barzun 1944, pp. 31-46; Highet 1950, pp. 86-107; Higham 1974, pp. 172-180; and Satterfield 1978.) Consequently, I think senior faculty, not graduate students, are the only ones qualified to teach basic courses. I think senior faculty are mistaken when they look down on the Principles of Marketing course because they think it is boring or because they think there is nothing new in it to learn. I think the Principles course is the most challenging one of them all to teach--not because nonmajors must be motivated, which is indeed a challenge, but because the entire field of marketing knowledge that one has acquired to date must be condensed and summarized into a form that these students of many majors can grasp and appreciate.

Obviously, I do not consider delivery to be the most important criterion of a good lecture, as many public speakers do. Content and structure are what make lectures interesting. Entertainment is okay in advertisements, but only as long as the humor, the dancing, the music, etc., do not overshadow (or eliminate completely) the selling message. So also, excitement in the classroom--in the form of audio-visual presentations, humor, dramatics, even discussions, etc.--is okay as long as the tapes and slideshows do not overshadow (or replace completely) the knowledge that constitutes the core of the subject. A boring lecture that has content and structure is a contradiction in terms. Besides, I strongly suspect that many professors give up on the lecture soon after they begin teaching when they discover just how much preparation is required--and then the progressives welcome the initiate with an arsenal of rationalizations for not lecturing.

The responsibility of the student is mental activity--before, during, and after the lecture. (Lecturing of the type I am discussing is most certainly not "spoonfeeding"--i.e., the predigestion of material to such an extent that the students are treated like infants.) The student must read the textbook assignment before the lecture in order to establish a context in his or her mind. The student must listen actively to the lecture and take notes--the note-taking itself being an important part of the learning process. (But the professor shoulders the responsibility of delivering lectures for which notes can be taken.) The student, finally, must review and organize the notes, together with the knowledge presented in the textbook, into a few

pages of study notes to be used in preparation for the examination.

All of this requires a great deal of effort on the part of students and the basic patterns has been discussed by Locke (1975, pp. 106-119). Step 3 of my "3-Step Plan" (in Exhibit 1) merely formalizes the process that many of the better students seem to utilize. The review questions that I hand out consist of between twelve and fifteen questions per set; the questions are in logical order, following the outline on the syllabus. If students answer the questions in preparation for the exam and end up with a large number of pages (i.e., ten-plus), I tell them to go through another cycle of answering the questions, this time striving to condense their notes to the one or two paragraphs per question that I suggest. Condensing and summarizing force the student, first, to think about the ideas—to chew and digest them—and, second, to isolate the essential ideas by discarding what is mere detail. "Discarding" does not mean that the details are forgotten; it means that they are filed in one's mind under the category "detail" but with a string attached to the essential ideas that are written down in the notes. The result is that the student remembers the details by remembering the essentials that are tied to the details. Now the student is ready to "regurgitate" (yes, I accept the term!) the material on the exam.

Some students think they can split the questions—one student writing answers to the first half, another student doing the second half—then exchange answers. This, of course, does not work, because each student must do his or her own mental processing—there are no short cuts to learning. Of course, I tell them that there is nothing wrong with comparing notes after each has done all of the questions. Then, they can test each other, which is additional good practice or rehearsal for the exam.

GROUP THINK VS. INDIVIDUAL THINK

One last device, an outgrowth of progressive education's discussion-method of teaching, must be addressed. This is the group project, or so-called cooperative learning. Yes, some learning may take place in group assignments; most of the lessons, however, are very bad. As one professor put it: "Students learn effective ways to shirk. They learn to procrastinate, in hopes of getting someone else

to do their work as the deadline approaches. They learn to avoid responsibility for their own work and to concentrate on getting into the 'good' groups rather than working well themselves" (Galles 1989). Or as the Underground Grammarian, Richard Mitchell, puts it: "It [the group assignment] is another of the educationists' self-serving delusions that if enough of the ignorant pool their resources, knowledge will appear, and that a parliament of fools can deliberate its way to wisdom" (1981), p. 80).

But groups do not create knowledge, individuals do. The "teamwork" of the real world working environment that group projects allegedly simulate in fact aims at a goal that is the direct opposite of schooling: in business we apply knowledge through a division of labor, in school we (each and every student) acquire (or should acquire) all knowledge in a given course. There is no division of labor in learning—marketing majors (every one of them) must know depreciation, confidence intervals, discounted cash flow, breakeven analysis, and all of the essential concepts and principles of marketing—as well as how to type a presentation quality report. If the alleged purpose of group projects is to teach "people skills" or the art of "getting things done through other people," then our universities should have the decency to offer a course called "the art of negotiation," and then to teach and demonstrate the principles of negotiation. The way students are treated today, by throwing them into group projects in almost every course, is nearly the equivalent of throwing the proverbial chickens to the wolves. (The chickens, of course, get devoured in both mind and body but it is only the students' minds that get devoured in group projects. I will not dignify it by discussing the policy of giving a communal grade to every member of the group or of assigning group projects because the grading load for individual papers is too heavy.)

Learning requires individual effort—drudgery, as Barzun put it. "Lessons are taught in social institutions, but they can be learned only by private people. The acts that are at once the means and the ends of education, knowing, thinking, understanding, judging, are all committed in solitude. It is only in a mind that the work of the mind can be done. There is no such thing as 'collective thinking.' Our schools can be an instrument for socialization or an incentive to thoughtfulness, but they cannot be both" (Mitchell 1981, p.82). The lecture method accompanied by the 3-Step Plan To In-Depth

Learning is designed to provide an incentive to thoughtfulness, not socialization.

CONCLUSION

Is lecturing the best method of education? No, I think the tutorial is better (see Hight 1950, pp. 107-116). And by tutorial I mean one student per professor at a time—not two, three, or ten. Ideally, tutorials combined with mass lectures—the 25- to 40-student classes that we have now are a bastardization of both methods—probably would be best, but today's government-monopolized education system precludes innovation and entrepreneurial competition to test the idea. The notion that tutorials would be prohibitively expensive is absurd. The California State University system spends of \$7300 per student on instruction, exclusive of capital outlays (The California State University 1988); give that money to a private tutor over a nine-month period for each student he or she instructs and I think you could end up with 20-40 highly educated students—and one relatively wealthy tutor! In other words, expensive buildings, land, and equipment are not necessary for sound education.

As one of my colleagues said recently, it is euphemism to call it "education" that millions of dollars are spent on every year at the primary, secondary, and university levels. An education is not what our students possess when they walk into our classes (see the latest horror story about what our college seniors do not know, in Bacon 1989). Will they have it when they walk out? That depends on the method of teaching that is used. To be sure, government-financed education to date has failed to produce any methods that can cure illiteracy; indeed, the government has contributed to it, most significantly by "look-saying" our students into conceptual remission. The ultimate solution, in my judgment, is to let the market decide. Education should be free—in the political sense of the word. The solution is the privatization of education, where innovative professors—or administrators, or outsiders—can be turned loose to compete for the minds of students. And marketing and the marketing concept finally can be practiced in the education market—through entrepreneurial competition to satisfy the objective education needs of students and not their subjective wants

for four-color photographs, television, and easy-A's.

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Wall Street Journal (1989), "Sweaty Palms, Circa 1914" (March 31), R8.

understand marketing principles at a level that exceeds what can be achieved through other methods.

Step 1 - Take Lecture Notes. A well-organized lecturer presents his subject in terms of essentials. The spoken word, by its nature, cannot present the detail that the written word can. Hence, these "essentials" give you the necessary foundation and superstructure on which to base your subsequent learning. Lectures, in other words, emphasize and reinforce key points from your new material. Note-taking helps to integrate or blend together these key points and new material with your current knowledge. The act of note-taking, however, requires mental focus and comprehension—an active, integrating mind during the process of note-taking. This integration, in turn, leads to retention (as opposed to rote memory).

I want to emphasize the value of good note-taking. Recent educational research shows that "notes containing more ideas and more words are related to higher achievement" (Kiewra 1987, p. 235). In other words, take down as much as you can. This research also shows that students think the purpose of note-taking is to be brief, taking down only the key ideas they think they might otherwise forget. This is a mistake. One study showed that only 60% of the ideas the professors considered important were taken down in notes by the students (Locke, p. 107). When I was a freshman, I used to stop taking notes as soon as the professor said "for example"—on the premise that I already had written down the principle and that the examples are "just" illustrations. But when it came time to study for the exam, I didn't fully understand the principle—because I couldn't remember the examples.

Step 2-Read The Text. Of course. But also: a good lecturer can separate what's important from what's unimportant. But only the written word can give you the details that are necessary for the thorough understanding of a subject. The details of the written word are, so to speak, the brick and mortar (added to the "superstructure") of knowledge—the meat and flesh that are added to the skeleton of the lecturer's essentials. A hallmark of professionalism is attention to details, especially the details of the written word. (Besides, studies show that successful people—CEO's and the like—are heavy readers!)

EXHIBIT 1

TEACHING METHOD

This is primarily a lecture course.

The purpose of formal education is to save you time—the time it would take you to learn marketing, finance, accounting, advertising, etc., on your own, by reading books and trying to find the right people to question. Lectures and the "3-Step Plan To In-Depth Learning" can save you that time.

The 3-Step Plan

The acquisition and retention of knowledge is not automatic. It requires concentrated effort. The 3-Step Plan To In-Depth Learning is designed to help you

Step 3 - Write Answers to Review Questions. The lecture contains material expressed in the words of the lecturer; the book contains material expressed in the words of its authors. With this step it is time for you to put the material into your own words. Three sets of essay-type review questions will be handed out during the course (one set about a week before each exam). Writing one- to two-paragraph answers to each of these questions, after thinking about the lecture notes and the book, will help tie many loose ends together and especially help you chew and digest the ideas. These answers to the review questions (assuming you have taken good lecture notes and have read the book) will also give you a solid set of study notes to use in preparation for the exams.

Conscientious practice of these three steps should give you in-depth knowledge and understanding. At the same time, it should keep rote memory to a minimum. It really depends on how you use your mind throughout the course.

PUT BUSINESS BACK IN MARKETING EDUCATION

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Abstract

Employers of recent graduates of university marketing programs are dissatisfied with the skills and abilities graduates bring to the workplace. It is the responsibility of marketing educators to develop a curriculum and employ teaching methods which enable students to gain the skills, abilities and knowledge that employers desire. To meet this responsibility, a restructuring of the business school curriculum may be required. This study expands on previous research identifying desired skills and the teaching methods most appropriate for helping students become prepared to enter and succeed in their careers. Self-administered questionnaires asked samples of students and employers to rate the importance of various skills and abilities on seven point noncomparative rating scales. Both groups were also asked to identify the most important job-related attributes/skills needed by new workers, and to rank order teaching methods in terms of effectiveness for imparting the most important skills. Convenience samples of 165 students, 58% of whom were marketing majors, and 42 businesses were surveyed.

The student sample was drawn from two universities on the West and East coast of the US. The employer sample represented small, medium and large businesses (services, manufacturers, & consumer-oriented) on the West and East coasts. Almost 42% of the employers reported skills in written communications were most important for new hires; 24% said interpersonal skills were most important; 10% said enthusiasm was most important. Students said they believed oral communications skills were most important, followed by written skills and interpersonal skills. Employers reported that the functional knowledge of business that students receive at business schools was the greatest strength they bring to the workplace. Other important skills they bring include computer skills, a strong motivation for success and good quantitative skills. The biggest weakness of new graduates is lack of prior work experience, followed by poor writing skills. Lectures were considered the least effective way of imparting desired skills; most effective were team projects and internships.

THE EFFECTS OF HUMOR AND INTERACTIVE VIDEOTAPES ON LEARNING MARKETING PRINCIPLES: AN EXPLORATORY STUDY

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Abstract

The use of humor and interactive videotapes in the presentation of basic marketing principles seem to have a positive effect on test performance. Preliminary indications seem to indicate that Marketing professors should incorporate story telling and interactive visual exercises into their teaching repertoire.

Introduction

It is well known in the teaching profession that a teacher's enthusiasm about his subject area coupled with student interest will generate an exciting classroom climate and positively affect a students' motivation to learn. However, business professors have always been at a disadvantage in generating an exciting classroom environment because of the lack of "excitement technology". For example, how can a marketing professor compete with the likes of Brutus or Mark Anthony, Einstein or the Static generator (see Menon, Bush, and Gresham, 1988). Teaching business requires getting out to the real world or simulating the real world. Finding that unique method of instruction in a business course is sometimes very frustrating. This paper focuses on the use of novel and innovative classroom presentation techniques to improve student learning.

Problem Development

Unique methods of instruction are particularly important in introductory courses due to the diversity of student interests (majors) (Menon, et. al. 1988) This diversity of student background makes it very difficult to present the materials and stimulate learning of principles. This is most prevalent in a business curriculum where Marketing Principles is a requirement

and novel teaching tools are a necessity. Humor and the use of well developed marketing videotapes might be the answer for effective learning.

The use of videotapes in the effective conduct of a marketing course has been suggested in a variety of literature since 1981 (see Krampf, 1981; Madden, 1983; Menon et. al., 1988). However, very little testing of the effectiveness of this technology is documented in the literature. Humor, on the other hand has been shown to be an effective supplement to effective teaching in other than business subjects. The use of personal experience story telling was shown to capture student interest, involves them mentally and emotionally, keeps their attention, and makes a significant point that will be remembered (Nietzke, D. 1988). A study by Javidi et. al (1988), showed that humorous behaviors in the classroom was what separated award winning teachers from their non-award winning counterparts.

The Present Study

This paper presents the results of an empirical study that compares students' learning as a result of exposure to the use of humor or videotapes in the instruction of the principles of marketing with students who were not exposed to the use of these techniques.

Methodology

Design

A simple after only design was used to assess the effect of humor on learning marketing principles. Similarly, the same design was used to assess the effects of the use of videotapes in the classroom on learning.

Setting/sample

The study was conducted at a small liberal arts college on the west coast. The study involved two sections of marketing principles during the Fall semester and two sections during the Spring semester. Humor was tested in the Fall and Videotapes in the Spring. Both testing time frames were seven weeks in duration. In both instances the classes were tested and shown to be similar in age, majors, class standing, previous classroom humor and videotape experience (Chi-Square, $p < .9$)

Measures

Learning was measured using an objective test assessing the dimensions of understanding, retention, and application. (Sekaran, 1984) Humor was defined as telling stories and relating embellished personal experiences analogous to the course material (Nietzke, D. 1988). Videotapes were used that are interactive types which follow the chapter outlines of the Boone and Kurtz, Contemporary Marketing Text. These videotapes are current examples of marketing in small as well as large firms. They incorporate most of the important principles in every chapter of the text and are supplements to the text. The cases are briefly outlined in the text and questions are presented for discussion. The no humor and no videotape groups were taught with a lecture style closely associated with the subject matter.

Experiment

At the beginning of each semester, for a seven week period, either humor (Fall) or videotapes (Spring) were used versus lecture style. The same material was covered. A manipulation check was used to ascertain the treatment strength. At the end of the seven weeks an exam was administered to the treatment and the non-treatment groups.

Results

Exposure to the use of humor in the instruction produced

statistically significant higher student test scores ($t = 1.882$; d.f. = 33; $p < .033$) than those scores for students not exposed. (see Table I) Additionally, exposure to the use of videotape instruction produced statistically significant higher student test scores ($t = 2.085$; d.f. = 30; $p < .043$) than scores for students not exposed. (see Table II)

TABLE I

THE EFFECTS OF HUMOR ON LEARNING MARKETING PRINCIPLES

	TEST SCORE		
	n	\bar{X}	SD
NO HUMOR	20	70.40	10.10
LECTURE STYLE			
HUMOR	15	76.60	9.0
$t = 1.882$ $df = 33$ $p < .033$			

TABLE II

THE EFFECTS OF VIDEOTAPES ON LEARNING MARKETING PRINCIPLES

	TEST SCORE		
	n	\bar{X}	SD
NO VIDEO TAPES	13	66.77	8.95
LECTURE STYLE			
VIDEO TAPES	19	73.45	8.57
$t = 2.085$ $df = 30$ $p < .043$			

Discussion

The use of humor and videotapes for the instruction of the principles of marketing can be effective in increasing the learning of marketing principles. This is a direct benefit to students and may also result in significant other benefits to the instructor and the institution.

Student evaluations of instructors many times are directly related to the learning experience - measured in terms of grades and

overall enjoyment of the experience. Additionally, it is the first course in a discipline which many times gives the student the desire to continue learning in that area or not. This translates directly to the ability of a department to recruit students as marketing majors - particularly among those students who are undecided as they enter the introductory course.

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AN INFORMATIONAL APPROACH TO MARKETING RESEARCH

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ABSTRACT

The purpose of marketing research is to produce, manage, and distribute information. Too often, however, techniques and procedures are taught to the exclusion of informational evaluation. Examples of an informational approach to marketing research are given along with examples of how such an approach would prepare students for their careers, improve class structure, and give a new perspective to selling research, report writing and ethics.

INTRODUCTION

Recently, there have been several well publicized examples of marketing research that proved to be wrong. In each case, immense amounts of data were collected, and the appropriate analyses of the data were made. The principles taught so patiently in every marketing research class across the land were meticulous followed. In each of these cases, the ability of decision makers to make correct prognostications did not increase. In fact, the gathering of data actually decreased the the probability of a correct decision being made.

There is a problem in the philosophy of how marketing research is taught. Technique and mechanical procedures have in many cases supplanted evaluation. The process has become so mechanical that the spirit of the work has been exorcised. Ironically, the computer and technological advances of the informational revolution that makes a mechanical approach to research possible has, at the same time, outdated it. This has been recognized by the AMA. In the early 80's, a definition of marketing research that was regularly quoted was one given by Peterson (1982, p. 29). Marketing research is

"..an objective, formal process for systematically obtaining analyzing, and interpreting data for the purpose of providing actionable information for marketing decision making."

Note the subtle and not so subtle differences in the definitions approved in 1986 by the AMA's Board of Directors (Marketing News 1987; Marketing Educator 1988).

"Marketing research is the function which links the consumer, and public to the marketer through information -- information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performances; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues; designs the method for collecting information; manages and

implements the data collection process; analyzes the results; and communicates the findings and their implications (italics mine)."

Marketing researchers produce, manage, and distribute information. Their product is information. This fact is easily overlooked. Note that in the earlier definition that marketing research is defined in terms of a "process". This definition has been reinforced by the type of work marketing research do, and the emphasis for many researchers on the function and not the product. It is as if a firm that produces computers spent their time working on production line problems and channels of distribution until no one in the firm could remember what a computer was, or even what a computer did. In the new definition, marketing research is seen as a function that ties business and the public to marketing by providing information.

INFORMATION IN MARKETING RESEARCH TEXTS

This change in definition has not been reflected in the training of researchers and managers, techniques are still emphasized over purpose. In the last four years there have been at least 13 marketing research text published, all claiming to be acceptable to some level of undergraduate education. Seven of these texts do not even mention the word "information" in their indexes in a definitional context. Only five texts give a firm definition of the word. The definitions are not consistent and indicate that little attention has been given to information as the product of marketing research.

Information is defined as "A body of facts that are in a format suitable for decision making." by Zikmund (1989, p. 18); as "the output of the decision process." by Tull & Hawkins (1987, p. 6). Information, "..consists of digested data-knowledge and conclusions obtained from analyzing the data." according to Peterson (1988 p.4). Parasuraman (1986) does not give a formal definition except to say that data is not information. Information is, "..recorded experience that is useful for decision

making." according to Green, Tull & Albaum (1988 p.13). They go on to use Peterson's (1982) detailed analysis of the characteristics of information without adopting his definition of what information is. In fact, Green, Tull & Albaum's definition could easily be confused with the definition for data or even for computer algorithms. Aaker & Day's (1986, p.79) explanation is equally confusing. Information is defined in their text as that, "...which answers the specific questions of the decision maker." These definitions become important because they reflect the thinking of those who are educating future marketers. And yet, stripped of all its complexities, a course in marketing research is really nothing more than an exercise in how to create, evaluate, and communicate information.

INFORMATION

Information is not a simple concept and could have several definitions. However, it is facilitating to think of information as a "delta-K" function. Information is communicated knowledge. "We say that we have gained information when we know something now that we didn't know before; when 'what we know' has changed. (MacKay 1969, p.10)" Information changes the state of knowledge of the person who receives it. Note that the definition implies activity. Passive "information" is simply a data base. A library, by this definition, contains information only if used; otherwise it is simply a repository for data. A marketing report, no matter how long or beautifully crafted, contains no information unless it changes the state of knowledge of the reader. In marketing research the purpose of information is to facilitate decision making through the appropriate change in knowledge of key decision makers. Kinnear & Taylor (1983) in an older text saw information as "...data which reduces the uncertainty of a decision situation (p. 10)." This emphasis, although technically correct, still creates a problem. Information can be seen independently of reducing uncertainty, and there are several advantages of seeing information as a communicated change in knowledge for which marketing research has a functional use.

As an example of an informational approach to marketing research, it is instructive to look at an example of the "amount" of information in a communication. Note that this definition makes it possible to combine the concept of "amount" with the ideas of uncertainty reduction. The amount of information can be summarized by an equation

$$\log (1/p(S)).$$

The information conveyed by a source (S) is equal

to the log of the inverse probability of the source. Suppose that product A had a 90% chance of success, but that product B had only a 10% chance. A communication indicating correctly that product A would be successful contains $\log (1/.9)$ or 0.15 bits of information. However, a communication correctly identifying product B as a success would contain $\log (1/.1)$ or 3.33 bits of information. A communication conveying information about the success of an unlikely event contains more information than a message about a more likely event. In other words, the amount of information contained in a message is inversely proportional to the probability of the message (or to the decisional probability). If a communication tells a decision maker only what is already known, there is no information in that message.

ADVANTAGES TO AN INFORMATION APPROACH

Using the informational approach has several advantages in the teaching of marketing research (Clayson 1989).

The Student's Future

An informational approach prepares students for the world that they will actually enter. We are living through what many have called the "informational revolution." Information is rapidly becoming the major commodity of business in this environment. Whereas the primary asset of the agricultural age was land, and the major asset of the industrial age was capital, the major asset of the world that our students will be inheriting is information.

The Student's Careers

At this university, less than 10 percent of the students taking a marketing research class as undergraduates will actually do any work as marketing researchers. Every one of the students, however, will be required to handle, evaluate, and use information in their careers. It is essential that they know what they are dealing with and how to evaluate it. In many ways it is actually more important that they know the characteristics and potentials of information (and misinformation) than the characteristics and potentials of techniques. It is more important for most computer users, as an example, to know how to use a computer and its potential than to know how to repair a computer.

Class Structure

Professors who teach marketing research are proud of their technical abilities. Their knowledge of methodologies and statistical techniques are extensive and many express regrets that not enough of this knowledge can be imparted to the students in a single semester or term. However,

many students find the course too encyclopedic and do not seem able to tie the concepts together into a cohesive whole. Using information as the connecting element gives a structure to the course that may legitimately have more appeal than using the traditional marketing research project outline.

Selling Research

Managers have complained that researchers seem more interested in their techniques than they do in solving problems. As one vice president remarked, "They (the vendors) come in here and show me their perceptual maps, their conjoint analysis and beautiful reports, and all I really want to know is what useful information they can give me." Again, the end users know what they want, but sometimes the producers have forgotten.

Reports Writing

An informational approach to marketing research reexamines the reporting process. The goal of a report is to change the state of knowledge of the recipient with the goal of efficient decision making. What manager has not had the experience of reading a long report only to find one pertinent piece of "information" on page 251? Everything else in the report is "noise." In 1905, Einstein published an article in the Annalen der Physik that overturned all the accepted ideas of time and space. The article lacked notes and references and was about the length of an average chapter in a marketing research text. That short article changed the course of human history (Clark 1984). It contained no "noise." Parenthetically, some have wondered whether such a manuscript would be published in today's conceptually oriented academic journals which sometimes seem more interested in the tenth decimal place than they are in information. This may help to explain the low percentage of readership among practitioners.

Ethics

An informational approach to marketing research would also allow for a very pragmatic justification for ethical behavior. Whereas the producers of a more tangible product may be unethical and still produce a quality product, the quality of information is directly linked to the ethics of its producers. The truthfulness of information is difficult to separate from the veracity of its creators. If a user of information knows that the source of that information has in the past been guilty of unethical behavior, the quality of the information is brought into question. Unethical behavior in marketing research is directly comparable to sloppy workmanship and uncaring management in the production of other more tangible products.

SUMMARY

Although the AMA has reinforced the importance of information in marketing research, textbooks and teaching approaches still appear to emphasize procedures and techniques over substantive informational evaluation. An informational approach would require teachers and practitioners to re-evaluate their thinking about ethics, and the goals, procedures, and reporting of research. Pedagogically, it offers the advantage of relevancy to the majority of students now taking our classes. While it may be difficult to explain to a student with no present or future interest in research why he or she should understand multivariate statistics as techniques, it is relevant to the student to explain the importance of understanding how to evaluate and use the information created by such techniques.

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CLASSROOM ILLUSTRATION OF A CLASSICAL EXPERIMENTAL DESIGN

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Abstract

Scientific experimentation can be of great value in practical decision making. Marketers do not however utilize simple, well-designed experiments as frequently as might be expected given the widespread use of scientifically based surveys and focus groups. Underutilization of simple experiments by practitioners may be due to uncertainty about how to design and conduct simple experiments. Graduating marketing students are also not as well prepared to design and conduct experiments as to design and conduct surveys. This report presents an experiential classroom technique for illustrating simple experiments. The method presented is an adaptation of Mason Haire's famous "shopping list" study of why housewives purchase instant or regular coffee. Illustrative classroom materials and results are presented.

Scientific experimentation can be of great usefulness in marketing management. Experiments have been used to study the effects of alternatives in pricing, advertising, and promotion and can be used in other areas of marketing decision making. The importance of marketing experimentation is reflected by bibliographic reports (Gardner and Belk, 1980; Holloway, 1968) and by discussion of experimentation in popular marketing research textbooks (Churchill, 1987; Aaker and Day, 1986; Boyd, Westfall, and Stasch, 1985).

In spite of long-term academic interest in scientific experimentation, marketing practitioners have not adopted experimentation as a common, day-to-day decision making tool. Experimentation is less common among practitioners than, for instance, surveys or focus groups.

Part of the reason that experiments are not used by practitioners as often as might be expected is that experiments must be well designed to be of utility. Experiments are also sometimes expensive and time consuming, although cost-benefit tradeoffs are often favorable. Another important reason why experiments may not be used as often as expected is that marketing practitioners and students are not as well-trained and as intellectually comfortable with experiments as they are with, for instance, market surveys. Upon completion of college, many marketing students have conducted and analyzed a small-scale survey, but few have been involved in or conducted an experiment. A student's lack of familiarity with experimentation may, in turn, be because the marketing curriculum often does not include laboratory sections that provide experience in

conducting experiments. This problem is shared with other disciplines including sociology (Zeller, 1988).

The purpose of this paper is to present a classroom experiment that requires few special teaching materials but does illustrate the principles of experimental design and does provide an opportunity for student participation. The teaching technique is appropriate for marketing research classes and may also be used in consumer behavior and other marketing courses.

Background

Although dozens of experimental designs have been proposed and used, two or three designs are of fundamental importance. The experimental design selected for classroom illustration has one control group and involves measurement of the dependent variable only after the experimental treatment. The design is sometimes called a "one control group, posttest measurement only" design. This design is simple but powerful and is often used in marketing research and decision making (Churchill 1987, pp. 126-128).

The proposed classroom experiment is founded upon the design used in Mason Haire's (1950) famous study of reasons for not using instant coffee. The independent variable in Haire's study was reported intention to purchase an instant or a regular coffee. This variable was operationalized by preparing two shopping lists, identical except for the brand and type of coffee to be purchased. In shopping list I, the coffee to be purchased was Nescafe instant coffee; in shopping list II, the coffee to be purchased was Maxwell House drip

ground.

The dependent variable in Haire's study was consumer perception of the housewives who prepared shopping lists I and II. The experiment was conducted by consecutively presenting either shopping list I or shopping list II to a sample of 100 housewives. Fifty housewives were thus presented list I and 50 housewives were presented list II. Housewives were asked to read the shopping list presented to them and then project themselves into the situation as far as possible until they could more or less characterize the woman who prepared the shopping list. Then the respondents were to write a brief description of the housewife. The results of the Haire study showed that women who purchased Nescafe instant coffee were perceived negatively, as women who did not plan and who were lazy. Women who purchased Maxwell House regular drip ground coffee, on the other hand, were perceived positively, as women who were interested in their families and who were sensible. The Haire study is an excellent example of a one-control group, posttest-only-measurement experimental design.

The Haire study can be modified in several ways in order to efficiently illustrate experimental design in the classroom. One modification is to change the product studied from instant versus regular coffee to contemporary products likely to have differences in consumer perceptions. In recent classroom experiments, I have contrasted brands of beer, Michelob versus generic beer and Corona versus Lucky Lager beer. The hypothetical shopping situation can also be changed from reading a shopping list to observation of items in a supermarket shopping cart.

The most important modification of the Haire study is to change the method of measuring the dependent variable—consumer perception of reported shopping behavior. In the Haire research, the method of operational measurement was a single open-ended question. For classroom purposes, the dependent variable is operationally measured by several fixed-response questions. This change eliminates complex response coding and thereby reduces the time required for analysis. Illustrative shopping cart contents and four fixed response questions are shown in Figures 1 and 2. The shopping cart contents in Figure 1 include Corona beer whereas the shopping cart contents in Figure 2 include Lucky Lager beer.

The last fixed response question, "I was born in California. ___ Yes ___ No" is methodological and is explained in the discussion of classroom procedures. The foregoing are illustrative modifications. The marketing instructor can modify the Haire study in ways most appropriate for his particular students and classroom.

Classroom Procedure

The modified Haire experiment described has been used for several semesters in a consumer behavior class offered to juniors and seniors. This class emphasizes the importance of adequate methodology to derive creditable principles of consumer behavior. Early in the course issues relating to causality, experimental design, and multi-variable analysis are introduced. Then attention is turned to social, cultural, and psychological influences upon consumer behavior and consumer decision processes.

The classroom experiment is introduced to the class before consideration of product purchase norms, the discussion of which includes a review of the Haire study. The objective of the classroom illustration of experimental design is twofold. First, the classroom experiment provides an opportunity to experientially review methodological principles that had previously been considered in lecture only. Second, the partial replication of the Haire study increases student interest in the Haire research itself.

The first step in the classroom procedure is for the instructor to prepare two shopping cart content lists similar to those presented in Figures 1 and 2. One or two class sessions before consideration of the Haire study, the prepared questionnaires are distributed to the class. The questionnaires are covertly arranged and distributed in a systematic random sequence, first a Corona questionnaire, then a Lucky Lager questionnaire, then a Corona, and so forth. At this time, the students do not know that every other student is receiving a Corona or Lucky Lager questionnaire. The questionnaires are then completed by the students in about five minutes.

After the questionnaires are completed and collected from the class, a student volunteer is requested to tabulate the results. The tabulation task is explained and the volunteer is given a tabulation form similar to that shown

in Figure 3 except that no data are present in the body of the table. The student is asked to tabulate the collected questionnaires and to prepare copies of the summary tabulations for each student for use in class discussion.

In a subsequent class period the instructor can explain both the substantial and methodological implications derived from the in-class experiment. Students are first given a copy of the experimental results for their class. In the discussion, the independent variable, reported consumer behavior, and its operationalization are explained together with the dependent variable, perception of consumer behavior, and its operationalization. Then the tabular results are explained. Typical classroom results are presented in Figure 3 which shows a mean favorable or "Yes" response for Corona as 2.4 as compared to a mean of 0.5 for Lucky Lager. The comparative product purchase norms are studied by use of percentage differences rather than by introducing statistical tests of differences. In several years of classroom experience, the numerical results have always been consistent with the hypothesis that product purchase norms differ, that is, one product is associated with more favorable normative evaluations than the other.

After explaining the substantive results and comparing them to those obtained by Haire and by Webster and Pechmann in their follow-up replication (1968), discussion is directed to methodological considerations. The study is presented as satisfying the conditions for a designed experiment seeking to establish a causal relationship (Aaker 1986, p. 406). First, the independent variable, reported consumer behavior, is manipulated by the investigator. Second, the experimental treatment is randomly administered through the process of distributing the questionnaires to the class in a systematic random method.

The third requirement for a designed experiment is a sufficient number of cases so that the laws of probability operate to yield experimental and control groups that are approximately equivalent in all characteristics except the independent variable. This approximate equivalence of experimental and control groups is illustrated by referring to the question of state of birth. If the experimental treatment has been randomly administered, then the percentage of students born in California should be approximately the same for students receiving either the Corona or the

Lucky Lager shopping cart contents list. In Figure 3, the respective state of birth statistics, 60 and 62 percent, are almost identical, in spite of the comparatively small number of students. Comparative state of birth data obtained by combining two class sections are presented in Figure 4. After several years experience, it appears that the modified Haire experiment serves to illustrate both principles of experimentation and substantive marketing principles concerning product purchase norms.

Discussion

Computers and modern information processing software have revolutionized the way data are collected and analyzed. Often computerized data is captured as part of normal business operations and thus may be readily incorporated into marketing analyses. The potential therefore exists for greater use of designed experiments for marketing decision making. One impediment to more frequent use of even simple experiments appears to be conceptual. Marketing students do not know exactly how experiments should be designed and conducted and do not appreciate sufficiently the quality of causal evidence that experiments yield.

Student uncertainty about experimental design and interpretation can be reduced by educational efforts. Because it seems unlikely that most undergraduate business schools will soon acquire special laboratory facilities, the use of classroom demonstrations of experiments appears to be a feasible approach. In particular, modification of the well-known and highly regarded Haire study for classroom illustration of experimental design seems an appropriate teaching device. Today's marketing students should be as familiar and informed about simple experiments as they are familiar and informed about polls and surveys.

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FIGURE 1

SHOPPING CART CONTENTS: CORONA BEER

ANONYMOUS QUESTIONNAIRE

PLEASE READ THE FOLLOWING LIST OF ITEMS OBSERVED IN A SUPERMARKET SHOPPING CART. TRY TO PROJECT YOURSELF INTO THE SHOPPING SITUATION AS FAR AS POSSIBLE UNTIL YOU CAN MORE OR LESS CHARACTERIZE THE SHOPPER BUYING THE GROCERIES. THEN PLEASE ANSWER AS BEST YOU CAN THE FOUR QUESTION ABOUT THE SHOPPER.

Shopping Cart Contents

fresh chicken
Kleenex tissues
Corona beer
coffee
corn flakes
yogurt

1. I'd guess this shopper has good taste.
___ Yes ___ No
2. I might like to meet this shopper. ___ Yes
___ No
3. I'd guess this shopper is has many friends.
___ Yes ___ No
4. I'd guess this shopper is a college graduate. ___ Yes ___ No

And now a final demographic question
about yourself:

5. I was born in California. Yes No

THANK YOU VERY MUCH!

FIGURE 2

SHOPPING CART CONTENTS: LUCKY LAGER BEER

ANONYMOUS QUESTIONNAIRE

PLEASE READ THE FOLLOWING LIST OF
ITEMS OBSERVED IN A SUPERMARKET SHO-
PPING CART. TRY TO PROJECT YOURSELF
INTO THE SHOPPING SITUATION AS FAR AS
POSSIBLE UNTIL YOU CAN MORE OR LESS
CHARACTERIZE THE SHOPPER BUYING THE
GROCERIES. THEN PLEASE ANSWER AS
BEST YOU CAN THE FOUR QUESTION ABOUT
THE SHOPPER.

Shopping Cart Contents

fresh chicken

Kleenex tissues

Lucky Lager beer

coffee

corn flakes

yogurt

1. I'd guess this shopper has good taste.

Yes No

2. I might like to meet this shopper. Yes

No

3. I'd guess this shopper is has many friends.

Yes No

4. I'd guess this shopper is a college gradua-

te. Yes No

And now a final demographic question

ILLUSTRATIVE CLASSROOM RESULTS: 1989

about yourself:

5. I was born in California. Yes No

PROJECTIVE MEASUREMENT OF PRODUCT PURCHASE NORMS

THANK YOU VERY MUCH!

Replication of Haire Study

Table of Findings

=====

"Yes" Responses

Difference
Operational indicators -----
for dependent and Corona Lucky
Lager ([2]-[4])
other variables ----- or
No. % * No. % *
([1]-[3])

	[1]	[2]	[3]	[4]	[5]
[a] No. of subjects, n. 100% NA		13	100%	11	
[b] Has good taste..... 50		10	77	3	27
[c] Like to meet..... 38		5	38	0	0
[d] Has many friends... 73		8	62	1	9
[e] College graduate... 44		8	62	2	18
[f] Total "Yes"..... 25 (b+c+d+e)		31	NA	6	NA
[g] Mean "Yes"..... 1.9 ([f]/[a])		2.4	NA	0.5	NA
[h] Born in CA?..... 2		8	62	6"	60

* Percentage base is the number of persons who received the "Corona" shopping cart contents form or the "Lucky Lager" shopping cart contents form.

NA Not Applicable

** Lucky Lager respondent who did not answer question "h" not included.

FIGURE 4

ILLUSTRATIVE CLASSROOM RESULTS: 1989

PROJECTIVE MEASUREMENT OF PRODUCT PURCHASE NORMS

Replication of Haire Study

Table of Findings

=====

"Yes" Responses

Difference Operational indicators				
	Corona		Lucky	
for dependent and Lager ([2]-[4]) other variables	or			
	No.	% *	No.	% *
([1]-[3])				
	[1]	[2]	[3]	[4]
				[5]
[a] No. of subjects, n. 100% NA	30	100%	31	
[b] Has good taste..... 38	22	73	11	35
[c] Like to meet..... 25	20	67	13	42
[d] Has many friends... 25	21	70	14	45
[e] College graduate... 48	24	80	10	32
[f] Total "Yes"..... 39 (b+c+d+e)	87	NA	48	NA
[g] Mean "Yes"..... 1.4 ([f]/[a])	2.9	NA	1.5	NA
[h] Born in CA?..... 12	20	67	17	55

* Percentage base is the number of persons who received the "Corona" shopping cart contents form or the "Lucky Lager" shopping cart contents form.

EVERYTHING YOUR STUDENTS SHOULD KNOW ABOUT THE MARKETING RESEARCH INDUSTRY--BUT ARE AFRAID TO ASK

Bruce L. Stern, Portland State University

Purpose

Students taking courses in marketing research are typically subjected to methodological and/or decision-making approaches. When they emerge from their class, they may know how to compute an ANOVA or interpret its results, but few have a practical feel for the variance in practices and quality that occur in the field. The students who intend to work in the field have some control over both factors. Those who will only come into contact with research in the role of a user need to understand that it is basically a "buyer beware" market. This article provides information about the "health" of the marketing research industry and what students need to know in order to be intelligent buyers and users of research. Further, a solution is offered which will help the industry, in the long-run, stabilize the quality of marketing research for all parties--research buyers, practitioners, and respondents.

Background

In today's fast-paced and unpredictable business environment, an increasing number of firms are turning to research as a means of reducing the risks associated with important marketing decisions. Who conducts the research depends on the availability of internal expertise and relative cost efficiencies. According to recent estimates, more than one-half of United States companies have marketing research departments (Moschis and Stanley 1984). In some instances, research is exclusively conducted in-house. In many situations, however, in-house personnel are involved in only a portion of a study or merely act as a coordinating link between their firm and an outside specialist. It is estimated that approximately five billion dollars is spent worldwide on outside marketing and public opinion research firms, with one-half of that total coming from the United States (The Economist 1989). With this large scale of activity, it seems prudent to examine how key players in the process--namely research providers and research users--perceive how the industry is performing.

Although some market research involves the collection of secondary source data, much of it involves primary data collection from individuals in their home or place of business. Over the years, the professionalism of this primary research in marketing has been questioned. Further, there has been a concern that unprofessional or unethical research practices could seriously jeopardize the public's willingness to cooperate in surveys (McDaniel, Verille, and Madden 1985). There is now some evidence of a possible decline in the quality of interaction between the survey researcher and respondent which may be due to a lack of consideration and/or abuse of respondents (McDaniel, Verille, and Madden 1985). A portion of this occurs because some research is being disguised as sales ploys and part because researchers lack necessary technical skills or respondent empathy. To elaborate on the latter, it is utterly amazing how many surveys exceed generally accepted "length" norms and how many interviewers give respondents a false estimate of interview length because the pretest length was not measured or communicated in the training sessions.

In an effort to measure respondent satisfaction with survey interviews, Walker Research has conducted a longitudinal study which is referred to as The Industry Image Study. Their conclusions are optimistic in that 78 percent of the respondents in 1988 reported that their last

interview experience was pleasant--a figure which has not significantly changed since 1982 (Walker 1989). One other way to view this, however, is that for the past six years 22 percent of the interview experiences could not be described as pleasant--a figure that has not been improved upon during this time frame.

Another way to evaluate the marketing research efforts are through the firm's eyes. Krum (1978) surveyed marketing research directors, their supervisors, and users of the research department's services in Fortune 500 companies. Although users were generally favorable, they were critical of the creativity of marketing research departments. In addition, less than 20 percent were completely satisfied with the relevance of data to decisions and the recommendations provided. In what appears to be a ten-year follow-up study using a similar method, Krum, Rau, and Keiser (1987/1988) concluded that only 38 percent of users are very satisfied with how well their marketing research department understands the problems to be studied. Slightly more than half of the users would like to be consulted about research methods being employed. Most, however, are satisfied with the methods used.

A study of researchers in a dozen markets by Danbury (1985) uncovered a number of different segments and attitudes toward the industry. First is the Midwestern corporate researcher who is very positive about market research. Next are the research directors of large advertising agencies. These persons are highly concerned about the professionalism of market research and quite critical of the industry. They feel that researchers often ignore scientific fundamentals, have little understanding of what business is about, and rarely produce high quality work. Next are the Eastern researchers, who take a more *laissez faire* approach. They care little about the industry issues, professionalism, and the right to privacy. They feel research is more of an art than a science and do not feel that the type of academic training one has makes much difference. They do not feel that market researchers should be certified. Next is the analyst who feels that only a few firms are doing high quality work and are unhappy about how most researcher projects are conducted. The marketing fan and the surveyors also exist, but have few professional opinions about the field.

According to one veteran researcher, marketing research is in a sorry state right now and there is a malaise in the field (Schlossberg 1989). One reason that accounts for less-than-professional quality research in the market is the feeling that anybody can do it (Payne 1988). Research "appears" to be a deceptively easy set of skills to acquire. Most people, for example, feel that they can construct a survey questionnaire. According to Stern and Crawford (1986) there is a difference between a questionnaire and a good questionnaire, at least to those who are knowledgeable. To complicate this, even when executives realize that they have no time or expertise to design or conduct research internally, most do not know how to assess outside research firms (Flegal 1983). Many, assuming that researchers must all be similar, choose the lowest bidder. Then, rather than working closely with the chosen supplier, they play the role of quarterback and simply hand the ball off to the research "experts."

Unfortunately, no license is required for a person or firm to become qualified to conduct marketing research. As a

result, the quality of researchers' methods and their resulting information can vary considerably (Moschis and Stanley 1984, Stern and Crawford 1986). To assist managers in evaluating a firm, Flegal (1983) suggests that one examine the size and role of staff, the firm's inquisitiveness, its flexibility, methodological detail in the proposal, and the firm's quality control efforts. In addition, Moschis and Stanley (1984) suggest that the researcher's background, especially their education and experience, be investigated. In addition, research users should request to see brief resumes of people likely to work on a project in their proposals. Before the supplier is chosen, research buyers should personally interview the finalists, preferably on their premises. They can ask questions pertaining to the proposal, ask that methodological decisions absent of rationale in the proposal be justified, examine sample reports and output styles, and assess the intangible character of the research firm.

Marketing Research and the Legal Arena

The combination of uneven professionalism in the research industry, the inability of many research users to effectively discriminate among alternative research suppliers, and the willingness of many users to totally delegate the research inputs to outside suppliers have all contributed to legal concerns which face the industry today. In a statement reflecting much foresight, Frey and Kinnear (1979, p. 296) noted that "the marketing research industry must face the challenge of recognizing abuses within its ranks and communicate effectively with both policy makers and colleagues to avoid overly restrictive legislation." In addition, these farsighted authors felt that key industry groups such as the Marketing Research Association, the Market Research Institute, and the Council of American Survey Research Organizations (along with the American Marketing Association, which was omitted from their list) have typically been unable to take tough, actionable stands on controversial activities which might cause the entire industry to be dragged into the legal arena. The first major "warning shot" was fired in 1987 when Beecham sued Yankelevich and its parent Saatchi & Saatchi Holdings for more than 24 million dollars in damages because of alleged faulty overestimation of Delicare's market potential (Business Week 1987).

According to Newsweek (1987) sources, the threat of lawsuits could force market research suppliers to re-examine the way they conduct business. Business Week (1987) sources note that research firms are scurrying for legal advice in anticipation of more lawsuits. Some researchers, instead of taking an offensive stance, are rather taking a defensive posture by placing disclaimers in their agreements. A sample of such a research contract has been drawn up by American Marketing Association attorneys and is offered as a model in one of their publications (Marketing News 1989). The American Marketing Association, in addition, has begun a series of seminars on the liability issue, while at least one research buyer has said that it will require all suppliers of research data to sign detailed performance agreements. In response to all this, one manufacturer's research director noted "now that lawyers have discovered market research . . . it will never be the same" (Newsweek 1987).

It is the opinion of Frey and Kinnear (1979) that researcher qualifications, data quality, method appropriateness, and interpretation of findings are all areas in which professional research firms have a responsibility. Unfortunately, not all persons acknowledge researchers as professionals. Stern and Crawford (1986) feel that to bring marketing research up to the level of a profession its leaders need to explore the benefits of certification. Payne (1988, p. 19) puts it more strongly by stating ". . . until we formalize

the process of teaching and evaluating marketing research practitioners we'll continue to live under this cloud of sub-professionalism." She advocates a system of certification by exam that indicates that a person can, in fact, do research.

Thus far, no trade group or consortium of groups have taken the problem of controlling the quality of research output beyond words and into action. Only the American Marketing Association, through their Professional Development Program, has come close to dealing with the problem. Their program, although well-intentioned, is more of a learning program than a program that assures a research buyer that "this person can do research."

A Solution for the Long-Run

It is felt that a solution to the problems in the marketing research industry can be best approached on two fronts: (1) educating research users and (2) developing a certification program for practicing marketing researchers.

Educating Research Users

Perhaps the most efficient way to reach research users is by educating them while they are marketing students in colleges and universities. In the long-run, these are the people likely to be the decision-makers who have the highest probability of using research as an aid in making important decisions.

In order to ensure that these future marketers are effective users of research they, first, need to be made aware of the vast differences in the technical quality of people who call themselves marketing researchers. Incorporated into the initial course in marketing research should be a frank discussion of the problems facing the industry. Perhaps this can be partially accomplished by a panel of marketing managers discussing their experiences with internal or outside researchers. Another important teaching unit should focus on how to choose a market research supplier. In this module one would cover such topics of finding out who does marketing research, requesting written proposals, checking credentials, interviewing finalists, and choosing the best supplier for your situation. Once chosen, then the subject of how to work with the researcher is in order. It should be made clear that it is essential that the research user be involved in the determination of information needs, approving the sampling strategy and questionnaire, and providing input into the kinds of analysis desired.

Once the student is familiar with the nature of the industry, how to choose suppliers, and how to work with researchers, then they should be exposed to the research methods. There are those who believe that marketing managers do not need to understand all of the details of how to do research in order to make decisions from it. The far wiser person, however, realizes that only a technically-informed manager can evaluate the research methods and thereby judge the quality and usefulness of the data. To make a decision based upon the data with no understanding of the process which lead up to the data is analogous to playing Russian Roulette with company funds.

Certification of Marketing Researchers

There are those who believe that the certification of marketing researchers, in a manner similar to how accountants certify CPA's, is a partial solution to the field's problems. Larry Gibson, a consultant, is not sure that certification is the way to fix things. Diane Bowers of CASRO feels that "because researchers come from so many different backgrounds it would be difficult to classify them, let alone credential them" (Schlossberg 1989). Others are

pro certification, yet are not excited about dealing with another bureaucracy, or perhaps paying higher prices that are normally associated with credentialed personnel.

Cecil Phillips (1989) believes that "considering how often marketing researchers are used by U.S. businesses, certifying them is just as important as certifying accountants." He continues his analogy by stating that "Certification of public accountants is the tool that triggered educational support for that profession . . . As a result, colleges and universities found they needed to produce graduates capable of meeting the standards that had been set for the profession." He, for one, believes that certification should begin at the state level, and that once a handful of key states get certification, that others would follow suit.

Another manner in which to provide certification is through a consortium of interested professional organizations, such as MRA, CASRO, and AMA. Certification could be granted as a result of passing a multi-part exam covering global topics such as secondary data sources, primary data methodology, fieldwork basics, qualitative research, statistical methods, and marketing essentials.

For certification to work, its initial organization efforts need to be well represented by academics, practicing marketing researchers, and marketing managers. Further, certification should be voluntary. Just as one can work as a bookkeeper or public accountant, marketing researchers can also have non-certified designations. By having these designations, however, research users will have a better idea of the competence level of the person they are dealing with. Certainly the certification cannot assure the buyer ethical standards or competence in a specialized research area, but it can communicate that at the time of passage this person demonstrated an overall competence in their field.

Finally, if certification of marketing researchers ever becomes a reality it will have to overcome the fears and objections of those currently practicing in the field. These concerns may come from persons who only have competence in one or a few of the testing areas, or those who have the experience and competence, but fear failing the examination. To get the ball rolling and, thereby, do what is best for the profession as a whole, marketing researchers may have to do what engineers recently did and certify through a "grandfather" provision all those in the field that have X number of years of experience.

Conclusion

Making students better prepared to be effective research buyers and users is a step in the right direction to improving the "health" of the field. This should make buyers of research more discriminating which should thereby put pressure on marginal researchers to become better educated practitioners or face the increasing likelihood of dwindling demand for their services.

Certification is the final piece to the puzzle. Not only will it encourage initial proficiency but continuing education in the field. The largest roadblocks to date are fearful and possibly misinformed practitioners along with professional organizations that are unwilling to cut through the initial maze in order to make the system work for the betterment of all concerned.

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ABSTRACT

MARKETING EDUCATION AND THE HUMAN SIDE OF MARKETING MANAGEMENT

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Typically, managerial marketing courses are taught exclusively from a system-structural point of view, which depicts management as an engineering-like endeavor and managers as exceedingly rational decision makers who strive to maximize profits. Such idealizations, unfortunately, divert attention from the processes whereby managerial decisions actually are made and executed and the psychosocial factors that impinge on the fortunes of business enterprises as much, if not more, than rational economic analysis (March and Shapira 1987; Walker, Ruekert, and Roering 1987). Organizational and personal goals (which may be incongruent) as well as perceptions of past events, present circumstances, and visions of the future (which may be highly distorted) come into play during both the decision formulation and the implementation phases. Accordingly, by integrating insights from the field of organizational behavior, marketing educators should make students more aware of how psychosocial factors affect the formulation and the implementation of managerial decisions.

The demise of Boise Cascade's Building Materials Distribution Division (BMD) exemplifies the critical impact psychosocial factors can have on decisions. BMD failed mainly because management did not understand consumer marketing, overestimated the economies obtainable from serving contractors and consumers from each store, and grossly underestimated the importance of locational convenience, promotion, centralized purchasing, standardized merchandising, and market penetration (Valentin 1989).

From a traditional marketing management perspective, such mistakes comprise the root causes of BMD's misfortunes. Moreover, they appear idiosyncratic and, therefore, unlikely to afflict other firms. But at this level of analysis, the most germane question - Why did BMD err? - is given no consideration. Exploring this question from a psychosocial perspective reveals, for instance, that cognitive biases evoked illusory parallels between serving familiar and newly targeted customer groups; and parochial interests, organizational culture, and group dynamics impeded sound decision making. Such gremlins are pervasive, not idiosyncratic.

Cognitive biases can readily distort perceptions such that false premises seem factual, potentially fatal decisions seem optimal, or technically sound proposals seem undesirable. Because human rationality is bounded by innate cognitive limitations that tend to distort and repress complexities, decisions often are products of heuristics. Heuristics simplify the decision making process, but not without biasing results. "In general," Tversky and Kahneman (1974, p. 1,125) observed, "heuristics are quite useful, but sometimes they lead to severe and systematic errors."

Parochial interests reflect individual motives or the common goals of a group within the organization. Such interests often are incongruent with the firm's goals and, hence, may create costly conflicts. For instance, because it can be far more convenient and less costly in financial, political, social, and psychic terms for executives who have vested interests in the current order to maintain it rather than change it, fundamental strategies, structures, and operating modes may prevail even after they have become a threat to the organization's viability.

Organizational culture consists of the shared values, visions, and beliefs that lie at the root of behavioral norms and customary modes of problem solving in organizations. It reflects what has worked in the past and, therefore, appears valid and worth passing on. Organizational culture can seldom, if ever, be

changed dramatically overnight; consequently, it may hinder the firm's ability to develop and implement timely strategies. On the other hand, some rigidity may be desirable insofar as it precludes reacting reflexively and disruptively to countless insignificant events. In addition to a corporate "background" culture, subcultures that clash from time to time often exist within firms.

Group dynamics, according to some researchers, produce solutions that are better than those offered by individual members. Yet, others have found groups prone to making monumental mistakes. Group pressures and processes, seemingly, often cause groups to adopt more extreme and risky views than those held on the average by members before engaging in group discussions.

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THE USEFULNESS OF COST-VOLUME-PROFIT ANALYSIS IN STRATEGIC MARKETING PLANNING

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ABSTRACT

Strategic marketing planning at the top level of marketing management establishes the mission, objectives and goals of the firm which the lower management level translates into operational plans. Such operational plans are in fact profit plans in the form of a master budget expressed in numerical terms. Cost-Volume-Profit analysis is a technique which can help predict the profit potential of an enterprise at different sales volumes and therefore can play a vital role in developing an optimal profit plan.

Cost-Volume-Profit Analysis (CVP) is often referred to as breakeven analysis (BE) in most Principles of Marketing textbooks. These textbooks allot just a few pages to demonstrate the application of BE analysis in the context of price setting¹. The BE formula is presented without its foundational development, but the limitations of the analysis are expressly noted. The purpose of this paper is to: (1) identify CVP analysis as an integral part of the strategic marketing planning system, (2) show a simple but logical derivation of the BE formula, (3) emphasize that the BE point is only incidental to the general scheme of CVP analysis, and (4) demonstrate the application of CVP analysis in profit planning. The paper also illustrates how CVP analysis can be strengthened through sensitivity analysis. It is expected that this suggested enhancement in the application of CVP analysis would supplement its hitherto limited exposure and prove to be a useful aid in marketing pedagogy, especially in graduate classes.

From "marketing is bringing buyers and sellers together in a marketplace", to "marketing is the creation and delivery of a standard of living", marketing has come a long way and matured into an elegant discipline. Marketing education today

brings sophisticated theories and sound principles to marketing students. Research to discover new ideas and refine and improve the existing ones characterize the dynamism of the marketing discipline. Marketing management is no longer homeostatic or reactive trying to adapt and conform to environmental changes. The style of modern marketing management is proactive - forward looking and anticipative - which attempts to shape the environment. The centerpiece of proactive marketing management is strategic marketing planning. It is in the context of strategic marketing planning that one can understand and appreciate the usefulness of CVP analysis.

Figure 1-1² structures the essential elements of a strategic marketing planning system. Strategic planning starts at the top level of management and envisages mission, objectives and goals. Programs and projects are then identified and carefully selected at the middle management level on the basis of their relative contribution to these stated objectives and goals. At the lower management level the programs and projects are translated into operational plans. An operational plan focuses on short-term objectives which are consistent and compatible with long-term goals of the

strategic marketing plan. Thus each operational plan should be a milestone marking the accomplishment of short-term objectives and facilitating a step forward toward the achievement of long-term goals. Figure 2-1 is illustrative.

An operational plan in substance is a profit plan which assumes the form of a master budget when expressed in numerical terms. A master budget includes budgeted income and balance sheet statements, plus supporting budgets. Typical of the supporting budgets are those for cash, sales, purchase, production, wages, overhead, general and administration expenses, selling and distribution expenses, and capital expenditures.

The preparation of a sales budget involves complexities because it is constrained, among other factors, by the ability to sell at a certain price on the one hand, and the capacity to produce at a certain cost on the other. It is also the most basic budget to the entire profit planning process since all other budgets are dependent and based upon an expected level of sales. Cost-Volume-Profit analysis is a technique which can predict the profit potential of an enterprise at different levels of sales. It therefore can play a vital role in developing a profit plan by helping choose an optimal sales level.

The Nature of Cost-Volume-Profit Analysis

Cost-Volume-Profit analysis is a study of the inter-relationship between cost, volume, and profit. The perspective of this study is limited to the short range time period. The purpose of this study is two-fold: (1) to understand the effect of cost in response to changing volume of activity, such as sales or production; and (2) to discern the resulting impact of cost on profitability. Thus the variables, cost and volume can be manipulated appropriately and changes in profit determined before choosing a

level of activity where operations are likely to result in optimal profit.

The CVP analysis is often called "breakeven" analysis, i.e., determining a level of activity at which an enterprise's total revenues equal total costs. The significance of breaking even stems from the fact that it is an important step forward toward survival but CVP analysis has much broader application, and its scope extends well beyond the determination of the breakeven level of activity. However, for the sake of simplicity, at this time we shall limit the development, and the application of CVP analysis to breaking even. Its more important managerial applications shall be discussed later.

In the development of CVP analysis we shall use certain terminology which must be fully understood and which is explained below:

VOLUME Volume is a measure of business activity per period of time. Volume may be expressed in terms of sales revenue, production units or capacity hours. Volume is extremely important in CVP analysis because of its controllability in differing situations.

COST Cost refers to all costs and expenses that are related to manufacturing and selling goods or providing services. For the purpose of CVP analysis, costs are classified either as "fixed costs" or as "variable costs".

FIXED COST Fixed cost is that cost which remains unchanged regardless of the volume of activity within a given range. Suppose that the production capacity is expressed in terms of number of units at 10,000 per period, then the fixed costs shall be the same regardless of the number of units produced within the range of 0 to 10,000 units. Typical examples of fixed costs are depreciation of plant and equipment,

STRATEGIC MARKETING PLANNING SYSTEM

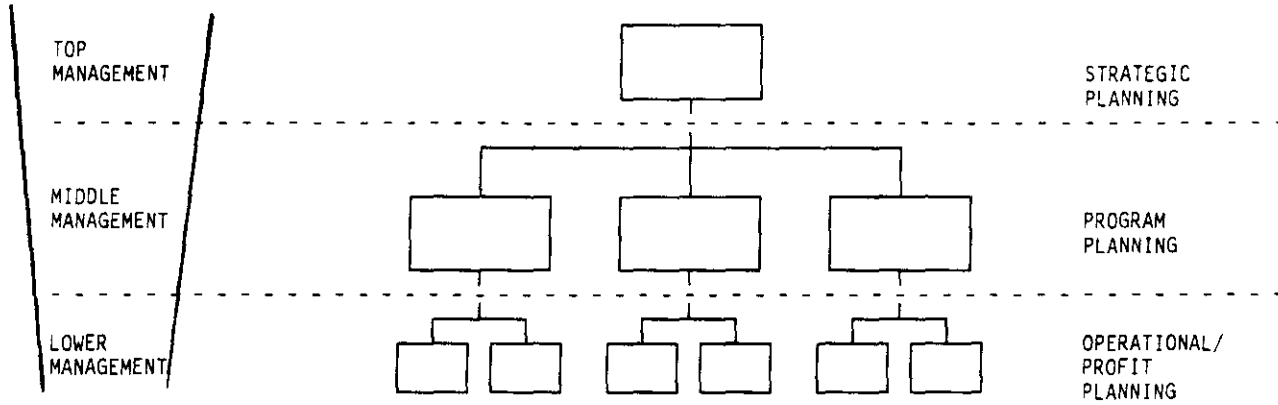
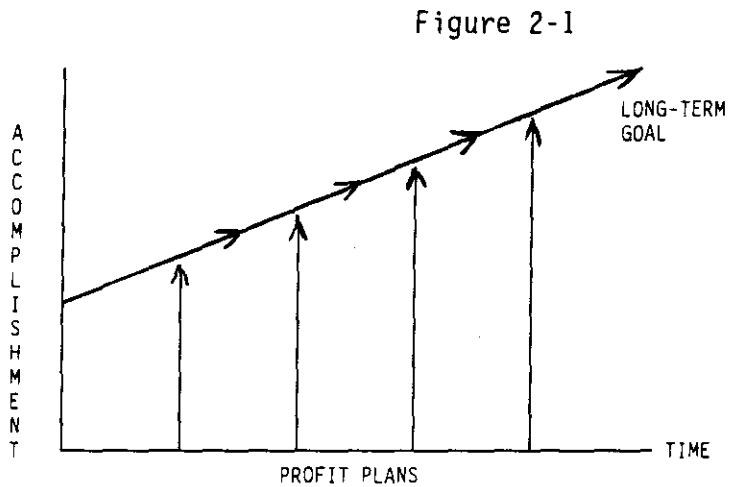


Figure 1-1



salaries, property taxes, insurance, etc.

VARIABLE COST Variable cost is that cost which varies in direct proportion to changes in the volume of production. Thus an increase or decrease in the number of units produced shall be accompanied by a corresponding increase or decrease in the variable cost. Typical examples of variable costs are often taken to be materials cost, labor cost, and sales commission.

Derivation of CVP Formula

We are now ready to explore CVP

analysis with "Monica's China Dolls" as an example.

Monica has gradually expanded her China Doll business to a size at which hunches and guesses should be replaced with more rigorous analysis. The following data have been compiled pertaining to her operation:

NORMAL PLANT CAPACITY	25,000 DOLLS
EXPECTED SELLING PRICE	\$10 PER DOLL
EXPECTED VARIABLE COSTS	\$ 6 PER DOLL
EXPECTED FIXED COSTS	\$60,000 PER YEAR

As a first step, we shall determine profitability of operations at different levels as shown in Schedule 2-1³.

MONICA'S CHINA DOLLS

Number of units that can be manufactured and sold	Operating results at different levels of activity			
	10,000	15,000	20,000	25,000
Cost to manufacture & sell:				
Variable Cost at \$5	\$ 60,000	\$ 90,000	\$120,000	\$150,000
Fixed cost per year	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Total cost to manufacture & sell	<u>\$120,000</u>	<u>\$150,000</u>	<u>\$180,000</u>	<u>\$210,000</u>
Sales revenue at \$10	<u>\$100,000</u>	<u>\$150,000</u>	<u>\$200,000</u>	<u>\$250,000</u>
Net Profit (loss) before income taxes	<u>\$(20,000)</u>	<u>\$ -0-</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>

Obviously, the operations result in a loss at the level of 10,000 units. The next higher level brings zero profit. This level is called the "breakeven" level or "breakeven point." By definition the breakeven level of operations is that level at which an enterprise neither earns a profit nor sustains a loss. Any level of operation subsequent to the breakeven level will yield a profit. In fact the higher the level, the larger is the profit as is obvious from the above illustration. A

business enterprise is not interested in the breakeven point per se; the significance of this point lies in the signal that it emits. It warns that if operations decline below a certain level, the result would be a loss. Put differently, it indicates how far down the operation can go before an enterprise starts losing money.

But, can we determine the breakeven point for any enterprise using the statement approach? Yes, we can, although only through trial and error. The above illustration was designed

with the knowledge that the breakeven level was 15,000 units. What if the breakeven level were 14,780 units? We could still determine it, but it would involve a very laborious process. We will keep evaluating the results of operations at several different levels until we hit upon the breakeven point.

The statement approach therefore is effective, but it certainly is not efficient. Nevertheless, the knowl-

edge gained from the study of the above schedule can be utilized in developing a better technique of Cost-Volume-Profit analysis.

Let us reexamine Schedule 2-1. Note that the information provided in each column consists of items that typically are included in a condensed income statement. We can restate any of the columns as follows:

	\$	<u>\$</u>	
Sale Revenue (Units sold X unit price)		XXX	
Less Cost of Sales:			
Variable Cost (Units Produced X Unit Cost)	XXX		
Fixed Cost per year	<u>XXX</u>	<u>XXX</u>	
Net Profit (or loss) before income tax		<u>XXX</u>	

The above information can also be expressed as:

Sales Revenue (minus) Variable Cost (minus) Fixed Cost = Profit

OR

Sales Revenue = Variable Cost plus Fixed Cost plus Profit.

By plugging in the numbers we can obtain the following equations:

Sales Revenue = Variable Cost + Fixed Cost + Profit			
Column I	\$100,000 =	\$ 60,000 + \$60,000 +	\$(-20,000) (Loss)
Column II	\$150,000 =	\$ 90,000 + \$60,000 +	-0- (Breakeven)
Column III	\$200,000 =	\$120,000 + \$60,000 +	20,000 (Profit)
Column IV	\$250,000 =	\$150,000 + \$60,000 +	40,000 (Profit)

In general we obtain a cost-volume-profit equation when

$$SR = V + F + T$$

WHERE

SR = SALES REVENUE (UNITS X PRICE)

V = VARIABLE COST (UNITS X UNIT COST)

F = FIXED COST PER PERIOD

T = TARGET PROFIT

Let us try to work with this newly developed tool. Referring to the cost data on Monica's China Dolls, what is the breakeven level of operation for the enterprise? Translated into simple English it means how many units should be sold so that the fixed and variable costs are recovered and there is neither a profit nor a loss. In terms of an equation it means:

$$\begin{aligned}
 SR &= V + F + O \\
 \text{LET } X &= \text{NUMBER OF UNITS TO BE SOLD TO} \\
 &\quad \text{BREAKEVEN} \\
 \$10X &= \$6X + \$60,000 + 0 \\
 \$10X - \$6X &= \$60,000 + 0 \\
 \$4X &= \$60,000 + 0 \\
 X &= \frac{\$60,000 + 0}{\$4}
 \end{aligned}$$

$$X = 15,000 \text{ UNITS OR } 15,000 \times \$10 = \$150,000$$

Now that we have developed an effective and efficient tool for computing the breakeven point, we would like to make two important observations. First, it is not the intention of an enterprise just to break even. In fact, the breakeven point is merely incidental to the study of the interrelationship between cost, volume and profit. Secondly, CVP analysis is not the most appropriate technique for pricing decisions. Pricing is an exogenous factor and is less likely to be resorted to as a competitive weapon for existing products. The strength of CVP analysis lies in profit planning through market share strategy, product innovation, and volume management⁴. The following case study demonstrates the application of CVP analysis in profit planning.

Profit Planning⁵

The Lovers Lane Sweet Shop is an exclusive store which has earned quite a reputation for its brand "Sweetheart's Delight." However, seasonal fluctuation in the sale of this brand necessitates quarterly planning. The October-December quarter is the busiest quarter of the year for which profit planning is now in process. The following data have been compiled pertaining to "Sweetheart's Delight:"

	\$	\$
EXPECTED SELLING PRICE PER BOX		6.00
VARIABLE MANUFACTURING COSTS		
PER BOX	2.70	
VARIABLE SELLING EXPENSES		
PER BOX	0.90	3.60
FIXED OVERHEAD PER PERIOD	150,000.00	
FIXED SELLING EXPENSES		
PER PERIOD	90,000.00	
FIXED ADMINISTRATIVE		
EXPENSES PER PERIOD	60,000.00	300,000.00
NORMAL CAPACITY		230,000
		BOXES

Suppose that the management of Lovers Lane Sweet Shop is planning to earn a target profit of \$240,000 for the October-December quarter. As a first step it is necessary to determine the sales volume, i.e., the number of boxes to be sold that will help achieve the target. Utilizing the CVP analysis technique, the required sales volume can be determined as follows:

$$\begin{aligned}
 \text{LET } X &= \text{NUMBER OF BOXES TO BE SOLD} \\
 \text{REQUIRED SALES VOLUME} &= \\
 &\quad \text{VARIABLE COST} + \text{FIXED COST} + \text{TARGET PROFIT} \\
 \$6X &= \$3.60X + \$300,000 + \$240,000 \\
 \$6X - \$3.60X &= \$540,000 \\
 X &= \frac{\$540,000}{\$2.40} = 225,000 \text{ BOXES}
 \end{aligned}$$

Suppose that market intelligence reports discount the possibility of selling 225,000 boxes of "Sweetheart's Delight." It seems that some of the market share may have been taken away by the American subsidiary of a French company. According to a revised forecast the sales volume is estimated at 200,000 boxes. Assuming that the management still wants to earn the target profit of \$240,000, what alternatives are available to make this possible? One simple alternative is to sell the new quantity at a price that will yield the target profit. The desired selling price can be determined as follows:

$$\begin{aligned}
 \text{Let } X &= \text{selling price to earn target profit of } \$240,000 \\
 200,000X &= \$300,000 + (200,000 \times \$3.60) + \$240,000 \\
 200,000X &= \$1,260,000 \\
 X &= \frac{\$1,260,000}{200,000} = \$6.30 \text{ per box}
 \end{aligned}$$

Seemingly, management can earn the same target profit of \$240,000 by increasing the selling price from \$6.00 per box to \$6.30 per box -- a 5% increase. However, the critical question is "will it be possible to sell 200,000 boxes at the increased price of \$6.30 per box?" In light of market intelligence reports this seems seriously doubtful. The amount of influence that an enterprise can exert on a market price depends, among other factors, on the competitiveness of the market. The greater the competition the less flexibility the company has on pricing. Thus, if reduction in sales volume occurred because of lost

market share, raising the selling price may not be an appropriate strategy.

Realizing the market situation, the management of Lovers Lane Sweet Shop may choose to manipulate the variable costs. Suppose they plan to cut down the variable manufacturing cost by \$0.30. This would increase the contribution margin (Selling Price - Variable Cost) by \$0.30 (\$6.00 - \$3.30 = \$2.70). The impact of this move will be the same as that of raising the selling price to \$6.30, i.e., the target profit of \$240,000 will be earned as shown below:

$$\begin{array}{rcl} \text{Revenue} & - & \text{Variable Cost} & - & \text{Fixed Cost} & = & \text{Profit} \\ (200,000 \times \$6.00) & - & (200,000 \times \$3.30) & - & \$300,000 & = & \$240,000 \end{array}$$

Cost reduction is a much preferable solution to price increases in maintaining or improving profit performance. The critical factor is the extent to which cost reduction can be achieved. Would it mean cheapening the recipe of "Sweetheart's Delight?" The long run repercussion of such an attempt could be very injurious to the goodwill of Lovers Lane Sweet Shop. Some cost reduction may be possible through more efficient buying or increased productivity of labor. However, if a shortfall in production is being planned (from 225,000 boxes to 200,000 boxes) the quantity of raw materials to be purchased would decline. Consequently aggressive buying may not obtain lower quota-

tions; instead, whatever quantity discount is already enjoyed may also be lost. Any pressure on labor for more productivity could backfire if in the busiest season they resort to any defensive tactics.

It seems, therefore, that there are several undesirable consequences associated with reducing variable costs as an alternative. Most likely management would reject this course of action and look for another. Suppose that the sales manager believes that if the selling price is reduced by 5% the sales volume will increase sufficiently to yield the target profit of \$240,000. The management wants to explore this alternative which can be evaluated as follows:

$$\begin{array}{l} \text{Let } X = \text{Sales volume necessary to earn the target profit} \\ \$5.70X = \$3.60X + \$300,000 + \$240,000 \\ \$5.70X - \$3.60X = \$540,000 \\ X = \frac{\$540,000}{\$2.10} = 257,143 \text{ boxes (fraction rounded off)} \end{array}$$

Remember that the original level of sales required to earn the target profit was 225,000 boxes. A 5% reduction in the selling price has necessitated more than an 11% increase in the sales volume for the maintenance of the target profit. This alternative, therefore becomes seriously questionable on at least two counts. First, the desired level of sales at 257,143 boxes seems highly ambitious. Perhaps a vigorous advertising campaign could push the sales to the desired level, but this would mean more fixed cost, the recovery of which would require an even higher volume of sales. Second, even if the desired sales level was within reach, the plant capacity is limited to 230,000 boxes.

Recognizing that the situation is more complex than was thought originally, the VP of Marketing calls a meeting of his senior executives. The marketing manager suggests that the original selling price of \$6.00 per box should be maintained and some sales promotion scheme should be started to expand the sales volume. The sales manager suddenly has a brainstorm and comes up with a novel scheme. His proposal is to give an elegant Christmas card free of cost, with each box of "Sweethearts' Delight" and gear this promotion to an expanded target market of young adults. He believes that such an offer if properly advertised would give a tremendous boost to the sales volume necessitating an expansion of the company's productive capacity. The production manager calculates that by installing an additional machine the production could be raised by 25,000 boxes. The controller points out that the installation of an additional machine would require capital outlay on the one hand, and on the other hand it would permanently increase the productive capacity. His big worry is that the company will have to cope with a lot of idle capacity once the October - December quarter is over. This problem,

however, can be solved by leasing a machine for the quarter instead of buying it. Ultimately the following cost structure evolves for "Sweetheart's Delight:"

EXPECTED SELLING PRICE PER BOX		\$6.00
VARIABLE MANUFACTURING COSTS		
PER BOX	2.70	
VARIABLE SELLING EXPENSES PER BOX	.90	3.60
FIXED OVERHEAD PER QUARTER	150,000	
ADDITIONAL OVERHEAD-		
RENTAL OF MACHINE	3,000	153,000
FIXED SELLING EXPENSES PER		
QUARTER	90,000	
ADDITIONAL FIXED SELLING EXPENSES-		
ADVERTISING	12,000	
ADDITIONAL FIXED SELLING EXPENSES-		
CHRISTMAS CARDS	45,000	147,000
FIXED ADMINISTRATIVE EXPENSES		
PER QUARTER		60,000
NORMAL CAPACITY	255,000 BOXES	

Essentially, the new cost structure attempts to expand the sales volume through the manipulation of fixed costs. Its success can be ascertained as follows:

$$\begin{aligned} \text{LET } X &= \text{NUMBER OF BOXES TO BE SOLD FOR THE TARGET} \\ &\text{PROFIT} \\ \$6X &= \$3.60X + \$360,000 + \$240,000 \\ \$6X - \$3.60X &= \$600,000 \\ X &= \frac{\$600,000}{\$2.40} = 250,000 \text{ BOXES} \end{aligned}$$

Does it mean that the management has found a plausible solution for its problem? Note that we are dealing with before-the-fact information. Whether or not the desired sales volume will be achieved depends on the success of the sales promotion scheme. A rigorous market survey will be necessary to determine the market reaction. The management is not going to incur a substantial cost outlay of \$60,000 just on the basis of the above analysis. Nevertheless, the analysis can help management refine its thinking, recognize the issues, and guide its actions.

Sensitivity Analysis

Undoubtedly, the relevance of CVP analysis derives to a large degree from the assumption of the static nature of business conditions. Even in the short run, such an assumption

may not hold because of the dynamism which is inherent in a market economy. Fortunately, it is possible to breathe a certain amount of dynamism into CVP analysis through the use of "sensitivity analysis."

Sensitivity analysis is a technique designed to measure the relative significance of the various elements in a decision model. The objective is to determine the impact of an induced change in an element upon the expected results. The process consists of varying each element in turn by a certain amount or percentage and then measuring its impact upon the expected results. A significant impact would indicate that the expected results are sensitive to an element. Thus the elements critical to a decision model can be identified, concentrated upon, and analyzed further. These critical elements act as warning signals pointing to the potential damage if the predictions err.

The use of sensitivity analysis in Cost-Volume-Profit analysis can be illustrated with the help of the following data:

PROJECTED INCOME STATEMENT:	
SALES: 20,000 UNITS @ \$15	\$300,000
COST OF SALES:	
VARIABLE COSTS @ \$7	(140,000)
FIXED COSTS	(100,000)
PRETAX INCOME	<u>\$ 60,000</u>

Suppose that management wants to determine the sensitivity of pretax income to the following changes:

- A. 5% increase in selling price
- B. 5% decrease in selling price
- C. 5% increase in sales volume
- D. 5% decrease in sales volume
- E. 5% increase in variable costs
- F. 5% decrease in variable costs
- G. 5% increase in fixed costs
- H. 5% decrease in fixed costs
- I. 5% increase in sales volume
5% decrease in selling price
5% decrease in fixed costs
- J. 5% decrease in sales volume
5% increase in selling price
5% decrease in variable costs

Schedule 2-2 presents the impact of induced changes in selling price, costs and volume, and the sensitivity of pretax income to these changes. It seems that the pretax income is most sensitive to changes in selling price as a 5% change results in a 25% change in the pretax income. Notice also that a 5% change in selling price or a 5% change in sales volume gives the same sales revenue. Yet the pretax income is much more sensitive to the former (25%) than to the latter (13.3%). This is because the changes in selling prices do not affect variable costs. Situations I and J in the Schedule demonstrate the combination of several variables in sensitivity analysis.

Sensitivity analysis is really a "what if" analysis which must be interpreted with caution. Greater attention should be focused on what could go wrong and what action should be taken to avert such an occurrence. For instance, a 5% increase in selling price may paint a rosier profit picture but it may be wishful thinking. A 5% decline in selling price, on the other hand, may be more likely and it could be disastrous.

While sensitivity analysis is a powerful analytical technique, it has a serious limitation. The analysis is performed under the assumption that various events (costs, volumes, profits) will occur with certainty. In real life, though, it is the element of uncertainty that must be reckoned with. Sensitivity analysis can be further strengthened by introducing probabilistic estimates about the likelihood that a future event will occur. We cannot demonstrate the development and use of probabilistic sensitivity analysis because of space limitation.

Summary

Cost-Volume-Profit analysis can play a major role in profit planning which is an essential element of a strategic

SCHEDULE 2-2

CURRENT PROJECTION (BASE)	SALES REVENUE 300,000	VARIABLE COSTS \$140,000	FIXED COSTS \$100,000	TOTAL COSTS \$240,000	PRETAX INCOME \$60,000	DEGREE OF SENSITIVITY AS PERCENTAGE
A. 5% INCREASE IN SELLING PRICE	315,000	140,000	100,000	240,000	75,000	} 25%
B. 5% DECREASE IN SELLING PRICE	285,000	140,000	100,000	240,000	45,000	
C. 5% INCREASE IN SALES VOLUME	315,000	147,000	100,000	247,000	68,000	} 13.3%
D. 5% DECREASE IN SALES VOLUME	285,000	133,000	100,000	233,000	52,000	
E. 5% INCREASE IN VARIABLE COSTS	300,000	147,000	100,000	247,000	53,000	} 11.7%
F. 5% DECREASE IN VARIABLE COSTS	300,000	133,000	100,000	233,000	67,000	
G. 5% INCREASE IN FIXED COSTS	300,000	140,000	105,000	245,000	55,000	} 8.3%
H. 5% DECREASE IN FIXED COSTS	300,000	140,000	95,000	235,000	65,000	
I. 5% INCREASE IN VOLUME	} 299,250	} 147,000	} 95,000	} 242,000	} 57,250	} 4.6%
5% DECREASE IN SELLING PRICE						
5% DECREASE IN FIXED COSTS						
J. 5% DECREASE IN SALES VOLUME	} 299,250	} 133,000	} 100,000	} 233,000	} 66,250	} 10.4%
5% INCREASE IN SELLING PRICE						
5% DECREASE IN VARIABLE COSTS						

marketing planning system. By limiting the scope of CVP analysis to mere calculation of the breakeven point, its usefulness is significantly diminished. Like any other technique of planning, it has limitations which are clearly pointed out by the authors of the marketing textbooks which were surveyed, and which can be overcome with varying degrees of success. A major value of the technique lies in what precedes the analysis, i.e., the involvement of various executives in identifying alternatives, gathering information, and evaluating alternatives. This aspect of CVP analysis should be highlighted in marketing education.

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² Figure 1-1 is derived from the following sources:

- (a) Neidell, Lester A. (1983), Strategic Management: An Integrated Approach, Tulsa, Oklahoma: Penn Well Publishing Company, Chapter 2.
- (b) Kreitner, Robert (1980). Management: A Problem Solving Approach, Boston: Houghton Mifflin Company, pp. 88-89.
- (c) Dermer, Jerry (1977), Management Planning and Control Systems: Advanced Concepts and Cases, Homewood, Illinois: Richard D. Irwin, Inc., pp. 37-39.

³ Adapted from Mahmood A. Qureshi (1978), Analysing Business Strategy, London: The Chartered Institute of Management Accountants, pp. 13-15.

⁴ The relationship between profitability and market share is highlighted by Bradley T. Gale and Ralph G.M. Sultan (1975) "Market Share - A Key to Profitability," Harvard Business Review (January-February) pp. 97-106.

⁵ Adapted from Qureshi, op.cit., pp. 32-36.

Abstract

This study examines the relationship between sex and salary among marketing professionals controlling for a series of organizational and individual level intervening variables. Data come from a survey of a national sample of marketing professionals. Analyses suggest that regardless of the size of business for which they work, their marketing subfield, their level of job responsibility, their age, their level of education, or their type of education, women in marketing earn less than men. Strategies for marketing educators are suggested.

INTRODUCTION

A recent article in Marketing News reported that men earn more than women in all marketing subfields and at all levels of experience with the single exception of entry level positions in corporate marketing services (Jung, 1988). The observation of sex differences in salary is not, of course, unique to marketing. Data on salaries of MBA's (Dubno, 1985; Olson, et al., 1987), purchasing professionals (Dowst, 1988), university administrators (Sigelman, et al., 1982), quality control professionals (Stratton, 1988), public relations entrants (Teahan, 1982), and association executives (Jefferson, 1989), as well as composite data on a variety of occupations (Fox, 1981; Henle and Ryscvage, 1980; Mellor, 1983; Russell, et al., 1989; Rytina, 1983) all reveal higher earnings for men.

Yet, common or not, lower salaries for women must be of special concern to educators in marketing because women represent half of our graduates—51% of students receiving bachelor's degrees and 47% of students receiving master's degrees in marketing during the academic year 1987-88 were women (Brown, 1989). Sex differences in salary could be the result of discrimination. It could also be a function of organizational or individual characteristics. The purpose of this study is to provide macro-level preliminary examination of the relationship between sex and salary in marketing by testing four alternative hypotheses:

- H1: Women earn less than men because they are overrepresented in organizations which pay less.
- H2: Women earn less than men because they do not have the same level of responsibility as men.
- H3: Women earn less than men because they are younger than men and as such lack career

experience.

- H4: Women earn less than men because they do not have the level or type of education which would permit entree to positions with higher salaries.

While a rejection of each of these alternative explanations for salary differences would not establish proof of sex discrimination it would indicate the presence of some bias that marketing educators might help counter. It is to an empirical examination of these alternative hypotheses that this paper now turns.

METHODOLOGY

The data for this study come from the demographics component of a survey of marketing professionals' attitudes toward professional ethics conducted in Spring, 1989. Self-administered questionnaires were mailed to a systematic sample of one of every 20 members of the American Marketing Association (excluding academics and foreign residents). Of 1,014 deliverable questionnaires sent out, 351 usable responses were returned for a response rate of 34%. Although the sampling frame underrepresents sales professionals and overrepresents research professionals, controlling for marketing subfield as part of the test of H1 partially resolves this problem. The sample size, however, is not large enough to permit this control for subfield in analyses of all hypotheses. Measures of Sex was self-identified.

Income was defined as "total gross salary from your employer during the last year" and measured by a seven category ordinal scale later dichotomized for analysis as "Under \$50,000" and "\$50,000 or higher."

Type of organization (H1) was conceptualized as business size and marketing subfield. Business size was measured by asking the number of people employed by the respondent's company. In order to view company size not as a continuous variable but

rather as small business vs. large business, responses were dichotomized into "under 100" and "100 or more."

Marketing subfield was identified with a multiple choice question offering 12 subfields: (1) sales and sales management; (2) brand, product, and general management; (3) advertising, promotions, and public relations; (4) research, operations, and planning; (5) retail management; (6) new product planning; (7) physical distribution; (8) international marketing; (9) industrial marketing; (10) customer affairs; (11) purchasing; and (12) other. Only four subfields had 10% or more of the respondents; all other subfields had 4% or fewer. Accordingly, subfield was grouped into five categories: the four largest areas—sales, management, advertising, and research—plus "other."

Job responsibility was operationally defined as the number of people who report to the respondent either directly or indirectly. Although this definition of job responsibility may have different implications for small and large size businesses, it was chosen over job title as a measure with greater overall consistency of meaning across companies. The number of subordinates supervised was measured by a 5 category ordinal scale later dichotomized for analysis as "5 or fewer" and "6 or more."

Age was measured with a six category ordinal scale, later dichotomized into "under 35" and "35 or older." Level of education and type of education were measured by a single question requesting the highest level of education the respondent had attained: some college, bachelor's degree (non-business), master's degree (non-business), doctorate (non-business), bachelor's degree (business), master's degree (business), or doctorate (business). Responses were then recorded into level of education (dichotomized for analysis as bachelor's degree or less and master's degree or more) and type of education (dichotomized for analysis as non-business or business). This measure of education does not, of course, reflect the qualitative differences among universities, curricula, and grades received. It does, however, provide a working, functional way to look at education for this preliminary macro-level study and is not contrary to legal notions in employment law (Ragsdale, 1990).

RESULTS

Table 1 presents the characteristics of the total sample as well as breakdowns by sex.

Table 1
Characteristics of Sample (in percentages)*
(n = 351)

	Total	Sample (n=351)	Men (n=204)	Women (n=147)
Sex				
Male	58			
Female		42		
Income				
Under \$50,000		49	33	68
\$50,000 +	51	67	32	.35 < .001
Organization Size				
Under 100	35	35	34	
100 +		65	65	66 n.s.
Field				
Sales	14	16	11	
Management	11	13	9	
Advertising	17	12	23	
Research	38	36	39	
Other	20	23	17	.17a < .05
# Reporting				
5 or fewer	60	53	69	
6 or more	40	47	31	.16 < .01
Age				
Under 35	38	25	55	
35 or over	62	75	45	.21 < .001
Education level				
B.A./S. or less	46	37	58	
M.A./M.B.A. +	54	63	42	-.21 < .001
Education type				
Non-business	37	35	39	
Business	63	65	61	n.s.

* Phi measure of association unless otherwise noted; chi square test of significance.
a Cramer's V measure of association; chi square test of significance

Although women currently represent half of marketing students, they account for only just over 40% of marketing professionals.

This difference is most likely a reflection of the smaller number of women in business prior to the changes brought about by the women's movement.

The data clearly show that sex differences in income exist. About half of all marketing professionals earn \$50,000 or more a year. But a breakdown of income by sex shows that two thirds of men and only one third of women have these higher salaries.

There is no association between sex and company size. Women are overrepresented in the field of advertising, equally represented in research, and underrepresented in sales, management, and "other."

There is also a statistically significant association between sex and level of responsibility. Forty percent of all marketing practitioners have 6 or more people reporting to them. Among men, almost half of respondents have 6 or more subordinates; among women less than a third have this level of responsibility.

Women are, on the average, younger than their male colleagues. Only a quarter of men marketing practitioners are under 35 compared to over half of women in the industry. Again, probably a reflection of recent social change. Women are also less likely to have Master's degrees or higher than are men. Women are, however, equally likely to have degrees in business.

There are, then, both organizational and individual differences between men and women. Testing Hypotheses 1 through 4 will explore whether these differences can account for the observed lower salaries earned by women.

Table 2 presents the relationship between sex and salary controlling for organizational intervening variables to test H1 and H2.

Table 2
Relationship Between Sex and Income
Controlling for Intervening Organizational Variables

Business Size					
	Less than 100 Employees (n = 123)		100 or More Employees (n = 228)		
	Male	Female	Male	Female	
Under \$50,000	31%	69%	34%	68%	
\$50,000 plus	69%	31%	66%	32%	.37 < .001 .33 < .001
Marketing Sub-field					
	Sales (n = 49)		Management (n = 39)		
	Male	Female	Male	Female	
Under \$50,000	47%	75%	33%	64%	
\$50,000 plus	53%	25% n.s.	67%	36% n.s.	
	Advertising (n = 60)		Research (n = 133)		
	Male	Female	Male	Female	
Under \$50,000	35%	85%	33%	64%	
\$50,000 plus	65%	15%	67%	36%	.51 < .001 .31 < .001
	Other (n = 70)				
	Male	Female			
Under \$50,000	21%	52%			
\$50,000 plus	79%	48%			.33 < .01
Job Responsibility					
	1 to 5 Subordinates (n = 211)		6 or More Subordinates (n = 140)		
	Male	Female	Male	Female	
Under \$50,000	48%	74%	17%	54%	
\$50,000 plus	52%	26%	83%	46%	.27 < .001 .39 < .001

* Phi measure of association; chi square test of significance.

The data presented in Table 2 suggest that the salary differences among men and women in marketing are not a function of the organizational intervening variables tested. Regardless of whether they work for small businesses or large businesses women in marketing earn less than men. In three of the five marketing subfields there are statistically significant differences between men's and women's salaries and the lack of statistically significant differences in the remaining two subfields are quite likely a result of small sample sizes. Finally, whether they have few or many subordinates, women earn less than men.

Based on these data, H1 and H2 are rejected: women's lower salaries are not a function of the size or type of organization for which they work, nor are they a function of their having lower levels of job responsibility.

Table 3 presents the relationships between sex and salary controlling for individual intervening variables to test H3 and H4.

Table 3
Relationship Between Sex and Income
Controlling for Intervening Personal Variables*

	Age				
	Under 35 (n=133)		35 or over (n=218)		
	Male	Female	Male	Female	
Under \$50,000	61%	82%	23%	51%	
\$50,000 plus	39%	18%	77%	49%	.27 < .001
	Level of Education				
	BA/BS and below (n=161)		MA/MS/MBA + (n=190)		
	Male	Female	Male	Female	
Under \$50,000	44%	73%	27%	61%	
\$50,000 plus	56%	27%	73%	39%	.33 < .001
	Type of Education				
	Non-business (n=130)		Business (n=221)		
	Male	Female	Male	Female	
Under \$50,000	29%	64%	37%	73%	
\$50,000 plus	71%	36%	63%	27%	.35 < .001

* Phi measure of association unless otherwise noted; chi square test of significance.

The data presented in Table 3 suggest that the salary differences among men and women in marketing are not a function of the individual intervening variables tested. Regardless of their age, their level of education, and their type of education, women in marketing earn less than men.

Based on these data, H3 and H4 are rejected. Differences in women's and men's salaries are not a function of their age or their level of type of education.

CONCLUSIONS

These data do not establish proof of sex discrimination. Yet, they do provide preliminary evidence that women in marketing earn less than men in marketing because they are women.

If our women students will, because of an ascribed characteristic, be rewarded differently in the workplace, it seems incumbent upon us as the ones preparing them and their male co-workers for careers to devise strategies to help counter this bias.

Since we are neither managers capable of changing organizations and reward structures, nor professors of management charged with examining and discussing these issues, our strategies must be indirect, focusing on professional socialization and, possibly, long term societal impact. Professional socialization has implications for both women's career decisions and for how men treat women at work.

We can directly affect women's professional socialization by sponsoring professional organizations for women on campus. Such organizations can give women-students access to networks of managerial women and can influence both expectations and future responses.

We can affect the professional socialization of both men and women by examining cases which include materials on sex roles and sex discrimination and by identifying sex role stereotyping when it arises in the classroom. Discussions could include the deleterious effects of such attitudes on future work relationships. And, of course, we also affect professional socialization by acting as role models, providing positive role models and avoiding sex stereotyping (or worse, sexual innuendos) ourselves.

We might have even be broader impact through our teaching of advertising. Although product and service advertising typically appeals to and reflects the existing culture, it also reinforces stereotypes that affect women's status. Attention in the classroom to the long term negative societal consequences of sex role stereotypical advertising copy and themes, would make future advertising professionals

aware of these societal consequences and possibly have a major long term effect on women's status.

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